

**GMR ENERGY (MAURITIUS) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2024**

**GMR ENERGY (MAURITIUS) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**1.**

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**GMR ENERGY (MAURITIUS) LIMITED**  
**COMPANY INFORMATION**

2.

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

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 2024.

### **PRINCIPAL ACTIVITY**

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

### **RESULTS AND DIVIDENDS**

The Company's profit for the year ended 31 December 2024 is USD 750,890 (2023: Loss amounting to USD 55,705).

The directors do not recommend the payment of a dividend for the year under review (2023: 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.

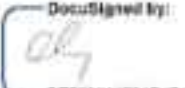
The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

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 : 07 April 2025

**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 2024, all such returns as are required of the Company under the Mauritius Companies Act.

DocuSigned by:  
  
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**OCORIAN CORPORATE SERVICES (MAURITIUS) LIMITED**  
Level 6, Tower A, 1 Exchange Square,  
Wall Street, Ebene 72201,  
Mauritius  
**SECRETARY**

Date: 07 April 2025



## **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 2024 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 the notes to the financial statements, including a summary of material accounting policies, as set out on pages 8 to 28.

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 2024 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.

**VBS Business Services**  
*Chartered Certified Accountants*

Port Louis, Mauritius

Date: 07 April 2025

**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 2024**

8.

|                                                        | Notes | 2024<br>USD    | 2023<br>USD     |
|--------------------------------------------------------|-------|----------------|-----------------|
| <b>INCOME</b>                                          |       |                |                 |
| Reversal of impairment of deposit on shares            | 7 (i) | 774,026        | -               |
| <b>EXPENSES</b>                                        |       |                |                 |
| Administration fees                                    |       | 5,280          | 8,430           |
| Accountancy fees                                       |       | 5,096          | 7,596           |
| Audit fees                                             |       | 4,393          | 6,497           |
| Licence fees                                           |       | 2,428          | 2,320           |
| Directors' fees                                        |       | 2,400          | 2,400           |
| Sundry expenses                                        |       | 1,253          | 1,375           |
| Secretarial fees                                       |       | 1,200          | 1,450           |
| Tax fees                                               |       | 804            | 804             |
| Bank charges                                           |       | 282            | 522             |
| Rental expense                                         |       | -              | 2,069           |
| Impairment of deposit on shares                        | 7 (i) | -              | 22,242          |
| <b>TOTAL EXPENSES</b>                                  |       | <b>23,136</b>  | <b>55,705</b>   |
| <b>PROFIT / (LOSS) BEFORE INCOME TAX</b>               |       | <b>750,890</b> | <b>(55,705)</b> |
| Income tax expense                                     | 5     | -              | -               |
| <b>PROFIT / (LOSS) FOR THE YEAR</b>                    |       | <b>750,890</b> | <b>(55,705)</b> |
| Other comprehensive income for the year                |       | -              | -               |
| <b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR</b> |       | <b>750,890</b> | <b>(55,705)</b> |


The notes on pages 12 to 28 form an integral part of these financial statements.

**GMR ENERGY (MAURITIUS) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

9.

|                                          | Notes | 2024<br>USD       | 2023<br>USD       |
|------------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                            |       |                   |                   |
| <b>Non-current assets</b>                |       |                   |                   |
| Investments in subsidiaries              | 6     | 1,883,765         | 1,883,765         |
| Deposit on shares                        | 7     | 19,726,297        | 17,142,271        |
| <b>Total non-current assets</b>          |       | <b>21,610,062</b> | <b>19,026,036</b> |
| <b>Current assets</b>                    |       |                   |                   |
| Other receivables                        | 8     | 1,184             | 1,053             |
| Cash and cash equivalents                |       | 2,733             | 4,670             |
| <b>Total current assets</b>              |       | <b>3,917</b>      | <b>5,723</b>      |
| <b>TOTAL ASSETS</b>                      |       | <b>21,613,979</b> | <b>19,031,759</b> |
| <b>EQUITY AND LIABILITY</b>              |       |                   |                   |
| <b>Equity</b>                            |       |                   |                   |
| Stated capital                           | 9     | 103               | 103               |
| Subscription monies                      | 10    | 3,719,000         | 1,884,000         |
| Redeemable preference shares             | 11    | 17,209,207        | 17,209,207        |
| Retained earnings / (accumulated losses) |       | 679,124           | (71,766)          |
| <b>Total shareholder's surplus</b>       |       | <b>21,607,434</b> | <b>19,021,544</b> |
| <b>Current liability</b>                 |       |                   |                   |
| Accruals                                 |       | 6,545             | 10,215            |
| <b>TOTAL EQUITY AND LIABILITY</b>        |       | <b>21,613,979</b> | <b>19,031,759</b> |

These financial statements have been approved by the board on 07 April 2025 and signed on its behalf by:

Designed by:  
  
 .....  
 Director

Designed by:  
  
 .....  
 Director

**GMR ENERGY (MAURITIUS) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

10.

|                                                         | Stated<br>capital<br>USD | Redeemable<br>Class B<br>Preference<br>shares<br>USD | Subscription<br>monies<br>USD | (Accumulated<br>losses/<br>retained<br>earnings<br>USD | Total<br>USD |
|---------------------------------------------------------|--------------------------|------------------------------------------------------|-------------------------------|--------------------------------------------------------|--------------|
| At 01 January 2023                                      | 103                      | 17,209,207                                           | -                             | (16,061)                                               | 17,193,249   |
| <i>Transaction with owners of<br/>the company</i>       |                          |                                                      |                               |                                                        |              |
| Additions during the year<br>(Note 10)                  | -                        | -                                                    | 1,884,000                     | -                                                      | 1,884,000    |
| <i>Total transaction with<br/>owners of the company</i> | -                        | -                                                    | 1,884,000                     | -                                                      | 1,884,000    |
| <i>Total comprehensive loss for<br/>the year</i>        | -                        | -                                                    | -                             | (55,705)                                               | (55,705)     |
| At 31 December 2023                                     | 103                      | 17,209,207                                           | 1,884,000                     | (71,766)                                               | 19,021,544   |
| <b>Transaction with owners<br/>of the company</b>       |                          |                                                      |                               |                                                        |              |
| Additions during the year<br>(Note 10)                  | -                        | -                                                    | 1,835,000                     | -                                                      | 1,835,000    |
| <b>Total transaction with<br/>owner of the company</b>  | -                        | -                                                    | 1,835,000                     | -                                                      | 1,835,000    |
| <b>Total comprehensive<br/>income for the year</b>      | -                        | -                                                    | -                             | 750,890                                                | 750,890      |
| At 31 December 2024                                     | 103                      | 17,209,207                                           | 3,719,000                     | 679,124                                                | 21,607,434   |

The notes on pages 12 to 28 form an integral part of these financial statements.

**GMR ENERGY (MAURITIUS) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**IL**

|                                                        | Notes  | 2024<br>USD        | 2023<br>USD        |
|--------------------------------------------------------|--------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>            |        |                    |                    |
| Profit / (loss) before income tax                      |        | 750,890            | (55,705)           |
| <i>Adjustments for:</i>                                |        |                    |                    |
| Reversal of impairment of deposit on shares            | 7(i)   | (774,026)          | -                  |
| Impairment of deposit on shares                        | 7(i)   | -                  | 22,242             |
| <b>Operating losses before working capital changes</b> |        | <b>(23,136)</b>    | <b>(33,463)</b>    |
| <i>Changes in working capital:</i>                     |        |                    |                    |
| Changes in prepayments                                 |        | (131)              | 519                |
| Changes in accruals                                    |        | (3,670)            | 4,532              |
| <b>Net cash used in operating activities</b>           |        | <b>(26,937)</b>    | <b>(28,412)</b>    |
| <b>Cash flows from investing activity</b>              |        |                    |                    |
| Deposit on shares                                      | 7 (i)  | (1,810,000)        | (1,879,000)        |
| <b>Net cash used in investing activity</b>             |        | <b>(1,810,000)</b> | <b>(1,879,000)</b> |
| <b>Cash flows from financing activities</b>            |        |                    |                    |
| Subscription monies received                           | 10     | 1,835,000          | 1,884,000          |
| Amount repaid to related parties                       | 12(ii) | -                  | (500)              |
| <b>Net cash from financing activities</b>              |        | <b>1,835,000</b>   | <b>1,883,500</b>   |
| <b>Net decrease in cash and cash equivalents</b>       |        | <b>(1,937)</b>     | <b>(23,912)</b>    |
| Cash and cash equivalents at beginning of year         |        | 4,670              | 28,582             |
| <b>Cash and cash equivalents at end of year</b>        |        | <b>2,733</b>       | <b>4,670</b>       |

Refer to Note 13 for non-cash financing, including reconciliation of liabilities arising from financing activities.

## 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, 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

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                      |
|-------------------------------------------------------------------------------|
| Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)                  |
| Lease liability in a Sale and Leaseback (Amendments to IFRS 16)               |
| Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) |
| Non-current Liabilities with Covenants (Amendments to IAS 1)                  |

These amendments had no effect on the financial statements of the Company except for the following:

#### *Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)*

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(i) *New and amended standards (continued)*

*Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7) (continued)*

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

*Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)*

The IASB issued amendments to IAS 1 in January 2020 *Classification of Liabilities as Current or Non-current* and subsequently, in October 2022 *Non-current Liabilities with Covenants*.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(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 below:

| New or revised standards and interpretations                                                                | Effective for accounting period beginning on or after |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)              | 01 January 2025                                       |
| Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 | 01 January 2026                                       |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures                                             | 01 January 2027                                       |
| IFRS 18 Presentation and Disclosure in Financial Statements                                                 | 01 January 2027                                       |

The amendment will be effective for annual reporting periods beginning on or after 1 January 2025. No early adoption has been made by the directors. The amendment is not expected to have a material impact on the Company's financial statements.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 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.

#### (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.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of material accounting policies (continued)

#### (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.

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 disclosed on next page:

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of material accounting policies (continued)

(d) Financial instruments (continued)

*Financial assets (continued)*

(ii) Subsequent measurement (continued)

*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.

(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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 *Summary of material accounting policies (continued)*

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

*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.

(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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 *Summary of material accounting policies (continued)*

(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.

(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.

Corporate Climate Responsibility (CCR) tax has been introduced for Companies incorporated in Mauritius. It is effective for the year of assessment starting 01 July 2024 and is being applied retrospectively. The tax is set at 2% of the Company's chargeable income if the Company's turnover exceeds MUR 50 Million (Equivalent to USD 1,041,735 as at 31 December 2024).

(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.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of material accounting policies (continued)

#### (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 |       |
|---------------------------|-----------------|-------|
|                           | 2024            | 2023  |
|                           | USD             | USD   |
| Cash and cash equivalents | 2,733           | 4,670 |

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

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 liability at 2024 and 2023, based on contractual undiscounted payments

|                            | Repayable<br>within<br>less than<br>1 year | Total  |
|----------------------------|--------------------------------------------|--------|
|                            | USD                                        | USD    |
| 2024                       |                                            |        |
| <u>Financial liability</u> |                                            |        |
| Accruals                   | 6,545                                      | 6,545  |
| 2023                       |                                            |        |
| <u>Financial liability</u> |                                            |        |
| Accruals                   | 10,215                                     | 10,215 |

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)*

(d) *Fair values*

The carrying amounts of cash and cash equivalents and other payables are approximate to 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.

Corporate Climate Responsibility (CCR) tax has been introduced for Companies incorporated in Mauritius. It is effective for the year of assessment starting 01 July 2024 and is being applied retrospectively. The tax is set at 2% of the Company's chargeable income if the Company's turnover exceeds MUR 50 Million (Equivalent to USD 1,041,735 as at 31 December 2024).

As at 31 December 2024, the Company turnover does not exceeds USD 1,041,735 and therefore there was no impact on the financial statements.

Tax losses amounting to USD 50,175 (2023: USD 35,612) has been lapsed during the year.

At 31 December 2024, the Company had accumulated tax losses of USD 135,754 (2023: USD 162,793) and is therefore not liable to income tax.

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 2025        | 26,671         |
| 31 December 2026        | 26,162         |
| 31 December 2027        | 26,322         |
| 31 December 2028        | 33,463         |
| 31 December 2029        | 23,136         |
|                         | <u>135,754</u> |

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:

|                                          | 2024      | 2023     |
|------------------------------------------|-----------|----------|
|                                          | USD       | USD      |
| Profit / (loss) for the year             | 750,890   | (55,705) |
| Tax at the rate of 15%                   | 112,634   | (8,356)  |
| Expenses not deductible for tax purposes | -         | 3,336    |
| Non-taxable income                       | (116,104) | -        |
| Deferred tax asset                       | 3,470     | 5,020    |
| Actual tax charge                        | -         | -        |

*Deferred income tax*

A deferred tax asset of USD 20,363 (2023: USD 24,419) 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

|                                                   | 2024             | 2023             |
|---------------------------------------------------|------------------|------------------|
|                                                   | USD              | USD              |
| (i) GMR Lion Energy Limited                       |                  |                  |
| Cost:                                             |                  |                  |
| At start and end of the year                      | 2,942,117        | 2,942,117        |
| Impairment:                                       |                  |                  |
| At start and end of the year                      | (1,071,263)      | (1,071,263)      |
| Carrying amount at year end                       | 1,870,854        | 1,870,854        |
| (ii) Karnali Transmission Company Private Limited |                  |                  |
| Cost:                                             |                  |                  |
| At start and end of the year                      | 45,200           | 45,200           |
| Impairment:                                       |                  |                  |
| At start and end of the year                      | (32,289)         | (32,289)         |
| Carrying amount at year end                       | 12,911           | 12,911           |
| <b>Total carrying amount of investments</b>       | <b>1,883,765</b> | <b>1,883,765</b> |

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<br>2024/2023 | Carrying amount                |                                |
|----------------------------------------------|-------------------|--------------------------|----------------------|--------------------|-------------------------------|--------------------------------|--------------------------------|
|                                              |                   |                          |                      |                    |                               | 2024<br>USD                    | 2023<br>USD                    |
| GMR Lion Energy Limited                      | 100%              | Mauritius                | Equity               | Unquoted           | 2,942,117                     | 1,870,854<br>(Cost: 2,942,117) | 1,870,854<br>(Cost: 2,942,117) |
| Karnali Transmission Company Private Limited | 100%              | Nepal                    | Equity               | Unquoted           | 33,024                        | 12,911<br>(Cost: 45,200)       | 12,911<br>(Cost: 45,200)       |
|                                              |                   |                          |                      |                    |                               | 1,883,765                      | 1,883,765                      |

During the year ended 31 December 2024, 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

|                                           | 2024<br>USD | 2023<br>USD |
|-------------------------------------------|-------------|-------------|
| Advance against equity to be allotted by: |             |             |
| (i) GMR Lion Energy Limited               |             |             |
| Cost:                                     |             |             |
| At start of the year                      | 18,029,009  | 16,150,009  |
| Advanced during the year                  | 1,810,000   | 1,879,000   |
| At end of the year                        | 19,839,009  | 18,029,009  |
| Impairment:                               |             |             |
| At start of the year                      | (886,738)   | (864,496)   |
| Movement during the year                  | 774,026     | (22,242)    |
| At end of the year                        | (112,712)   | (886,738)   |
| Carrying amount at year end               | 19,726,297  | 17,142,271  |

7. DEPOSIT ON SHARES (CONTINUED)

|                                                   | 2024              | 2023              |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | USD               | USD               |
| (ii) Karnali Transmission Company Private Limited |                   |                   |
| Cost:                                             |                   |                   |
| At start / end of the year                        | 484,139           | 484,139           |
| Impairment:                                       |                   |                   |
| At start / end of the year                        | (484,139)         | (484,139)         |
| Carrying amount at year end                       | -                 | -                 |
| <b>Total carrying amount of deposit on shares</b> | <b>19,726,297</b> | <b>17,142,271</b> |

Deposit on shares represent amount advanced to subsidiaries pending allotment of shares to the Company. During the year ended 31 December 2024, 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 reversal of impairment of USD 774,026 in GMR Lion Energy Limited (2023: Impairment of USD 22,242).

8. OTHER RECEIVABLES

|                            | 2024         | 2023         |
|----------------------------|--------------|--------------|
|                            | USD          | USD          |
| Prepayments                | 1,184        | 1,053        |
| Rental deposit             | -            | 627          |
| Reversal of rental deposit | -            | (627)        |
|                            | <b>1,184</b> | <b>1,053</b> |

The Company had 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

|                                                                                | 2024       | 2023       |
|--------------------------------------------------------------------------------|------------|------------|
|                                                                                | USD        | USD        |
| Issued and fully paid up<br>100 (2023: 100) ordinary shares of no<br>par value | <b>103</b> | <b>103</b> |

*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

|                          | 2024             | 2023             |
|--------------------------|------------------|------------------|
|                          | USD              | USD              |
| At start of the year     | 1,884,000        | -                |
| Received during the year | 1,835,000        | 1,884,000        |
| At end of the year       | <u>3,719,000</u> | <u>1,884,000</u> |

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

11. REDEEMABLE PREFERENCE SHARES

|                                                      | 2024              | 2023              | 2024              | 2023              |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                      | Number            | Number            | USD               | USD               |
| <i>Redeemable Class B Preference Shares - Equity</i> |                   |                   |                   |                   |
| At start and end of the year<br>(Note 12 (ii))       | <u>17,209,207</u> | <u>17,209,207</u> | <u>17,209,207</u> | <u>17,209,207</u> |

The rights of the redeemable preference shares are as follows:

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. RELATED PARTY DISCLOSURES AND BALANCES**

During the year ended 31 December 2024, the Company carried out transactions with related parties as follows:

|                                                                                                           | 2024       | 2023       |
|-----------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                           | 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                                                 | 16,033     | 22,055     |
| Outstanding balance                                                                                       | 2,520      | 4,120      |
| <i>(ii) Redeemable Class B Preference Shares- GMR Energy Projects (Mauritius) Limited</i>                 |            |            |
| At start and end of the year (Note 11)                                                                    | 17,209,207 | 17,209,207 |
| <i>(iii) Amount due to affiliates- GMR Energy Projects (Mauritius) Limited</i>                            |            |            |
| At start of the year                                                                                      | -          | 500        |
| Repaid during the year                                                                                    | -          | (500)      |
| At end of the year                                                                                        | -          | -          |

**13. 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         |
| 2023                     |            |                      |                |             |
| Amount due to affiliates | 500        | (500)                | -              | -           |

**14. 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.

**15. 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.

**16. 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 2024.

**GMR LION ENERGY LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

## GMR LION ENERGY LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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## GMR LION ENERGY LIMITED

## COMPANY INFORMATION

|                                                |                                                                                                                                                          | Date of appointment | Date of resignation |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>DIRECTORS:</b>                              | Sharmanand Jhurreea                                                                                                                                      | 17 February 2020    | 15 February 2024    |
|                                                | Fatweena Bibi Ameen Uteene Mahamod                                                                                                                       | 17 February 2020    | 15 February 2024    |
|                                                | Sandeep Subash                                                                                                                                           | 31 March 2022       | 05 August 2024      |
|                                                | Virat Kongmaneerat                                                                                                                                       | 26 August 2022      | -                   |
|                                                | Rishikesh Batoosam                                                                                                                                       | 15 February 2024    | -                   |
|                                                | Akash Beesham Ramessur                                                                                                                                   | 15 February 2024    | -                   |
|                                                | Diwan Prakash Kumar                                                                                                                                      | 05 August 2024      | -                   |
|                                                | Diwan Prakash Kumar (Alternate to Sandeep Subash)                                                                                                        | 15 April 2024       | 05 August 2024      |
| <b>ADMINISTRATOR &amp; SECRETARY:</b>          | (As from 15 February 2024)<br>Ocorian Corporate Services (Mauritius) Limited<br>Level 6, Tower A<br>1 Exchange Square<br>Wall Street, Ebene<br>Mauritius |                     |                     |
| <b>PREVIOUS ADMINISTRATOR &amp; SECRETARY:</b> | (Up to 14 February 2024)<br>IQ EQ Corporate Services (Mauritius) Ltd<br>33, Edith Cavell Street<br>Port Louis, 11324<br>Mauritius                        |                     |                     |
| <b>REGISTERED OFFICE:</b>                      | (As from 15 February 2024)<br>Level 6, Tower A<br>1 Exchange Square<br>Wall Street, Ebene<br>Mauritius                                                   |                     |                     |
|                                                | (Up to 14 February 2024)<br>Edith Cavell Street<br>Port Louis, 11324<br>Mauritius                                                                        |                     |                     |
| <b>AUDITOR:</b>                                | RSM (Mauritius) LLP<br>7 <sup>th</sup> Floor, Carleton Tower<br>Wall Street, Ebene<br>Mauritius                                                          |                     |                     |
| <b>BANKER:</b>                                 | AfrAsia Bank Limited<br>Bowen Square<br>10, Dr Ferriere Street<br>Port Louis<br>Mauritius                                                                |                     |                     |

## GMR LION ENERGY LIMITED

### COMMENTARY OF THE DIRECTORS

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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 2024.

#### ACTIVITIES OF THE COMPANY

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

#### RESULTS AND DIVIDENDS

The Company's profit for year ended 31 December 2024 was USD 488,762 (2023: loss of USD 122,978).

The directors do not recommend the payment of a dividend for the year under review (2023: 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.

#### AUDITOR

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.

DocuSigned by:



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By order of the board

Secretary

Date: 07 April 2025

**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 shareholder of the Company, the Company has filed with the Registrar of Companies for the year ended 31 December 2024, all such returns as are required of the Company under the Mauritius Companies Act.

DocuSigned by:



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

Dated 07 April 2025

## CONFIDENTIAL

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

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#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of GMR Lion Energy Limited (the "Company") set out on pages 8 to 26, which comprise the statement of financial position as at 31 December 2024, 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 material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of the financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2001 of Mauritius.

##### 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 Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), 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 Certificate from the Secretary. 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.

### **Report on the Audit of the Financial Statements (Continued)**

#### **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the requirements of the Companies Act 2001 of Mauritius, 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 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 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.

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

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**Report on the Audit of the Financial Statements (Continued)**

**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 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.

**Report on Other Legal and Regulatory Requirements**

*The Companies Act 2001 of Mauritius*

The Companies Act 2001 of Mauritius 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 and dealings in the ordinary course of business;
- 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.

**Use of this report**

This report is made solely to the shareholder of the Company in accordance with Section 205 of the Companies Act 2001 of Mauritius. 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.



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



**Prashant Calcutteea, FCA  
Licensed by FRC**

Date: 08 April 2025

## GMR LION ENERGY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024

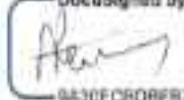
|                                                      | Note | 2024<br>USD     | 2023<br>USD      |
|------------------------------------------------------|------|-----------------|------------------|
| <b>INCOME</b>                                        |      | -               | -                |
| <b>EXPENSES</b>                                      |      |                 |                  |
| Accountancy fees                                     |      | 3,400           | 7,550            |
| Audit fee                                            |      | 3,220           | 6,561            |
| Professional fees                                    |      | 400             | 3,450            |
| Licence and registration fees                        |      | 2,426           | 2,225            |
| Bank charges                                         |      | 1,572           | 1,540            |
| Secretarial and administration fees                  |      | 3,458           | 1,500            |
| Directors' fees                                      |      | 1,583           | 1,500            |
| Tax fees                                             |      | 700             | 1,300            |
| Disbursement                                         |      | 937             | 100              |
| Penalty fees                                         |      | -               | 150              |
| <b>Total expenses</b>                                |      | <b>17,696</b>   | <b>25,876</b>    |
| <b>LOSS FROM OPERATIONS</b>                          |      | <b>(17,696)</b> | <b>(25,876)</b>  |
| Amount receivable written-off                        |      | -               | (109)            |
| Impairment of advance towards investment             | 6    | -               | (96,993)         |
| Reversal of impairment of advance towards investment | 6    | 506,458         | -                |
| <b>PROFIT / (LOSS) BEFORE INCOME TAX</b>             |      | <b>488,762</b>  | <b>(122,978)</b> |
| Income tax expense                                   | 9    | -               | -                |
| <b>PROFIT / (LOSS) FOR THE YEAR</b>                  |      | <b>488,762</b>  | <b>(122,978)</b> |
| Other comprehensive income for the year              |      | -               | -                |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>       |      | <b>488,762</b>  | <b>(122,978)</b> |

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 2024**

|                                   | Note | 2024<br>USD       | 2023<br>USD       |
|-----------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                     |      |                   |                   |
| <b>Non-current assets</b>         |      |                   |                   |
| Investment in subsidiary          | 5    | 145,402           | 145,402           |
| Advance towards investment        | 6    | 20,949,904        | 18,774,446        |
| <b>Total non-current assets</b>   |      | <b>21,095,306</b> | <b>18,919,848</b> |
| <b>Current assets</b>             |      |                   |                   |
| Prepayments                       |      | 1,177             | 976               |
| Cash and cash equivalents         | 7    | 505,838           | 2,810             |
| <b>Total current assets</b>       |      | <b>507,015</b>    | <b>3,786</b>      |
| <b>TOTAL ASSETS</b>               |      | <b>21,602,321</b> | <b>18,923,634</b> |
| <b>EQUITY AND LIABILITIES</b>     |      |                   |                   |
| <b>Equity</b>                     |      |                   |                   |
| Stated capital                    | 8    | 2,942,117         | 2,942,117         |
| Share application monies          | 10   | 20,225,009        | 18,029,009        |
| Accumulated losses                |      | (1,569,975)       | (2,058,737)       |
| <b>Total equity</b>               |      | <b>21,597,151</b> | <b>18,912,389</b> |
| <b>Liability</b>                  |      |                   |                   |
| <b>Current liability</b>          |      |                   |                   |
| Accruals                          |      | 5,170             | 11,245            |
| <b>Total current liability</b>    |      | <b>5,170</b>      | <b>11,245</b>     |
| <b>TOTAL EQUITY AND LIABILITY</b> |      | <b>21,602,321</b> | <b>18,923,634</b> |

Authorised for issue by the Board of directors on 07 April 2025  
and signed on its behalf by:

DocuSigned by:  
  
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Director  
Name: Akash Beesham Ramessur

DocuSigned by:  
  
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Director  
Name: Rishikesh Batoosam

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 2024

|                                            | Stated<br>capital<br>USD | Share application<br>monies<br>USD | Accumulated<br>losses<br>USD | Total<br>USD      |
|--------------------------------------------|--------------------------|------------------------------------|------------------------------|-------------------|
| At 01 January 2023                         | 2,942,117                | 16,150,009                         | (1,935,759)                  | 17,156,367        |
| Advance towards equity                     | -                        | 1,879,000                          | -                            | 1,879,000         |
| Total comprehensive income for the year    | -                        | -                                  | (122,978)                    | (122,978)         |
| At 31 December 2023                        | <u>2,942,117</u>         | <u>18,029,009</u>                  | <u>(2,058,737)</u>           | <u>18,912,389</u> |
| Advance towards equity                     | -                        | 2,196,000                          | -                            | 2,196,000         |
| Total comprehensive income for the<br>year | -                        | -                                  | 488,762                      | 488,762           |
| At 31 December 2024                        | <u>2,942,117</u>         | <u>20,225,009</u>                  | <u>(1,569,975)</u>           | <u>21,597,151</u> |

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 2024

|                                                      |    | 2024<br>USD        | 2023<br>USD        |
|------------------------------------------------------|----|--------------------|--------------------|
| <b>Cash flows from operating activities</b>          |    |                    |                    |
| Profit / (Loss) before income tax                    |    | 488,762            | (122,978)          |
| <i>Adjustments for:</i>                              |    |                    |                    |
| Amount receivable written-off                        |    | -                  | 109                |
| Impairment of advance towards investment             | 6  | -                  | 96,993             |
| Reversal of impairment of advance towards investment | 6  | (506,458)          | -                  |
| <i>Changes in working capital:</i>                   |    |                    |                    |
| Change in prepayments                                |    | (201)              | -                  |
| Change in accruals                                   |    | (6,075)            | 5,392              |
| <b>Net cash used in operating activities</b>         |    | <b>(23,972)</b>    | <b>(20,484)</b>    |
| <b>Cash flows from investing activity</b>            |    |                    |                    |
| Advance towards investment                           | 6  | (1,669,000)        | (1,857,000)        |
| <b>Net cash used in investing activity</b>           |    | <b>(1,669,000)</b> | <b>(1,857,000)</b> |
| <b>Cash flow from financing activity</b>             |    |                    |                    |
| Share application monies                             | 10 | 2,196,000          | 1,879,000          |
| <b>Net cash from financing activity</b>              |    | <b>2,196,000</b>   | <b>1,879,000</b>   |
| <b>Net movement in cash and cash equivalents</b>     |    |                    |                    |
| Cash and cash equivalents at start of the year       |    | 2,810              | 1,294              |
| <b>Cash and cash equivalents at end of the year</b>  |    | <b>505,838</b>     | <b>2,810</b>       |

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 2024

## 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*

The Company has considered the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

**Supplier Finance Arrangements: Amendments to IAS 7 and IFRS 7- Supplier Finance Arrangements** amends IAS 7 Statement of Cash Flows to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also add supplier finance arrangements as an example within the liquidity risk disclosure requirements of IFRS 7 Financial Instruments: Disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2024.

**Non-current Liabilities with Covenants** - Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

The effective date of the amendment is for years beginning on or after 01 January 2024.

## GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

## 2.1 Changes in accounting policies and disclosures (continued)

**Classification of Liabilities as Current or Non-Current - Amendment to IAS 1-** The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2024.

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

Certain new IFRS Accounting Standards, amendments to IFRS Accounting Standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company:

**IFRS 19 Subsidiaries without Public Accountability** - An eligible subsidiary follows the requirements of other IFRS Accounting Standards, except for the disclosure requirements, which are replaced by the reduced disclosure requirements of IFRS 19. Disclosures works in conjunction with other IFRS Accounting Standards.

The reduced disclosure requirements of IFRS 19 aim to balance the information needs of users of the financial statements of eligible subsidiaries with the cost savings for preparers.

IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if it:

- does not have public accountability, and
- has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The effective date of the standard is for years beginning on or after 01 January 2027.

**IFRS 18 Presentation and Disclosure in Financial Statements** - The new standard will improve the quality of financial reporting by:

- requiring defined subtotals in the statement of profit or loss;
- requiring disclosure about management-defined performance measures; and
- adding new principles for aggregation and disaggregation of information.

The effective date of the standard is for years beginning on or after 01 January 2027.

## GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

## 2.1 Changes in accounting policies and disclosures (continued)

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

**Lack of Exchangeability: Amendments to IAS 21** - Lack of Exchangeability amends IAS 21 The Effects of Changes in Foreign Exchange Rates to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The effective date of the amendment is for years beginning on or after 01 January 2025

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IAS 28)** - If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is yet to be determined by the IASB.

The directors have assessed the impact on the overall financial statements in relation to the new standards and interpretations and amendments to existing standards not yet effective and not yet adopted by the Company at the reporting date. They are of the opinion that the above will not have an impact on these financial statements.

## 2.2 Summary of material accounting policies

**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.

**GMR LION ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**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.

## GMR LION ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**


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

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.

## GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

## 2.2 Summary of material accounting policies (continued)

## Financial instruments (continued)

*Financial assets (continued)**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.

*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.

## GMR LION ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

## 2.2 Summary of material accounting policies (continued)

**Financial instruments (continued)***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.

*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 2024

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## 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 2024**

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**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 2024, the equity value of GMR Upper Karnali Hydropower Limited (GUKHL) in the valuation report is INR 2,472 million considering a discount rate of 27.3%. 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 a reversal of impairment against advance towards investment amounting to USD 506,458 (2023: impairment of USD 96,993) in GUKHL based on recoverability. The conclusion is based on the valuation report as at 31 December 2024.

**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 2024

## 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 |       |
|---------------------------|-----------------|-------|
|                           | 2024            | 2023  |
|                           | USD             | USD   |
| Cash and cash equivalents | 505,838         | 2,810 |
|                           | 505,838         | 2,810 |

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 2024

## 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 |             |
|----------|--------------------|-------------|
|          | 2024<br>USD        | 2023<br>USD |
| Accruals | 5,170              | 11,245      |
|          | 5,170              | 11,245      |
|          | 5,170              | 11,245      |

*Fair Values*

The carrying amounts of accruals approximate their fair values.

## 5. INVESTMENT IN SUBSIDIARY

| Name of investee company                       | Country of incorporation | Types of shares held | % Holding 2024 & 2023 | Number of shares 2024 & 2023 | Carrying amount |             |
|------------------------------------------------|--------------------------|----------------------|-----------------------|------------------------------|-----------------|-------------|
|                                                |                          |                      |                       |                              | 2024<br>USD     | 2023<br>USD |
| GMR Upper Karnali Hydropower Limited ('GUKHL') | Nepal                    | Ordinary             | 73%                   | 1,095,000                    | 145,402         | 145,402     |

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 2024, the equity value of GUKHL in the valuation report is INR 2,472 million considering a discount rate of 27.3%. 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 2024

## 6. ADVANCE TOWARDS INVESTMENT

| GMR Upper Karnali Hydropower Limited   | 2024<br>USD       | 2023<br>USD       |
|----------------------------------------|-------------------|-------------------|
| At start of the year                   | 18,774,446        | 17,014,439        |
| Advance during the year                | 2,519,000         | 1,857,000         |
| Refund during the year                 | (850,000)         | -                 |
| Reversal of impairment during the year | 506,458           | -                 |
| Impaired during the year               | -                 | (96,993)          |
| At end of the year                     | <u>20,949,904</u> | <u>18,774,446</u> |

Advance towards investment represent advances made to the Company's subsidiary GMR Upper Karnali Hydropower Limited, pending allotment of shares. The Company provided a reversal of impairment against advance towards investment amounting to USD 506,458 (2023: impairment of USD 96,993) in GUKHL based on recoverability. The conclusion is based on the valuation report as at 31 December 2024.

## 7. CASH AND CASH EQUIVALENTS

|                     | 2024<br>USD    | 2023<br>USD  |
|---------------------|----------------|--------------|
| <i>Cash at bank</i> |                |              |
| Current accounts    | <u>505,838</u> | <u>2,810</u> |

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

## 8. STATED CAPITAL

|                                 | Number of shares |                  | 2024<br>USD      | 2023<br>USD      |
|---------------------------------|------------------|------------------|------------------|------------------|
|                                 | 2024             | 2023             |                  |                  |
| <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 2024

## 9. 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.

Corporate Climate Responsibility (CCR) tax has been introduced for Companies incorporated in Mauritius. It is effective for the year of assessment starting 01 July 2024 (2024/2025). The tax is set at 2% of the Company's chargeable income if the Company's turnover exceeds Rs 50 million (Equivalent to USD 1,041,735 as at 31 December 2024).

At 31 December 2024, the Company had accumulated tax losses of USD 83,192 (2023: USD 81,276) and is therefore was not liable to income tax. The loss of USD 15,780 carried forward up to 31 December 2024 (2023: USD 32,104) 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 2025 | 11,120        |
| 31 December 2026 | 13,610        |
| 31 December 2027 | 15,040        |
| 31 December 2028 | 25,726        |
| 31 December 2029 | 17,696        |
|                  | <u>83,192</u> |
|                  | =====         |

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

|                                          | 2024                        | 2023                        |
|------------------------------------------|-----------------------------|-----------------------------|
|                                          | USD                         | USD                         |
| Profit / (Loss) before tax               | 488,762                     | (122,978)                   |
|                                          | <u>                    </u> | <u>                    </u> |
| Applicable income tax at the rate of 15% | 73,314                      | (18,447)                    |
| Impact of:                               |                             |                             |
| Disallowed income                        | (75,968)                    | -                           |
| Expenses not deductible for tax purposes | -                           | 14,588                      |
| Deferred tax asset                       | 2,654                       | 3,859                       |
|                                          | <u>                    </u> | <u>                    </u> |
| Income tax charge                        | -                           | -                           |
|                                          | <u>                    </u> | <u>                    </u> |

*Deferred income tax*

A deferred income tax asset of USD 12,479 (2023: USD 12,191) 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 2024

## 10. SHARE APPLICATION MONIES

| GMR Energy (Mauritius) Limited                                                                               | 2024<br>USD              | 2023<br>USD              |
|--------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| At start of the year                                                                                         | 18,029,009               | 16,150,009               |
| Advance towards equity during the year                                                                       | 1,810,000                | 1,879,000                |
| At end of the year                                                                                           | <u>19,839,009</u>        | <u>18,029,009</u>        |
| This represents funds received from the parent, GMR Energy (Mauritius) Limited, pending allotment of shares. |                          |                          |
| <b>GMR Infrastructure (Overseas) Limited</b>                                                                 |                          |                          |
| At start of the year                                                                                         | -                        | -                        |
| Advance towards equity during the year                                                                       | 386,000                  | -                        |
| At end of the year                                                                                           | <u>386,000</u>           | <u>-</u>                 |
| This represents funds received from GMR Infrastructure (Overseas) Limited, pending allotment of shares.      |                          |                          |
| <b>TOTAL SHARE APPLICATION MONIES</b>                                                                        | <b><u>20,225,009</u></b> | <b><u>18,029,009</u></b> |

## 11. RELATED PARTY TRANSACTIONS

| <i>Key Management services</i>                                          | 2024<br>USD  | 2023<br>USD  |
|-------------------------------------------------------------------------|--------------|--------------|
| <i>Ocorian Corporate Services Limited -Administrator</i>                |              |              |
| Expenses including directors' fees incurred by the Company              | 10,079       | 4,550        |
| Outstanding balance                                                     | <u>1,950</u> | <u>4,550</u> |
| <i>IQ EQ Corporate Services (Mauritius) Ltd -Previous administrator</i> |              |              |
| Expenses including directors' fees incurred by the Company              | 400          | 14,150       |
| Outstanding balance                                                     | <u>-</u>     | <u>600</u>   |
| Receivable from IQ EQ                                                   | <u>-</u>     | <u>-</u>     |

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

**GMR LION ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**12. 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.

**13. 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 2024.

**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 31<sup>st</sup> March, 2025, the Statement of Profit and Loss , Statement of Changes in Equity and the Statement of cashflows 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 31<sup>st</sup> March, 2025 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 31<sup>st</sup> March 2025 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 2025 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 financialstatements that give a true and fair view of the financial position,financial performanceincluding 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 safeguarding 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.

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.

**GIRISH  
MURTHY & KUMAR  
Chartered Accountants**

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- 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.

As stated in Note No.33 to the financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on 1 April 2024, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature was not enabled at the database level upto 24 May 2024. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with respect of the accounting software where such feature is enabled and logs maintained. The audit trail feature has been preserved by the Company as per the statutory requirements for record retention from the date the audit trail was enabled for the accounting software.

For **GIRISH MURTHY & KUMAR**  
**Chartered Accountants**

Firm's registration number: 000934S

**ACHYUTHA  
VENKATA  
SATISH  
KUMAR**



**A.V.SATISH KUMAR**

**Partner**

Membership number: 26526

UDIN: 25026526BMOBCK6706

Place: Bangalore

Date: 29-04-2025

GMR Upper Kamali Hydropower Limited  
Balance Sheet as on 31st March 2025

| Particulars                         | Notes | Amount in Rs.'00   |                    |
|-------------------------------------|-------|--------------------|--------------------|
|                                     |       | 31-March-25        | 31-March-24        |
| <b>Assets</b>                       |       |                    |                    |
| <b>Non-current assets</b>           |       |                    |                    |
| Property, Plant & Equipment         | 1     | 21,71,219          | 21,41,800          |
| Capital work-in-progress            | 2     | 2,16,92,401        | 1,99,59,793        |
| Other Intangible assets             |       |                    |                    |
| Financial Assets                    |       |                    |                    |
| Loans                               |       |                    |                    |
| Other non current assets            | 3     | 3,72,969           | 3,72,969           |
|                                     |       | <b>2,42,36,588</b> | <b>2,24,74,562</b> |
| <b>Current assets</b>               |       |                    |                    |
| Financial Assets                    |       |                    |                    |
| Cash and cash equivalents           | 4     | 16,69,727          | 1,25,712           |
| Loans                               | 5     | 14,506             | 16,757             |
| Others                              |       |                    |                    |
| Current Tax Assets (Net)            | 6     | 17                 | 42                 |
| Other current assets                | 7     | -                  | -                  |
| Advance Tax                         |       |                    |                    |
|                                     |       | <b>16,84,250</b>   | <b>1,42,510</b>    |
| <b>Total Assets</b>                 |       | <b>2,59,20,839</b> | <b>2,26,17,072</b> |
| <b>Equity and liabilities</b>       |       |                    |                    |
| <b>Equity</b>                       |       |                    |                    |
| Equity Share Capital                | 8     | 93,750             | 93,750             |
| Other Equity                        | 9     | 1,41,68,246        | 1,24,88,341        |
|                                     |       | <b>1,42,61,996</b> | <b>1,25,82,091</b> |
| <b>Liabilities</b>                  |       |                    |                    |
| <b>Non-current liabilities</b>      |       |                    |                    |
| Financial Liabilities               |       |                    |                    |
| Borrowings                          | 10    | 93,74,744          | -                  |
| Provision                           | 11    | -                  | -                  |
|                                     |       | <b>93,74,744</b>   | <b>-</b>           |
| <b>Current liabilities</b>          |       |                    |                    |
| Financial Liabilities               |       |                    |                    |
| Other financial liabilities         | 12    | 3,97,773           | 1,00,23,028        |
| Borrowings                          | 10    | 18,75,000          | -                  |
| Other current liabilities           | 13    | 5,089              | 5,737              |
| Provisions                          | 11    | 6,237              | 6,216              |
|                                     |       | <b>22,84,099</b>   | <b>1,00,34,980</b> |
| <b>Total Equity and liabilities</b> |       | <b>2,59,20,839</b> | <b>2,26,17,072</b> |

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: 29-04-2025

For and on behalf of the Board of directors

MANOJ

KUMAR

DIXIT

Manoj Kumar Dixit

Director

DIN: 09355400

Place: New Delhi

Date: 29-04-2025

Ashis

Basu

Ashis Basu

Director

DIN: 01872233

Place: New Delhi

Date: 29-04-2025

**GMR Upper Karnali Hydropower Limited**  
**Statement of profit and loss for the period ended 31st March 2025**

| Particulars                                                    | Notes | Amount in Rs.'00 |                 |
|----------------------------------------------------------------|-------|------------------|-----------------|
|                                                                |       | 31-March-25      | 31-March-24     |
| Other Income                                                   |       |                  |                 |
| <b>Total Income</b>                                            |       | -                | -               |
| <b>Expenses</b>                                                |       |                  |                 |
| Employee benefits expense                                      |       |                  |                 |
| Finance cost                                                   |       |                  |                 |
| Depreciation                                                   |       |                  |                 |
| Other expenses                                                 | 14    | 12,238           | 17,547          |
| <b>Total Expenses</b>                                          |       | <b>12,238</b>    | <b>17,547</b>   |
| <b>Profit / (Loss) before tax</b>                              |       | <b>(12,238)</b>  | <b>(17,547)</b> |
| <b>Tax expenses</b>                                            |       |                  |                 |
| Current tax                                                    |       | 17               | 42              |
| <b>Profit/(loss) for the period from continuing operations</b> |       | <b>(12,256)</b>  | <b>(17,589)</b> |
| <b>Profit/(loss) for the period</b>                            |       | <b>(12,256)</b>  | <b>(17,589)</b> |
| Other comprehensive income                                     |       |                  | -               |
| <b>Total comprehensive income for the period</b>               |       | <b>(12,256)</b>  | <b>(17,589)</b> |
| <b>Earnings per equity share (For continuing operations)</b>   |       |                  |                 |
| Basic                                                          |       | (8.17)           | (11.73)         |
| Diluted                                                        |       | (8.17)           | (11.73)         |

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: 000934S

ACHYUTHA  
VENKATA  
SATISH  
KUMAR

**A.V.Satish Kumar**

Partner

Membership no.: 26526

Place: Bangalore

Date: 29-04-2025

**For and on behalf of the Board of directors**

MANOJ  
KUMAR  
DIXIT

**Manoj Kumar Dixit**

Director

DIN: 09355400

Place: New Delhi

Date: 29-04-2025

Ashis  
Basu

**Ashis Basu**

Director

DIN: 01872233

Place: New Delhi

Date: 29-04-2025

**GMR Upper Karnali Hydropower Limited**  
Statement of Change in Equity for the period ended March 31, 2025

|                             | Share capital |  | Share Application Money |  | Retained Earning  |  | Other Equity       |  | Total Equity       |  |
|-----------------------------|---------------|--|-------------------------|--|-------------------|--|--------------------|--|--------------------|--|
|                             | Rs.           |  | Rs.                     |  | Rs.               |  | Rs.                |  | Rs.                |  |
| <b>As at March 31, 2022</b> | 93,750        |  | 1,02,97,462             |  | (4,54,087)        |  | 98,43,375          |  | 99,37,125          |  |
| Net Profit/(Loss)           | -             |  | 10,17,479               |  | (18,037)          |  | 9,99,441           |  | 9,99,441           |  |
| <b>As at March 31, 2023</b> | 93,750        |  | 1,13,14,940             |  | (4,72,124)        |  | 1,08,42,816        |  | 1,09,36,566        |  |
| Net Profit/(Loss)           | -             |  | 16,63,114               |  | (17,589)          |  | 16,45,525          |  | 16,45,525          |  |
| Prior period adjustment     | -             |  | -                       |  | -                 |  | 0                  |  | -                  |  |
| <b>As at March 31, 2024</b> | 93,750        |  | 1,29,78,055             |  | (4,89,713)        |  | 1,24,88,341        |  | 1,25,82,091        |  |
| Net Profit/(Loss)           | -             |  | 16,92,160               |  | (12,256)          |  | 16,79,904          |  | 16,79,904          |  |
| <b>As at March 31, 2025</b> | <b>93,750</b> |  | <b>1,46,70,215</b>      |  | <b>(5,01,969)</b> |  | <b>1,41,68,246</b> |  | <b>1,42,61,996</b> |  |

**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: 29-04-2025

**For and on behalf of the Board of directors**

**MANOJ**  
**KUMAR**  
**DIXIT**

**Manoj Kumar Dixit**

Director

DIN: 09355400

**Ashis**  
**Basu**  
**Ashis Basu**

**Ashis Basu**

Director

DIN: 01872233

Place: New Delhi

Date: 29-04-2025

Place: New Delhi

Date: 29-04-2025

GMR Upper Karnali Hydropower Limited  
Cash Flow Statement for the period ended 31st March, 2025

Amount in Rs. '00

| Particulars                                                             | 31-March-25        | 31-March-24        |
|-------------------------------------------------------------------------|--------------------|--------------------|
| <b>Cash flow from operating activities</b>                              |                    |                    |
| Profit before tax from continuing operations                            | (12,238)           | (17,547)           |
| Profit before tax                                                       | (12,238)           | (17,547)           |
| Prior Period Adjustment                                                 | -                  | -                  |
| Depreciation                                                            | 6,057              | 11,629             |
| Tax paid                                                                | (17)               | (42)               |
| <b>Operating profit before working capital changes</b>                  | <b>(6,199)</b>     | <b>(5,960)</b>     |
| Increase/(decrease) in other current liabilities                        | (627)              | (4,162)            |
| Increase/(decrease) from financial liabilities                          | (2,50,511)         | 1,40,471           |
| Finance cost                                                            | -                  | -                  |
| (Increase)/decrease in loans and advances                               | 2,251              | 12,104             |
| (Increase)/decrease in Other Current Tax Asset                          | 24                 | 3,443              |
| <b>Net cash flow from/ (used in) operating activities (A)</b>           | <b>(2,55,061)</b>  | <b>1,45,896</b>    |
| (Increase)/ decrease in other current assets                            | -                  | -                  |
| Increase / (Decrease) in current borrowings                             | -                  | -                  |
| (Increase)/ decrease in other non current assets                        | -                  | -                  |
| (Increase)/ decrease in other non current loan                          | -                  | -                  |
| <b>Cash flows from investing activities</b>                             |                    |                    |
| Purchase/ Sale of FA, including CWIP and capital advances               | (17,68,083)        | (17,73,902)        |
| <b>Net cash flow from/ (used in) Investing activities (B)</b>           | <b>(17,68,083)</b> | <b>(17,73,902)</b> |
| <b>Cash flows from financing activities</b>                             |                    |                    |
| Share application money received                                        | 16,92,160          | 16,60,114          |
| Increase / (decrease) in Non Current Provision                          | -                  | 2,832              |
| Proceeds from Bridge Loan                                               | -                  | -                  |
| Proceeds from Share Application Money                                   | -                  | -                  |
| Loan from bank                                                          | 18,75,000          | -                  |
| <b>Net cash flow from/ (used in) in financing activities (C)</b>        | <b>35,67,160</b>   | <b>16,65,946</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b> | <b>15,44,016</b>   | <b>37,941</b>      |
| Cash and cash equivalents at the beginning of the period                | 1,25,712           | 87,771             |
| <b>Cash and cash equivalents at the end of the period</b>               | <b>16,69,727</b>   | <b>1,25,712</b>    |
| <b>Components of cash and cash equivalents</b>                          |                    |                    |
| With banks- on current account                                          | 16,69,659          | 1,25,567           |
| Cash in Hand                                                            | 68                 | 145                |
| <b>Total cash and cash equivalents</b>                                  | <b>16,69,727</b>   | <b>1,25,712</b>    |

**Notes:**

1. The above cash flow statement has been compiled from and is based on the balance sheet as at March 31st, 2025 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                         | 01-Apr-24 | Cash flows       | Non-Cash changes   | 31-Mar-25        |
|-------------------------------------|-----------|------------------|--------------------|------------------|
|                                     |           |                  | Fair value changes |                  |
| Short term Borrowings-Related party | -         | -                | -                  | -                |
| Short term Borrowings-Bank          | -         | 18,75,000        | -                  | 18,75,000        |
| <b>Total</b>                        | -         | <b>18,75,000</b> | -                  | <b>18,75,000</b> |

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: 29-04-2025

For and on behalf of the Board of directors

MANOJ  
KUMAR  
DIXIT  
Manoj Kumar Dixit  
Director  
DIN: 09355400

Place: New Delhi  
Date: 29-04-2025

Ashis  
Basu  
Ashis Basu  
Director  
DIN: 01872233

Place: New Delhi  
Date: 29-04-2025

**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     |
| <b>Cost or Valuation</b>           |                   |          |                   |                      |          |                  |           |           |
| As at 31st March 2023              | 17,36,309         | 3,36,638 | 35,034            | 33,598               | 1,035    | 53,110           | 10,477    | 22,06,201 |
| Additions                          | 0                 | 38,838   | 0                 | 117                  | -        | -                | -         | 38,955    |
| Disposals                          | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| Exchange Differences               | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| As at 31st March 2024              | 17,36,309         | 3,75,476 | 35,034            | 33,715               | 1,035    | 53,110           | 10,477    | 22,45,156 |
| Additions                          | -                 | 38,838   | -                 | 675                  | -        | 2,145            | -         | 41,659    |
| Disposals                          | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| As at 31st March 2025              | 17,36,309         | 4,14,314 | 35,034            | 34,390               | 1,035    | 55,255           | 10,477    | 22,86,814 |
| <b>Depreciation and Impairment</b> |                   |          |                   |                      |          |                  |           |           |
| As at 31st March 2023              | -                 | 23,941   | 20,612            | 15,406               | 683      | 23,059           | 8,026     | 91,726    |
| Depreciation for the year          | -                 | 5,725    | 1,088             | 1,857                | 15       | 2,414            | 529       | 11,629    |
| Impairment                         | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| Disposals                          | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| Exchange Differences               | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| As at 31st March 2024              | -                 | 29,666   | 21,701            | 17,263               | 698      | 25,473           | 8,555     | 1,03,355  |
| Depreciation for the Period        | -                 | 6,616    | 1,055             | 1,905                | 15       | 2,280            | 370       | 12,241    |
| Impairment                         | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| Disposals                          | -                 | -        | -                 | -                    | -        | -                | -         | -         |
| As at 31st March 2025              | -                 | 36,282   | 22,755            | 19,168               | 713      | 27,753           | 8,925     | 1,15,596  |
| <b>Net Book Value</b>              |                   |          |                   |                      |          |                  |           |           |
| As at 31st March 2023              | 17,36,309         | 3,12,698 | 14,421            | 18,192               | 352      | 30,051           | 2,451     | 21,14,473 |
| As at 31st March 2024              | 17,36,309         | 3,45,810 | 13,333            | 16,451               | 337      | 27,637           | 1,922     | 21,41,800 |
| As at 31st March 2025              | 17,36,309         | 3,78,032 | 12,279            | 15,222               | 322      | 27,502           | 1,552     | 21,71,219 |

|                                                | Amount in Ru.'00   |                    |
|------------------------------------------------|--------------------|--------------------|
|                                                | 31-March-25        | 31-March-24        |
| <b>2 Capital Work in Progress</b>              |                    |                    |
| Project_Rero                                   | 6,79,354.83        | -                  |
| Civil works                                    | 3,37,701           | 337,701            |
| Salaries, allowances and benefits to employees | 7,76,340           | 754,683            |
| Contribution to provident fund and others      | 39,348             | 37,013             |
| Staff welfare expenses                         | 3,03,513           | 303,018            |
| Rent                                           | 6,79,384           | 636,007            |
| Wages and Taxes                                | 7,35,298           | 735,258            |
| Bank/ other finance charges                    | 4,96,295           | 454,034            |
| Repairs & Maintenance - Others                 | 30,85,809          | 3,06,988           |
| Consultancy & Professional Charges             | 83,23,500          | 83,11,133          |
| Electricity charges                            | 17,365             | 16,167             |
| Meetings & Seminars                            | 33,270             | 32,490             |
| Traveling and conveyance                       | 6,59,388           | 642,913            |
| Communication Expenses                         | 32,544             | 31,666             |
| Insurance                                      | 24,896             | 22,923             |
| Depreciation                                   | 1,09,412           | 1,03,333           |
| Gift and hospitality                           | 27                 | 27                 |
| Guest House Maintenance                        | 74,830             | 73,489             |
| Printing & Stationery                          | 27,140             | 26,741             |
| Memberships & Subscription                     | 8,810              | 6,416              |
| Miscellaneous Expenses                         | 4,99,127           | 44,037             |
| Advertisement Expenses                         | 3,935              | 3,935              |
| Miscellaneous Income                           | (18,613)           | (18,571)           |
| Interest Others                                | 81,61,127          | 76,11,172          |
| Exchange Rate Gain                             | (35,570)           | (35,570)           |
| Project Development Expenses                   | 3,01,194           | 300,123            |
|                                                | <b>2,36,92,401</b> | <b>2,99,89,793</b> |

|                                   | Amount in Ru.'00 |                 |
|-----------------------------------|------------------|-----------------|
|                                   | Non Current      |                 |
|                                   | 31-March-25      | 31-March-24     |
| <b>3 Other non current assets</b> |                  |                 |
| Margin Deposits                   | 1,72,989         | 1,72,989        |
| Capital Advances                  | -                | -               |
| <b>BANK DEPOSITS</b>              |                  |                 |
|                                   | <b>1,72,989</b>  | <b>1,72,989</b> |

|                                        | Amount in Ru.'00 |                    |
|----------------------------------------|------------------|--------------------|
|                                        | Current          |                    |
|                                        | 31-March-25      | 31-March-24        |
| <b>4 Cash and cash equivalents</b>     |                  |                    |
| Cash in Hand                           | 88               | 544.43             |
| Balances with bank in current accounts | 16,09,659        | 1,25,566.34        |
|                                        | <b>16,09,747</b> | <b>1,26,110.77</b> |

|                                                         | Amount in Ru.'00 |             |               |               |
|---------------------------------------------------------|------------------|-------------|---------------|---------------|
|                                                         | Non Current      |             | Current       |               |
|                                                         | 31-March-25      | 31-March-24 | 31-March-25   | 31-March-24   |
| <b>5 Financial Assets</b>                               |                  |             |               |               |
| Loans & advances                                        |                  |             |               |               |
| Advances recoverable in cash or kind                    | -                | -           | 14,506        | 16,645        |
| Loans and advances to related parties                   | -                | -           | -             | 113           |
| Miscellaneous receivables (net of provision for losses) | -                | -           | -             | -             |
|                                                         |                  |             | <b>14,506</b> | <b>16,758</b> |

|                                                    | Amount in Ru.'00                  |             |
|----------------------------------------------------|-----------------------------------|-------------|
|                                                    | 31-March-25                       | 31-March-24 |
|                                                    | <b>6 Current Tax Assets (Net)</b> |             |
| Advance income tax (net of provision for taxation) | 17                                | 42          |
|                                                    | <b>17</b>                         | <b>42</b>   |

|                                    | Amount in Ru.'00              |             |
|------------------------------------|-------------------------------|-------------|
|                                    | 31-March-25                   | 31-March-24 |
|                                    | <b>7 Other Current Assets</b> |             |
| Interest accrued on Call account   | -                             | -           |
| Advance recoverable                | -                             | -           |
| Interest Accrued on Fixed Deposits | -                             | -           |
|                                    | <b>-</b>                      | <b>-</b>    |

|                                                             | Amount in Ru.'00       |                    |
|-------------------------------------------------------------|------------------------|--------------------|
|                                                             | No.s                   | INR                |
|                                                             | <b>8 Share capital</b> |                    |
| <b>Authorized Share Capital</b>                             |                        |                    |
| Equity shares, face value of Ru.50 each                     |                        |                    |
| As at March 31, 2023                                        | 1,90,00,000            | 1,38,75,000        |
| Increase/(decrease) during the year                         | -                      | -                  |
| As at March 31, 2024                                        | 1,90,00,000            | 1,38,75,000        |
| Increase/(decrease) during the year                         | 4,30,00,000            | 7,56,25,000        |
| As at March 31, 2025                                        | <b>6,20,00,000</b>     | <b>2,14,00,000</b> |
| <b>Issued Equity Capital</b>                                |                        |                    |
| Fully paid up of Ru.50 each issued, subscribed & Ru.25 paid |                        |                    |
| As at March 31, 2023                                        | 15,00,000              | 83,750             |
| Increase/(decrease) during the year                         | -                      | -                  |
| As at March 31, 2024                                        | 15,00,000              | 83,750             |
| Increase/(decrease) during the year                         | -                      | -                  |
| As at March 31, 2025                                        | <b>15,00,000</b>       | <b>83,750</b>      |

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

| Equity Shares                      | Amount in Ru.'00 |                 |                  |                 |
|------------------------------------|------------------|-----------------|------------------|-----------------|
|                                    | 31-March-25      |                 | 31-March-24      |                 |
|                                    | No.              | Amount in INR   | No.              | Amount in INR   |
| At the beginning of the year       | 15,00,000        | 8,37,500        | 15,00,000        | 8,37,500        |
| Issued during the year             | -                | -               | -                | -               |
| Outstanding at the end of the year | <b>15,00,000</b> | <b>8,37,500</b> | <b>15,00,000</b> | <b>8,37,500</b> |

**ii) 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.

**iii) 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 Mo. 02, 2008))  
(Shares of NPR 100 (Paid up NPR 30) each issued other than cash to Nepal Electric, Authority (LEA))

|               | 31-March-25 | 31-March-24 |
|---------------|-------------|-------------|
| No. of shares | 405000      | 405000      |

**iv) 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-25 | 31-March-24 |
|---------------------------------------------------------|-------------|-------------|
| Shares held by GMR Lion Energy Limited(Holding Company) | 30,95,000   | 30,95,000   |

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

| Particulars                                             | 31-March-25 |              | 31-March-24 |              |
|---------------------------------------------------------|-------------|--------------|-------------|--------------|
|                                                         | No.         | % holding in | No.         | % holding in |
| Shares held by GMR Lion Energy Limited(Holding Company) | 1089000     | 73%          | 1093000     | 73%          |
| Shares held by Nepal Electricity Authority              | 405000      | 27%          | 405000      | 27%          |

Annexure of the Company, including its register of shareholders/ members and other documents received from stock exchanges regarding its share interest, the above information is given best view and beneficial ownership of shares.

**9 Other Equity**

As at March 31, 2025  
Profits (Loss) for the period  
As at March 31, 2024  
Profits (Loss) for the period  
Prior Period Adjustment  
As at March 31, 2023

|                               | Reserves & Surplus      |                  | Total       |
|-------------------------------|-------------------------|------------------|-------------|
|                               | money pending allotment | Retained Earning |             |
| As at March 31, 2025          | 1,15,14,840             | 4,72,124         | 1,06,47,816 |
| Profits (Loss) for the period | 15,65,114               | 17,589           | 15,45,525   |
| As at March 31, 2024          | 1,29,78,955             | 4,86,713         | 1,34,88,341 |
| Profits (Loss) for the period | 10,87,160               | 12,258           | 10,79,904   |
| Prior Period Adjustment       | -                       | -                | -           |
| As at March 31, 2023          | 1,46,70,215             | 5,01,000         | 1,41,88,748 |

**10 Financial Liability - Borrowings**

Term loans  
Nepal rupee term loan from banks (secured)

|  | Non Current |             | Current     |             |
|--|-------------|-------------|-------------|-------------|
|  | 31-March-25 | 31-March-24 | 31-March-25 | 31-March-24 |
|  |             |             |             |             |
|  | 93,75,766   | -           | 38,75,000   | -           |
|  | 93,75,766   | -           | 38,75,000   | -           |

Disclosed under the Current liabilities 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. 27th Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @ 11.80 % 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 Insurance  
Provision for Lease Encumbrance  
Others (Provision for Tax set off Advance Tax)

|  | Non Current |             | Current     |             |
|--|-------------|-------------|-------------|-------------|
|  | 31-March-25 | 31-March-24 | 31-March-25 | 31-March-24 |
|  | -           | -           | -           | -           |
|  | -           | -           | 2,251       | 2,837       |
|  | -           | -           | 5,994       | 5,584       |
|  | -           | -           | -           | -           |
|  | -           | -           | 4,237       | 6,216       |

**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 Ru.'00 |             |
|--|------------------|-------------|
|  | 31-March-25      | 31-March-24 |
|  | -                | 85,76,766   |
|  | 2,39,330         | 5,62,081    |
|  | 2,232            | 2,232       |
|  | -                | -           |
|  | 3,99,211         | 85,991      |
|  | 3,97,773         | 1,01,29,028 |

\* (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. 27th Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @11.80 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually).

**13 Other current liabilities**

TDS Payable  
Other statutory dues  
Others

|  | Amount in Ru.'00 |             |
|--|------------------|-------------|
|  | 31-March-25      | 31-March-24 |
|  | 5,072            | 5,737       |
|  | -                | -           |
|  | 17               | -           |
|  | 8,089            | 8,787       |

**GMR Upper Karnali Hydropower Limited**

**Notes to Statement of profit and loss for the period ended 31st March 2025**

**Amount in Rs.'00**

**14 Other expenses**

Donation  
Business Promotion  
Audit Fees  
Advertisement  
Rates & Taxes

|  | <b>31-March-25</b> | <b>31-March-24</b> |
|--|--------------------|--------------------|
|  | -                  | -                  |
|  | 7,200              | 5,622              |
|  | 3,732              | 3,909              |
|  | 1,240              | 7,699              |
|  | 66                 | 318                |
|  | <b>12,238</b>      | <b>17,547</b>      |

**Payment to auditor**

As auditor:  
Audit fee  
Other services (certification fees)

|  | <b>31-March-25</b> | <b>31-March-24</b> |
|--|--------------------|--------------------|
|  | -                  | -                  |
|  | -                  | -                  |
|  | -                  | -                  |

## **GMR Upper Karnali Hydropower Limited**

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### **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) in Hundreds.

#### **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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025

### **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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025

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 31<sup>st</sup> March 2025**

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

## **GMR Upper Karnali Hydropower Limited**

### **Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

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

## **GMR Upper Karnali Hydropower Limited**

**Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

- 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:

## **GMR Upper Karnali Hydropower Limited**

**Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

- 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.

## **GMR Upper Karnali Hydropower Limited**

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### **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.

## **GMR Upper Karnali Hydropower Limited**

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### **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

## **GMR Upper Karnali Hydropower Limited**

### **Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

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.

## **GMR Upper Karnali Hydropower Limited**

### **Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

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.

## **GMR Upper Karnali Hydropower Limited**

### **Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

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.

## **GMR Upper Karnali Hydropower Limited**

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### **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

## **GMR Upper Karnali Hydropower Limited**

### **Notes to financial statements for the year ended 31<sup>st</sup> March 2025**

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.

## **GMR Upper Karnali Hydropower Limited**

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### **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

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

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 <sup>st</sup> March, 2025 | 31 <sup>st</sup> March, 2024 |
| <b>Contingent Liability</b>                           |                              |                              |
| Bank Guarantees to Investment Board of Nepal.         | 2,81,250                     | 2,81,250                     |
| Bank Guarantees to Bangladesh Power Development Board | 4,27,700                     | 4,11,050                     |

BG to BPDB is USD 5,000,000/-, Spot Exchange Rate is Used as on 31<sup>st</sup> March 2025: 85.54 INR = 1 USD and as on 31<sup>st</sup> March 2024: 82.21 INR = 1 USD respectively for Conversion.

### 16. Capital commitments/ Other commitments:

(Amount in Rs "00")

| Schedule for Ageing of CWIP as on 31 Mar 2025: |                  |                  |                  |                    |                    |
|------------------------------------------------|------------------|------------------|------------------|--------------------|--------------------|
| 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                            | 17,32,608        | 17,34,948        | 20,41,507        | 1,61,83,338        | 2,16,92,401        |
| <b>Total</b>                                   | <b>17,32,608</b> | <b>17,34,948</b> | <b>20,41,507</b> | <b>1,61,83,338</b> | <b>2,16,92,401</b> |

| 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        |
| <b>Total</b>                                   | <b>17,34,948</b> | <b>20,41,507</b> | <b>13,13,260</b> | <b>1,48,70,078</b> | <b>1,99,59,793</b> |

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR Zero as on 31<sup>st</sup> March 2025.

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### 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 2025 - Liability towards Leave Encashment and Gratuity – INR ('00) 3983.77/-

### 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 <sup>st</sup> March 2025 | 31 <sup>st</sup> March 2024 |
| 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                                      | (12,256)                    | (17,589)                    |
| Less: Dividend on Preference shares (including tax thereon)                | -                           | -                           |
| Profit/ (Loss) for Earning per share                                       | (12,256)                    | (17,589)                    |
| Earnings per Share (EPS)                                                   | (0.08)                      | (0.12)                      |

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### 19. Related Party Disclosures

#### Names of related parties and related party relationship

| GMR Upper Karnali Hydropower Limited - Related Parties as on 31 March 2025 |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)                                                                        | Enterprises that control the Company | GMR Enterprises Limited<br>GMR Infrastructure Limited<br>GMR Energy Limited<br>GMR Energy (Mauritius) Limited<br>GMR Lion Energy Limited (GLEL)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (ii)                                                                       | Ultimate Holding Company             | GMR Enterprises Private Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (iii)                                                                      | Fellow Subsidiary Companies          | GMR Infrastructure Limited<br>GMR Sports Private Limited<br>GMR League Games Private Limited<br>GMR Infratech Private Limited<br>Cadence Enterprises Private Limited<br>PHL Infrastructure Finance Company Private Limited<br>Vijay Nivas Real Estates Private Limited<br>Fabcity Properties Private Limited<br>Kondampeta Properties Private Limited<br>Hyderabad Jabilli Properties Private Limited<br>Leora Real Estates Private Limited<br>Pashupati Artex Agencies Private Limited<br>Ravivarma Realty Private Limited<br>GMR Solar Energy Private Limited<br>Rajam Enterprises Private Limited<br>Grandhi Enterprises Private Limited<br>Ideaspace Solutions Private Limited<br>National SEZ Infra Services Private Limited<br>Kakinada Refinery and Petrochemicals Private Limited<br>Corporate Infrastructure Services Private Limited<br>GMR Bannerghatta Properties Private Limited<br>Kirthi Timbers Private Limited<br>AMG Healthcare Destination Private Limited<br>GMR Holding (Malta) Limited<br>GMR Infrastructure (Malta) Limited<br>GMR Holdings (Overseas) Limited<br>GMR Holdings (Mauritius) Limited<br>Crossridge Investments Limited<br>Interzone Capital Limited<br>GMR Holdings Overseas (Singapore) Pte Limited<br>GMR Business & Consultancy LLP<br>GMR Energy Limited (GEL)<br>GMR Power Corporation Limited (GPCL) |

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

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 31<sup>st</sup> March 2025

(GHVEPL)  
GMR Chennai Outer Ring Road Private Limited (GCORRPL)  
GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUDEL)  
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 31<sup>st</sup> March 2025

|      |                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                                                                                              | Nadira Properties Private Limited (NPPL)<br>Padmapriya Properties Private Limited (PAPPL)<br>Prakalpa Properties Private Limited (PPPL)<br>Purnachandra Properties Private Limited (PUPPL)<br>Shreyadita Properties Private Limited (SPPL)<br>Pranesh Properties Private Limited (PRPPL)<br>Sreepa Properties Private Limited (SRPPL)<br>Radhapriya Properties Private Limited (RPPL)<br>Asteria Real Estates Private Limited (AREPL)<br>GMR Hosur Industrial City Private Limited (GHICL)<br>Namitha Real Estates Private Limited (NREPL)<br>Honey Flower Estates Private Limited (HFEPL)<br>GMR Hosur EMC Limited (GHEMCL)<br>GMR SEZ and Port Holdings Limited (GSPHL)<br>East Godavari Power Distribution Company Private Limited (EGPDCPL)<br>Suzone Properties Private Limited (SUPPL)<br>GMR Utilities Private Limited (GUPL)<br>Lilliam Properties Private Limited (LPPL)<br>GMR Corporate Affairs Private Limited (GCAPL)<br>Dhruvi Securities Private Limited (DSPL)<br>Kakinada SEZ Limited (KSL)<br>GMR Business Process and Services Private Limited (GBPSPL)<br>GMR Infrastructure (Mauritius) Limited (GIML) |
| (iv) | Enterprises where significant influence exists                                               | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (v)  | Enterprises where key management personnel and their relative exercise significant influence | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (vi) | Key Management Personnel                                                                     | Mr. Ashis Basu<br>Mr. Sanjay Narayan Barde<br>Mr. Manoj Kumar Dixit<br>Mr. Kulman Ghising<br>Mr Amrinder Kumar Maggu<br>Mr. Virat Kongmaneerat                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

### 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 2025 and 31st March 2024 and the closing balance as on 31st March 2025 and 31st March 2024.

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

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

b) Closing balances with the above related parties is:

(Amount in Rs."00")

| Name of the company                                                               | 31 March 2025 | 31 March 2024 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| 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             | 1,46,70,215   | 1,29,78,055   |
| 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, 2025 and March 31, 2024.

**GMR Upper Karnali Hydropower Limited**Notes to financial statements for the year ended 31<sup>st</sup> March 2025

As at March 31, 2025

(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   |
|--------------------------------|-------------------------------------------------------------|----------------------------------------------------|--------------------|----------------------|--------------------|
| <b>Financial assets</b>        |                                                             |                                                    |                    |                      |                    |
| (i) Loans                      | -                                                           | -                                                  | 14,506             | 14,506               | 14,506             |
| (ii) Cash and cash equivalents | -                                                           | -                                                  | 16,69,727          | 16,69,727            | 16,69,727          |
| <b>Total</b>                   | -                                                           | -                                                  | <b>16,84,233</b>   | <b>16,84,233</b>     | <b>16,84,233</b>   |
| <b>Financial liabilities</b>   |                                                             |                                                    |                    |                      |                    |
| Other financial liabilities    | -                                                           | -                                                  | 1,16,58,826        | 1,16,58,826          | 1,16,58,826        |
| <b>Total</b>                   | -                                                           | -                                                  | <b>1,16,58,826</b> | <b>1,16,58,826</b>   | <b>1,16,58,826</b> |

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   |
|--------------------------------|-------------------------------------------------------------|----------------------------------------------------|--------------------|----------------------|--------------------|
| <b>Financial assets</b>        |                                                             |                                                    |                    |                      |                    |
| (i) Loans                      | -                                                           | -                                                  | 16,757             | 16,757               | 16,757             |
| (ii) Cash and cash equivalents | -                                                           | -                                                  | 1,25,712           | 1,25,712             | 1,25,712           |
| <b>Total</b>                   | -                                                           | -                                                  | <b>1,42,459</b>    | <b>1,42,459</b>      | <b>1,42,459</b>    |
| <b>Financial liabilities</b>   |                                                             |                                                    |                    |                      |                    |
| Other financial liabilities    | -                                                           | -                                                  | 1,00,34,980        | 1,00,34,980          | 1,00,34,980        |
| <b>Total</b>                   | -                                                           | -                                                  | <b>1,00,34,980</b> | <b>1,00,34,980</b>   | <b>1,00,34,980</b> |

## **GMR Upper Karnali Hydropower Limited**

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### **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 31<sup>st</sup> March 2025

(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                |
| <b>Year Ended on 31/03/2025</b> |                    |                    |                |              |           |                    |
| Borrowings                      |                    |                    |                |              |           |                    |
| Other financial liabilities     | 1,16,58,826        |                    |                |              |           | 1,16,58,826        |
| <b>Total</b>                    | <b>1,16,58,826</b> |                    |                |              |           | <b>1,16,58,826</b> |
| <b>Year Ended on 31/03/2024</b> |                    |                    |                |              |           |                    |
| Borrowings                      |                    |                    |                |              |           |                    |
| Other financial liabilities     | 1,00,34,980        |                    |                |              |           | 1,00,34,980        |
| <b>Total</b>                    | <b>1,00,34,980</b> |                    |                |              |           | <b>1,00,34,980</b> |

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 <sup>st</sup> March 2025 | For year ended 31 <sup>st</sup> March 2024 |
|-------------------------------------------|--------------------------------------------|--------------------------------------------|
| Lease Rentals under cancelable leases     | 74,463.36                                  | 68726.61                                   |
| 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 2025:                                             |                                                            |             |               |                   |                    |
|----------------------------------------------------------------------------------------|------------------------------------------------------------|-------------|---------------|-------------------|--------------------|
| 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                      | 44,394.78                                                  | -           | 50,151        | 64,665.65         | 1,59,211.42        |
| Total outstanding dues of creditors other than micro enterprises and small enterprises |                                                            |             |               |                   |                    |
| <b>Total</b>                                                                           | <b>44,394.78</b>                                           | <b>-</b>    | <b>50,151</b> | <b>64,665.65</b>  | <b>1,59,211.42</b> |

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

| 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 | -                                                          | -           | 50,151        | 65,687.85         | 1,15,838.84        |
| <b>Total</b>                                                                           |                                                            | -           | <b>50,151</b> | <b>65,687.85</b>  | <b>1,15,838.84</b> |

**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 31<sup>st</sup> March 2025 and 31<sup>st</sup> March 2024. 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.

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### 29. Capital Management

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.

| Particulars          | (Amount in Rs"00") |                  |
|----------------------|--------------------|------------------|
|                      | At 31 March 2025   | At 31 March 2024 |
| Borrowings           | 1,12,49,744        | 93,74,744        |
| Total debts          | 1,12,49,744        | 93,74,744        |
| Capital Components   |                    |                  |
| Share Capital        | 93,750             | 93,750           |
| Equity               | 1,41,68,246        | 1,24,88,341      |
| Total Capital        | 1,42,61,996        | 1,25,82,091      |
| Capital and net debt | 2,55,11,740        | 2,19,56,835      |
| Gearing ratio (%)    | 44%                | 43%              |

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 2025 and 31 March 2024.

#### Pending Litigations:

During the reporting period, a new PIL, Writ Petition No. 081-WO-0705 was filed, before the Hon'ble Supreme Court of Nepal assailing the approval granted by Investment Board, Nepal (IBN) vide letter dated 1st Dec. 2024 for induction of SJVN and IREDA as parties to Joint Venture Agreement (JVA)/ Qualified Investors in the project companies namely GUKHL and KTCPL. After detailed hearing by Division Bench of the Hon'ble Supreme Court, the said petition has been dismissed by the Hon'ble Supreme Court on 11.03.2025

## GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

### 30. Effective Tax Reconciliation (ETR)

| Effective Tax Reconciliation for the year ended March 31, 2025                | (Amount in Rs.)         |                         |
|-------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                               | Year ended<br>31-Mar-25 | Year ended<br>31-Mar-24 |
| Income tax                                                                    |                         |                         |
| Accounting profit before tax                                                  | (12,238)                | (17,547)                |
| Tax rate                                                                      | 25.75%                  | 25.75%                  |
| Tax at the applicable tax rate of 25.75% (March 31, 2024: 25.75%)             | -                       | -                       |
| Income tax                                                                    | 17                      | 42                      |
| 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. Recent accounting pronouncement (Standards issued but not yet effective):

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. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable from April 01, 2025.

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

33. The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company has used an accounting software for maintaining its books of account which has a feature of audit trail (edit log) facility and the same was enabled at the application level. During

# GMR Upper Karnali Hydropower Limited

Notes to financial statements for the year ended 31<sup>st</sup> March 2025

the year ended 31 March 2025, the Company has enabled the feature of recording audit trail (edit log) at the database level from 25 May 2024 onwards to log any direct data changes. The audit trail has been preserved by the Company as per the statutory requirements for record retention.

**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: 29.04.2025

**For and on behalf of the Board of directors**

**MANOJ**  
**KUMAR**  
**DIXIT**

**Manoj Kumar Dixit**

Director

DIN no: 09355400

Place: New Delhi

Date: 29.04.2025

**Ashis**  
**Basu**

**Ashis Basu**

Director

DIN no: 01872233

Place: New Delhi

Date: 29.04.2025



**INDEPENDENT AUDITORS' REPORT**

**To the Members of GMR Tenaga Operations and Maintenance Private Limited**

**Report on the Audit of the Financial Statements Opinion**

**Opinion**

1. We have audited the accompanying standalone financial statements of GMR Tenaga Operations and Maintenance Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2025, the statement of profit and loss (including 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 the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Information other than the Standalone Financial Statements and Auditor's Report thereon**

4. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Director's Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

**Responsibilities of Management and Those charged with Governance for the Standalone Financial Statements**

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.
6. In preparing the standalone financial statements, management and Board of 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 Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.



**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

8. 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 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 standalone financial statements.
9. As part of an audit in accordance with SAs, specified under section 143(10) of the Act, we exercise professional judgment 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
  - Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting in preparation of financial statements 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.
  - 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.



- Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.
10. 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.

**Report on Other Legal and Regulatory Requirements**

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
12. The Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, order is not applicable to the Company.
13. As required by section 143(3) of the Act based on our Audit, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying standalone financial statement.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on March 31, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of section 164(2) of the Act.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- ii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
  - a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - b) The Management has represented that, to the best of its knowledge and belief, the Company has received funds from their group company (GMR Energy Limited) any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- iii. The Company has not declared or paid any dividend during the year ended 31 March 2025.
- iv. Based on our examination, which included test checks, the Company has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.



**SKN AND COMPANY**  
*Chartered Accountants*

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As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2025.

**For SKN & Company**  
**Chartered Accountants**  
**FRN: 023323N**

**PANKAJ** Digitally signed by  
PANKAJ KUKREJA  
**KUKREJA** Date: 2025.04.18  
18:33:33 +05'30'

**Place: New Delhi**  
**Date: 18.04.2025**  
**UDIN: 25504343BMOJGC5763**

**CA Pankaj Kukreja**  
**(Partner)**  
**Membership**  
**No.504343**

**GMR Tenaga Operations and Maintenance Private Limited**  
CIN No. U74999DL2018PTC332161  
**Audited Balance Sheet as at March 31, 2025**

(Rs.in hundreds)

| Particulars                         | Notes | 31-March-25    | 31-March-24    |
|-------------------------------------|-------|----------------|----------------|
| <b>Assets</b>                       |       |                |                |
| <b>Non-current assets</b>           |       |                |                |
| <b>Current assets</b>               |       |                |                |
| Financial Assets                    |       |                |                |
| Cash and cash equivalents           | 3     | 1,547          | 499            |
| Current Tax Assets (Net)            | 4     | -              | -              |
| Other current assets                | 5     | 598            | 598            |
|                                     |       | <b>2,145</b>   | <b>1,097</b>   |
| <b>Total Assets</b>                 |       | <b>2,145</b>   | <b>1,097</b>   |
| <b>Equity and liabilities</b>       |       |                |                |
| <b>Equity</b>                       |       |                |                |
| Equity Share Capital                | 6     | 5,000          | 5,000          |
| Other Equity                        | 7     | (12,594)       | (12,179)       |
|                                     |       | <b>(7,594)</b> | <b>(7,179)</b> |
| <b>Liabilities</b>                  |       |                |                |
| <b>Non-current liabilities</b>      |       |                |                |
| <b>Current liabilities</b>          |       |                |                |
| Financial Liabilities               |       |                |                |
| Short term borrowings               | 8     | 5,000          | 3,500          |
| Trade payables                      | 9     | 4,585          | 4,386          |
| Other current liabilities           |       | -              | -              |
| Provisions                          | 10    | 153            | 389            |
|                                     |       | <b>9,739</b>   | <b>8,276</b>   |
| <b>Total Equity and liabilities</b> |       | <b>2,145</b>   | <b>1,097</b>   |

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

**For SKN & Company**

Chartered Accountants

Firm Registration Number: 023323N

PANKAJ  
KUKREJA



**CA PANKAJ KUKREJA**

Partner

Membership no.: 504343

Place: New Delhi

Date: 18th April '2025

For and on behalf of the Board of directors of

**GMR Tenaga Operations and Maintenance Private Limited**

SANJAY  
NARAYAN  
BARDE

Digitally signed by  
SANJAY NARAYAN  
BARDE  
Date: 2025.04.18  
17:09:20 +05'30'

**SANJAY NARAYAN BARDE**

Director

DIN: 03140784

NIKHIL  
DUJARI

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by NIKHIL  
DUJARI  
Date: 2025.04.18  
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**NIKHIL DUJARI**

Director

DIN: 07684905

Place: New Delhi

Date: 18th April '2025

**GMR Tenaga Operations and Maintenance Private Limited**

CIN No. U74999DL2018PTC332161

**Audited statement of profit and loss for the period ended March 31, 2025****(Rs.in hundreds)**

| Particulars                                                    | Notes | 31-March-25   | 31-March-24    |
|----------------------------------------------------------------|-------|---------------|----------------|
| Income from Consultancy Services                               |       | -             | -              |
| Misc Income                                                    |       | -             | -              |
| <b>Total Income</b>                                            |       | -             | -              |
| <b>Expenses</b>                                                |       |               |                |
| Other expenses                                                 | 11    | 415           | 4,191          |
| <b>Total Expenses</b>                                          |       | <b>415</b>    | <b>4,191</b>   |
| <b>Profit/(loss) before exceptional items and tax</b>          |       | <b>(415)</b>  | <b>(4,191)</b> |
| Exceptional item                                               |       |               |                |
| Prior period Expense                                           |       |               |                |
| <b>Profit / (Loss) before tax</b>                              |       | <b>(415)</b>  | <b>(4,191)</b> |
| <b>Tax expenses</b>                                            |       |               |                |
| <b>Profit/(loss) for the period from continuing operations</b> |       | <b>(415)</b>  | <b>(4,191)</b> |
| Profit/(loss) from discontinued operations                     |       |               |                |
| Tax expense of discontinued operations                         |       |               |                |
| <b>Profit/(loss) from discontinued operations after tax</b>    |       |               |                |
| <b>Profit/(loss) for the period</b>                            |       | <b>(415)</b>  | <b>(4,191)</b> |
| Other comprehensive income                                     |       |               |                |
| Remeasurement of define employee benefit plans                 |       |               |                |
| <b>Total comprehensive income for the period</b>               |       | <b>(415)</b>  | <b>(4,191)</b> |
| <b>Earnings per equity share (For continuing operations)</b>   |       |               |                |
| Basic                                                          |       | <b>(0.83)</b> | <b>(8.38)</b>  |
| Diluted                                                        |       | <b>(0.83)</b> | <b>(8.38)</b>  |

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

This is the statement of profit &amp; Loss referred to our report of even date

**For SKN & Company**

Chartered Accountants

Firm Registration Number: 023323N

Digitally signed by  
PANKAJ KUKREJA  
Date: 2025.04.18  
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**CA PANKAJ KUKREJA**

Partner

Membership no.: 504343

Place: New Delhi

Date: 18th April '2025

For and on behalf of the Board of directors of

**GMR Tenaga Operations and Maintenance Private Limited**

Digitally signed by  
SANJAY NARAYAN  
BARDE  
Date: 2025.04.18  
11:10:47 +05'30'

**SANJAY NARAYAN BARDE**

Director

DIN: 03140784

Place: New Delhi

Date: 18th April '2025

Digitally signed  
by NIKHIL  
DUJARI  
Date: 2025.04.18  
11:11:10 +05'30'

**NIKHIL DUJARI**

Director

DIN: 07684905

**GMR Tenaga Operations and Maintenance Private Limited**

CIN No. U74999DL2018PTC332161

Statement of Change in Equity for the Year ended March 31, 2025

|                      | Share capital | Share Application Money | Retained Earning | Other Equity | Total Equity |
|----------------------|---------------|-------------------------|------------------|--------------|--------------|
|                      | Rs.           | Rs.                     | Rs.              |              | Rs.          |
| As at 1 April 2018   | 5,000         | -                       | -                | -            | 5,000        |
| Net Profit/(Loss)    | -             | -                       | (605)            | (605)        | (605)        |
| As at March 31, 2019 | 5,000         | -                       | (605)            | (605)        | 4,395        |
| Net Profit/(Loss)    | -             | -                       | (2,683)          | (2,683)      | (2,683)      |
| As at 31 Mar, 2020   | 5,000         | -                       | (3,288)          | (3,288)      | 1,712        |
| Net Profit/(Loss)    | -             | -                       | (1,237)          | (1,237)      | (1,237)      |
| As at 31 Mar, 2021   | 5,000         | -                       | (4,525)          | (4,525)      | 475          |
| Net Profit/(Loss)    | -             | -                       | (1,348)          | (1,348)      | (1,348)      |
| As at 31 Mar, 2022   | 5,000         | -                       | (5,873)          | (5,873)      | (873)        |
| Net Profit/(Loss)    | 0             | 1,470                   | (2,115)          | (645)        | (645)        |
| As at 31 Mar, 2023   | 5,000         | 1,470                   | (7,988)          | (6,518)      | (1,518)      |
| Net Profit/(Loss)    | 0             | -                       | (4,191)          | (5,661)      | (5,661)      |
| As at 31 March, 2024 | 5,000         |                         | (12,179)         | (12,179)     | (7,179)      |
| Net Profit/(Loss)    | 0             |                         | (415)            | (415)        | (415)        |
| As at 31 March, 2025 | 5,000         | -                       | (12,594)         | (12,594)     | (7,594)      |

**For SKN & Company**

Chartered Accountants

Firm Registration Number: 023323N

PANKAJ

KUKREJA



CA PANKAJ KUKREJA

Partner

Membership no.: 504343

Place: New Delhi

Date: 18th April 2025

For and on behalf of the Board of directors of

**GMR Tenaga Operations and Maintenance Private Limited**

SANJAY

NARAYAN

BARDE



SANJAY NARAYAN BARDE

Director

DIN: 03140784

Place: New Delhi

Date: 18th April 2025

NIKHIL

DUJARI



NIKHIL DUJARI

Director

DIN: 07684905

**GMR Tenaga Operations and Maintenance Private Limited**

CIN No. U74999DL2018PTC332161

**Cash Flow Statement for the period ended March 31, 2025**

(Rs. in hundreds)

| Particulars                                                             | 31-March-25  | 31-March-24    |
|-------------------------------------------------------------------------|--------------|----------------|
| <b>Cash flow from operating activities</b>                              |              |                |
| Profit before tax from continuing operations                            | (415)        | (4,191)        |
| Profit before tax                                                       | (415)        | (4,191)        |
| Tax paid                                                                | -            | -              |
| Operating profit before working capital changes                         | (415)        | (4,191)        |
| Increase/ (decrease) in other current liabilities                       | 199          | 2,678          |
| Proceeds from other financial liabilities                               | -            | -              |
| (Increase)/ decrease in other current assets                            | -            | -              |
| Increase / (Decrease) in current borrowings                             | -            | -              |
| Increase / (Decrease) in Current provisions                             | (236)        | (304)          |
| (Increase)/ decrease in Current Tax Assets                              | -            | -              |
| <b>Net cash flow from/ (used in) operating activities (A)</b>           | <b>(452)</b> | <b>(1,817)</b> |
| <b>Cash flows from investing activities</b>                             |              |                |
| (Increase)/ decrease in other non current assets                        | -            | -              |
| (Increase)/ decrease in other non current Loan                          | -            | -              |
| Purchase/ Sale of FA, including CWIP and capital advances               | -            | -              |
| Increase / (Decrease) in long term provisions                           | -            | -              |
| <b>Net cash flow from/ (used in) investing activities (B)</b>           | <b>-</b>     | <b>-</b>       |
| <b>Cash flows from financing activities</b>                             |              |                |
| Share application money received                                        | -            | (1,470)        |
| Increase /decrease in loans and advances                                | 1,500        | 2,000          |
| Proceeds from Non current financial liabilities                         | -            | -              |
| <b>Net cash flow from/ (used in) in financing activities (C)</b>        | <b>1,500</b> | <b>530</b>     |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b> | <b>1,048</b> | <b>(1,287)</b> |
| Cash and cash equivalents at the beginning of the period                | 499          | 1,786          |
| <b>Cash and cash equivalents at the end of the period</b>               | <b>1,547</b> | <b>499</b>     |
| <b>Components of cash and cash equivalents</b>                          |              |                |
| With banks- on current account                                          | 1,532        | 483            |
| Cash in Hand                                                            | 15           | 16             |
| <b>Total cash and cash equivalents</b>                                  | <b>1,547</b> | <b>499</b>     |

**Notes:**

The above cash flow statement has been compiled from and is based on the balance sheet as at 31 March , 2025 and the related profit and loss account for the year ended on that date.

**For SKN & Company**

Chartered Accountants

Firm Registration Number: 013323N

**PANKAJ KUKREJA**  
Digitally signed by  
PANKAJ KUKREJA  
Date: 2025.04.18  
18:41:19 +05'30'

CA PANKAJ KUKREJA

Partner

Membership no : 504343

Place: New Delhi

Date: 18th April '2025

**For and on behalf of the Board of directors of****GMR Tenaga Operations and Maintenance Private Limited**

**SANJAY NARAYAN BARDE**  
Digitally signed by  
SANJAY NARAYAN  
BARDE  
Date: 2025.04.18  
17:21:52 +05'30'

SANJAY NARAYAN BARDE

Director

DIN: 03140784

**NIKHIL DUJARI**  
Digitally signed  
by NIKHIL  
DUJARI  
Date: 2025.04.18  
17:22:29 +05'30'

NIKHIL DUJARI

Director

DIN: 07684905

Place: New Delhi

Date: 18th April '2025

|          |                                        | (Rs.in hundreds) |             |
|----------|----------------------------------------|------------------|-------------|
|          |                                        | 31-March-25      | 31-March-24 |
| <b>3</b> | <b>Cash and cash equivalents</b>       |                  |             |
|          | Cash in Hand                           | 15               | 16          |
|          | Balances with bank in current accounts | 1,532            | 483         |
|          |                                        | <b>1,547</b>     | <b>499</b>  |

|          |                                                    | (Rs.in hundreds) |             |
|----------|----------------------------------------------------|------------------|-------------|
|          |                                                    | 31-March-25      | 31-March-24 |
| <b>4</b> | <b>Non Current Tax Assets (Net)</b>                |                  |             |
|          | Advance income-tax (net of provision for taxation) | -                | -           |
|          |                                                    | -                | -           |

|          |                                                 | (Rs.in hundreds) |             |
|----------|-------------------------------------------------|------------------|-------------|
|          |                                                 | 31-March-25      | 31-March-24 |
| <b>5</b> | <b>Other Current Assets</b>                     |                  |             |
|          | Advance                                         | -                | -           |
|          | Balances with statutory/ government authorities | 598              | 598         |
|          |                                                 | <b>598</b>       | <b>598</b>  |

|          |                                         | (Rs.in hundreds) |       |
|----------|-----------------------------------------|------------------|-------|
|          |                                         | Equity Shares    |       |
|          |                                         | No.s             | INR   |
| <b>6</b> | <b>Share capital</b>                    |                  |       |
|          | <b>Authorised Share Capital</b>         |                  |       |
|          | Equity shares, face value of Rs.10 each |                  |       |
|          | <b>As at 1 April 2018</b>               | -                | -     |
|          | Increase/(decrease)during the year      | 50,000           | 5,000 |
|          | <b>As at March 31, 2019</b>             | 50,000           | 5,000 |
|          | Increase/(decrease)during the year      | -                | -     |
|          | <b>as at 31 Mar, 2021</b>               | 50,000           | 5,000 |
|          | Increase/(decrease)during the year      | -                | -     |
|          | <b>as at 31 Mar, 2022</b>               | 50,000           | 5,000 |
|          | Increase/(decrease)during the year      | -                | -     |
|          | <b>as at 31 Mar, 2023</b>               | 50,000           | 5,000 |
|          | Increase/(decrease)during the year      | -                | -     |
|          | <b>as at 31 Mar, 2024</b>               | 50,000           | 5,000 |
|          | Increase/(decrease)during the year      | -                | -     |
|          | <b>as at 31 Mar, 2025</b>               | 50,000           | 5,000 |

|  |                                                             | (Rs.in hundreds) |       |
|--|-------------------------------------------------------------|------------------|-------|
|  |                                                             | No.s             | INR   |
|  | <b>Issued Equity Capital</b>                                |                  |       |
|  | Equity shares of Rs.10 each issued, subscribed & Rs 10 paid |                  |       |
|  | <b>As at 1 April 2018</b>                                   | -                | -     |
|  | Increase/(decrease)during the year                          | 50,000           | 5,000 |
|  | <b>As at March 31, 2019</b>                                 | 50,000           | 5,000 |
|  | Date: 15th April '2025                                      | -                | -     |
|  | <b>as at 31 Mar, 2021</b>                                   | 50,000           | 5,000 |
|  | Increase/(decrease)during the year                          | -                | -     |
|  | <b>as at 31 Mar, 2022</b>                                   | 50,000           | 5,000 |
|  | Increase/(decrease)during the year                          | -                | -     |
|  | <b>as at 31 Mar, 2023</b>                                   | 50,000           | 5,000 |
|  | Increase/(decrease)during the year                          | -                | -     |
|  | <b>as at 31 Mar, 2024</b>                                   | 50,000           | 5,000 |
|  | Increase/(decrease)during the year                          | -                | -     |
|  | <b>as at 31 Mar,2025</b>                                    | 50,000           | 5,000 |

|                                                                                               |                                           | (Rs.in hundreds) |                |               |                |
|-----------------------------------------------------------------------------------------------|-------------------------------------------|------------------|----------------|---------------|----------------|
| <b>A) Reconciliation of Shares Outstanding at the beginning and end of the reporting year</b> |                                           | 31-March-25      |                | 31-March-24   |                |
| <b>Equity Shares</b>                                                                          |                                           | No.              | Amounts in INR | No.           | Amounts in INR |
|                                                                                               | At the beginning of the year              | 50,000           | 5,000          | 50,000        | 5,000          |
|                                                                                               | Issued during the year                    | -                | -              | -             | -              |
|                                                                                               | <b>Outstanding at the end of the year</b> | <b>50,000</b>    | <b>5,000</b>   | <b>50,000</b> | <b>5,000</b>   |

**B) Terms/ rights attached to equity shares**

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.

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

| Particulars                                       | 31-March-25 |              | 31-March-24 |              |
|---------------------------------------------------|-------------|--------------|-------------|--------------|
|                                                   | No          | % holding in | No          | % holding in |
| Shares held by GMR Energy Limited                 | 25,000      | 50%          | 25,000      | 50%          |
| Shares held by TNB Repair & Maintenance Sdn. Bhd. | -           | 0%           | 25,000      | 50%          |
| Shares held by GMR Energy (Mauritius) Limited     | 25,000      | 50%          | -           | 0%           |

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.

**7 Other Equity**

As at 1 April 2018

Profit/(loss for the period)

As at March 31, 2019

Profit/(loss for the period)

as at 31 Mar, 2020

Profit/(loss for the period)

as at 31 Mar, 2021

Profit/(loss for the period)

as at 31 Mar, 2023

Profit/(loss for the period)

as at 31 Mar ,2023

Profit/(loss for the period)

as at 31 March ,2024

Profit/(loss for the period)

as at 31 March ,2025

(Rs.in hundreds)

| Reserves & Surplus                        |                  | Total    |
|-------------------------------------------|------------------|----------|
| Share application money pending allotment | Retained Earning |          |
| -                                         | -                | -        |
|                                           | (605)            | (605)    |
| -                                         | (605)            | (605)    |
|                                           | (2,683)          | (2,683)  |
| -                                         | (3,288)          | (3,288)  |
|                                           | (1,237)          | (1,237)  |
| -                                         | (4,525)          | (4,525)  |
|                                           | (1,348)          | (1,348)  |
| -                                         | (5,873)          | (5,873)  |
|                                           | (2,115)          | (2,115)  |
| 1,470                                     | (7,988)          | (6,518)  |
| (1,470)                                   | (4,191)          | (5,661)  |
| -                                         | (12,179)         | (12,179) |
|                                           | (415)            | (415)    |
| -                                         | (12,594)         | (12,594) |

**8 Other financial liabilities**

Short term Borrowings

(Rs.in hundreds)

| 31-March-25 | 31-March-24 |
|-------------|-------------|
| 5,000       | 3,500       |
| 5,000       | 3,500       |

**9 Trade Payable**

(a) total outstanding dues of micro & small enterprises

(b) total outstanding dues of other then micro & small enterprises

(Rs.in hundreds)

| 31-March-25 | 31-March-24 |
|-------------|-------------|
| -           | -           |
| 4,585       | 4,386       |
| 4,585       | 4,386       |

**10 Other current liabilities**

TDS Payable

Provision

(Rs.in hundreds)

| 31-March-25 | 31-March-24 |
|-------------|-------------|
| -           | -           |
| 153         | 389         |
| 153         | 389         |

**GMR Tenaga Operations and Maintenance Private Limited**

**Notes to Audited statement of profit and loss for the period ended March 31, 2025**

|                              | (Amount in Hundreds) |              |
|------------------------------|----------------------|--------------|
|                              | 31-March-25          | 31-March-24  |
| <b>11 Other expenses</b>     |                      |              |
| Rates and taxes              | 1                    | -            |
| Legal & Professional Charges | 260                  | -            |
| Rent                         | -                    | 3,527        |
| Bank Charges                 | 1                    | 20           |
| Audit Fee                    | 153                  | 157          |
| Certification Exps           | -                    | 481          |
| Director Remuneration        |                      |              |
| Interest Expense             | 0                    | 6            |
| Misc Expenses                | -                    | -            |
|                              | <b>415</b>           | <b>4,191</b> |

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

**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 31<sup>st</sup> March, 2025, the Statement of Profit and Loss , Statement of Changes in Equity and the Statement of cashflows 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 31<sup>st</sup> March, 2025 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 31<sup>st</sup> March 2025 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 2025 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 financialstatements that give a true and fair view of the financial position,financial performanceincluding 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 safeguarding 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.

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.

**GIRISH  
MURTHY & KUMAR**  
Chartered Accountants

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- 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.

As stated in Note No.31 to the financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on 1 April 2024, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature was not enabled at the database level upto 24 May 2024. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with respect of the accounting software where such feature is enabled and logs maintained. The audit trail feature has been preserved by the Company as per the statutory requirements for record retention from the date the audit trail was enabled for the accounting software.

For **GIRISH MURTHY & KUMAR**  
**Chartered Accountants**

Firm's registration number: 000934S

**ACHYUTHA**  
**VENKATA**  
**SATISH**  
**KUMAR**

Chartered Accountants  
Firm No. 000934S  
Firm Name: GIRISH MURTHY & KUMAR  
Firm Address: 4502, High Point IV, 45, Palace Road, Bangalore- 560 001  
Firm Email: info@gm&k.com  
Firm Website: www.gm&k.com  
Firm Phone: 080-22381473  
Firm Fax: 080-22381473

**A.V.SATISH KUMAR**

**Partner**

Membership number: 26526

UDIN: 25026526BMOBCL2763

Place: Bangalore

Date: 29-04-2025

**Karnali Transmission Company Private Limited**  
Balance Sheet as at 31st March 2025

| Particulars                         | Notes | Amount in Rs.'00 |                |
|-------------------------------------|-------|------------------|----------------|
|                                     |       | 31-March-25      | 31-March-24    |
| <b>Assets</b>                       |       |                  |                |
| <b>Non-current assets</b>           |       |                  |                |
| Property, Plant & Equipment         | 1     | 111              | 133            |
| Capital work-in-progress            | 2     | 282,245          | 277,765        |
| Other non current assets            | 3     | -                | -              |
|                                     |       | <b>282,356</b>   | <b>277,897</b> |
| <b>Current assets</b>               |       |                  |                |
| Financial Assets                    |       |                  |                |
| Loans                               | 4     | -                | -              |
| Cash and cash equivalents           | 5     | 4,054            | 10,711         |
| Other current Assets                | 6     | 594              | 307            |
| Advance Tax                         |       | 157              | 242            |
|                                     |       | <b>4,805</b>     | <b>11,259</b>  |
| <b>Total Assets</b>                 |       | <b>287,160</b>   | <b>289,156</b> |
| <b>Equity and liabilities</b>       |       |                  |                |
| <b>Equity</b>                       |       |                  |                |
| Equity Share Capital                | 7     | 20,640           | 20,640         |
| Other Equity                        | 8     | 259,687          | 260,632        |
|                                     |       | <b>280,327</b>   | <b>281,272</b> |
| <b>Liabilities</b>                  |       |                  |                |
| <b>Non-current liabilities</b>      |       |                  |                |
| <b>Current liabilities</b>          |       |                  |                |
| Financial Liabilities               |       |                  |                |
| Trade Payable                       | 9     | 6,535            | 7,549          |
| Other financial liabilities         | 10    | -                | -              |
| Other current liabilities           | 11    | 141              | 93             |
| Provisions for Tax                  |       | 157              | 242            |
|                                     |       | <b>6,833</b>     | <b>7,884</b>   |
| <b>Total Equity and liabilities</b> |       | <b>287,160</b>   | <b>289,156</b> |

The accompanying notes are integral part of the financial statements.

As per our report of even date

**For Girish Murthy & Kumar**  
Chartered Accountants  
Firm Registration Number: 000934S

ACHYUTHA  
VENKATA  
SATISH KUMAR

**A.V.Satish Kumar**

Partner

Membership no.: 26526

Firm Reg Number: 000934S

Place: Bangalore

Date: 29-04-2025

**For and on behalf of the Committee of Representatives**

MANOJ  
KUMAR DIXIT

**Manoj Kumar Dixit**

Member of Committee of Representatives

Place: New Delhi

Date: 29-04-2025

Ashis  
Basu

**Ashis Basu**

Member of Committee of Representatives

Place: New Delhi

Date: 29-04-2025

**Karnali Transmission Company Private Limited**  
**Statement of profit and loss for the period ended 31st March 2025**

| Particulars                                                    | Notes | Amount in Rs.'00 |               |
|----------------------------------------------------------------|-------|------------------|---------------|
|                                                                |       | 31-March-25      | 31-March-24   |
| Other Income                                                   |       | 231              | 812           |
| <b>Total Income</b>                                            |       | 231              | 812           |
| <b>Expenses</b>                                                |       |                  |               |
| Other expenses                                                 | 12    | 1,019            | 1,142         |
| <b>Total Expenses</b>                                          |       | <b>1,019</b>     | <b>1,142</b>  |
| <b>Profit/(loss) before exceptional items and tax</b>          |       | <b>(789)</b>     | <b>(331)</b>  |
| Exceptional item                                               |       |                  |               |
| <b>Profit / (Loss) before tax</b>                              |       | <b>(789)</b>     | <b>(331)</b>  |
| <b>Tax expenses</b>                                            |       |                  |               |
| Current tax                                                    |       | 157              | 242           |
| Deferred tax                                                   |       |                  |               |
| <b>Profit/(loss) for the period from continuing operations</b> |       | <b>(945)</b>     | <b>(573)</b>  |
| Profit/(loss) from discontinued operations                     |       |                  |               |
| <b>Profit/(loss) for the period</b>                            |       | <b>(945)</b>     | <b>(573)</b>  |
| Other comprehensive income                                     |       |                  |               |
| Remeasurement of define employee benefit plans                 |       |                  |               |
| <b>Total comprehensive income for the period</b>               |       | <b>(945)</b>     | <b>(573)</b>  |
| <b>Earnings per equity share.</b>                              |       |                  |               |
| Basic                                                          |       | <b>(2.86)</b>    | <b>(1.73)</b> |
| Diluted                                                        |       | <b>(2.86)</b>    | <b>(1.73)</b> |

The accompanying notes are integral part of the financial statements.  
As per our report of even date

**For Girish Murthy & Kumar**

Chartered Accountants

Firm Registration Number: 000934S

ACHYUTHA  
VENKATA  
SATISH  
KUMAR

**A.V.Satish Kumar**

Partner

Membership no.: 26526

Firm Registration Number: 000934S

Place: Bangalore

Date: 29-04-2025

**For and on behalf of the Committee of Representatives**

MANOJ  
KUMAR  
DIXIT

**Manoj Kumar Dixit**

Member of Committee of Representatives

Place: New Delhi

Date: 29-04-2025

Ashis  
Basu

**Ashis Basu**

Member of Committee of Representatives

Place: New Delhi

Date: 29-04-2025

**Karnali Transmission Company Private Limited  
Statement of Change in Equity for the period ended 31st March 2025**

|                                      | Attributable to the equity holders of the parent |                         |                 |                      |         | Total equity |
|--------------------------------------|--------------------------------------------------|-------------------------|-----------------|----------------------|---------|--------------|
|                                      | Equity share capital                             | Share application money | Treasury shares | Reserves and surplus |         |              |
|                                      |                                                  |                         |                 | Retained earnings    | Total   |              |
| <b>At 31 March 2022</b>              | 20,640                                           | 272,655                 | -               | (11,175)             | 261,481 | 282,121      |
| Additions to Share Application Money | -                                                | -                       | -               | -                    | -       | -            |
| Profit for the period                | -                                                | -                       | -               | (275)                | (275)   | (275)        |
| <b>At 31 March 2023</b>              | 20,640                                           | 272,655                 | -               | (11,450)             | 261,205 | 281,845      |
| Profit for the period                | -                                                | -                       | -               | (573)                | (573)   | (573)        |
| <b>At 31st March 2024</b>            | 20,640                                           | 272,655                 | -               | (12,023)             | 260,632 | 281,272      |
| Profit for the period                | -                                                | -                       | -               | (945)                | (945)   | (945)        |
| <b>At 31st March 2025</b>            | 20,640                                           | 272,655                 | -               | (12,968)             | 259,687 | 280,327      |

Amount in Rs.'00

For Girish Murthy & Kumar  
Chartered Accountants  
ACHYUTHA VENKATA  
SATISH KUMAR  
A.V.Satish Kumar  
Partner

For and on behalf of the Committee of  
Representatives

MANOJ KUMAR DIXIT  
Manoj Kumar Dixit  
Member of Committee of Representatives

Ashis Basu  
Ashis Basu  
Member of Committee of Representatives

Membership no.: 26526  
Firm Reg Number: 000934S  
Place: Bangalore  
Date: 29-04-2025

Member of Committee of Representatives  
Place: New Delhi  
Date: 29-04-2025

Member of Committee of Representatives  
Place: New Delhi  
Date: 29-04-2025

**Karnali Transmission Company Private Limited**  
**Cash Flow Statement as at 31st March, 2025**

| Particulars                                                             | Amount in Rs.'00 |                |
|-------------------------------------------------------------------------|------------------|----------------|
|                                                                         | 31-March-25      | 31-March-24    |
| <b>Cash flow from operating activities</b>                              |                  |                |
| Profit before tax from continuing operations                            | (945)            | (573)          |
| Profit before tax from discontinuing operations                         | -                | -              |
| Profit before tax                                                       | (945)            | (573)          |
| Non-cash adjustment to reconcile profit before tax to net cash flows    | -                | -              |
| Operating profit before working capital changes                         | (945)            | (573)          |
| <b>Net cash flow from/ (used in) operating activities (A)</b>           | <b>(945)</b>     | <b>(573)</b>   |
| <b>Cash flows from investing activities</b>                             |                  |                |
| Decrease / (Increase) other non current assets                          | -                | -              |
| Decrease / (Increase) other current assets                              | (287)            | 348            |
| Decrease / (Increase) financial assets                                  | 85               | (129)          |
| Proceeds from other financial liabilities                               | -                | (898)          |
| Decrease / (Increase) in other trade Payables                           | (1,014)          | 2,112          |
| Decrease / (Increase) in other Current liabilities                      | (37)             | 122            |
| Decrease / (Increase) advances for tax                                  | -                | -              |
| Purchase/ Sale of FA, including CWIP and capital advances               | (4,458)          | (4,334)        |
| Increase / (decrease) in provisions for tax                             | -                | -              |
| <b>Net cash flow from/ (used in) investing activities (B)</b>           | <b>(5,711)</b>   | <b>(2,778)</b> |
| <b>Cash flows from financing activities</b>                             |                  |                |
| Proceeds from Share Application Money                                   | -                | -              |
| Increase / (Decrease) in long term provisions                           | -                | -              |
| Earnings per equity share (For discontinued operations)                 | -                | -              |
| <b>Net cash flow from/ (used in) in financing activities (C)</b>        | <b>-</b>         | <b>-</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b> | <b>(6,656)</b>   | <b>(3,351)</b> |
| Cash and cash equivalents at the beginning of the period                | 10,711           | 14,062         |
| <b>Cash and cash equivalents at the end of the period</b>               | <b>4,054</b>     | <b>10,711</b>  |
| <b>Components of cash and cash equivalents:</b>                         |                  |                |
| With banks- on current account                                          | 4,031            | 10,687         |
| Cash in Hand                                                            | 24               | 24             |
| <b>Total cash and cash equivalents (note 7)</b>                         | <b>4,054</b>     | <b>10,711</b>  |

**Notes:**

1. The above cash flow statement has been compiled from and is based on the balance sheet as at March 31st, 2025 and the related profit and loss account for the period 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                         | 01-Apr-24 | Cash flows | Non-Cash changes   | 31-Mar-25 |
|-------------------------------------|-----------|------------|--------------------|-----------|
|                                     |           |            | Fair value changes |           |
| Short term Borrowings-Related party |           | -          |                    | -         |
| Short term Borrowings-Bank          |           | -          |                    | -         |
| <b>Total</b>                        |           | -          |                    | -         |

**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: 29-04-2025

**For and on behalf of the Committee of Representatives**

MANOJ  
KUMAR  
DIXIT

**Manoj Kumar Dixit**  
Member of Committee  
of Representatives

Place: New Delhi  
Date: 29-04-2025

Ashis  
Basu

**Ashis Basu**  
Member of Committee  
of Representatives

Place: New Delhi  
Date: 29-04-2025

1 Property, Plant & Equipment

Balance Sheet as at 31st March 2023

As at 31st March 2024

Additional

Depreciation

Exchange Differences

As at 31st March 2023

Depreciation and impairment

As at 31st March 2024

Provision for the year

Impairment

Depreciation

Exchange Differences

As at 31st March 2023

Net Book Value

As at 31st March 2024

As at 31st March 2023

|  | Amount in Rs. '00 |       |
|--|-------------------|-------|
|  | Part & Machinery  | Total |
|  | 417               | 417   |
|  | -                 | -     |
|  | -                 | -     |
|  | 417               | 417   |
|  | -                 | -     |
|  | 294               | 294   |
|  | 13                | 13    |
|  | -                 | -     |
|  | -                 | -     |
|  | 300               | 308   |
|  | -                 | -     |
|  | 138               | 138   |
|  | 111               | 111   |

2 Capital Work in Progress

Salaries, allowances and benefits to employees

Project fees

Contribution to provident fund and other

Staff welfare expenses

Rent

Rates and taxes

Bank/other finance charges

Deportation

Consultancy & Professional Charges

Traveling and conveyance

Communication Expenses

Printing & Stationery

Insurance

Misc. exp

Exchange Gain/(Loss)

|  | Amount in Rs. '00 |             |
|--|-------------------|-------------|
|  | 31-March-23       | 31-March-24 |
|  | 23,000            | 23,000      |
|  | 2,230             | -           |
|  | 975               | 975         |
|  | 389               | 389         |
|  | 31,763            | 31,375      |
|  | 45,000            | 45,000      |
|  | 102               | 102         |
|  | 305               | 284         |
|  | 151,224           | 151,285     |
|  | 4,350             | 4,354       |
|  | 453               | 451         |
|  | 895               | 895         |
|  | 130               | 127         |
|  | 265               | 293         |
|  | 544               | 544         |
|  | 183,240           | 177,793     |

3 Other non-current assets

Non-current bank balances

Advances receivable in cash or kind

| Non-current |             |
|-------------|-------------|
| 31-March-23 | 31-March-24 |
| -           | -           |
| -           | -           |

4 Financial Assets

Loans

Advances receivable in cash or kind

Loan Receivables - considered good - secured

Loan Receivables - considered good - unsecured

Loan Receivables which have significant increase in credit risk

Loan Receivables - credit impaired

|  | Amount in Rs. '00 |             |             |             |
|--|-------------------|-------------|-------------|-------------|
|  | Non-current       |             | Current     |             |
|  | 31-March-23       | 31-March-24 | 31-March-23 | 31-March-24 |
|  | -                 | -           | -           | -           |
|  | -                 | -           | -           | -           |
|  | -                 | -           | -           | -           |
|  | -                 | -           | -           | -           |
|  | -                 | -           | -           | -           |

5 Cash and cash equivalents

Cash on hand

Balance with banks in current accounts

| Amount in Rs. '00 |             |
|-------------------|-------------|
| 31-March-23       | 31-March-24 |
| 24                | 24          |
| 4,531             | 10,687      |
| 4,555             | 10,711      |

6 Financial Assets

Loans

Debt Instruments

|  | Amount in Rs. '00 |             |             |             |
|--|-------------------|-------------|-------------|-------------|
|  | Non-current       |             | Current     |             |
|  | 31-March-23       | 31-March-24 | 31-March-23 | 31-March-24 |
|  | -                 | -           | 164         | 307         |
|  | -                 | -           | 360         | 367         |

7 Share Capital

Authorised Share Capital

Equity shares, face value of Rs.62.50 each

As at 31st March 2023

Increase/Decrease during the year

As at 31st March 2024

Increase/Decrease during the year

As at 31st March 2023

Issued Equity Capital

Equity shares of Rs.62.50 each issued, subscribed & fully paid

As at 31st March 2023

Increase/Decrease during the year

As at 31st March 2024

Increase/Decrease during the year

As at 31st March 2023

|  | Equity Shares |             |
|--|---------------|-------------|
|  | Rs.           | INR         |
|  | 10,590,000    | 654,716,000 |
|  | 10,590,000    | 654,716,000 |
|  | -             | -           |
|  | 10,590,000    | 654,716,000 |

|  | Amount in Rs. '00 |        |
|--|-------------------|--------|
|  | Rs.               | INR    |
|  | 10,524            | 20,540 |
|  | 10,524            | 20,540 |
|  | -                 | -      |
|  | 10,524            | 20,540 |

A. Reconciliation of Share Outstanding at the beginning and end of the reporting year

Amount in Rs. '00

| Equity Shares                      | 31-March-23 |               |        |               | 31-March-24 |  |
|------------------------------------|-------------|---------------|--------|---------------|-------------|--|
|                                    | No.         | Amount in INR | No.    | Amount in INR |             |  |
| At the beginning of the year       | 53,024      | 26,640        | 18,028 | 28,440        |             |  |
| Issued during the year             | -           | -             | -      | -             |             |  |
| Outstanding at the end of the year | 53,024      | 26,640        | 18,028 | 28,440        |             |  |

**B. Terms/Type of Issued Equity Shares**

The company has only one class of shares having a par value of Rs. 10 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. Shares held by holding / ultimate holding company / holding company and/or their subsidiaries/associates**

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

Amount in Rs. '00

| Name of Shareholder                                                                                  | 31-March-23        |        | 31-March-24        |        |
|------------------------------------------------------------------------------------------------------|--------------------|--------|--------------------|--------|
|                                                                                                      | No. of Shares held | Amount | No. of Shares held | Amount |
| Holding Company – DMN Energy (Mauritius) Limited<br>TDG equity shares of Rs. 10/- each fully paid up | 11,004             | 11,004 | 11,004             | 11,004 |

**D) Details of shareholders holding more than 1% shares in the company**

Amount in Rs. '00

| Name of Shareholder                    | 31-March-23 |                    | 31-March-24 |                    |
|----------------------------------------|-------------|--------------------|-------------|--------------------|
|                                        | No.         | % holding in Comp. | No.         | % holding in Comp. |
| Each share of Rs. 10/- each fully paid |             |                    |             |                    |
| DMN Energy (Mauritius) Limited         | 11,004      | 100%               | 11,004      | 100%               |

As per records of the Company including its register of share holders/ members and other documents required from time to time regarding beneficial interests, the above share holding represents both legal and beneficial ownership of shares as at the balance sheet date.

1. No shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date.

**F. Shares reserved for issue under options**

There are no shares reserved for issue under options and contracts/commitments for the sale of shares/convertible.

**5 Other Equity**

Amount in Rs. '00

| Particulars                                     | 31-March-23 | 31-March-24 |
|-------------------------------------------------|-------------|-------------|
| Surplus in the statement of profit and loss     | 113,619     | 111,460     |
| Balance as per last financial statements        |             |             |
| Add: Net profit for the year                    | (943)       | (172)       |
| Net surplus in the statement of profit and loss | 112,676     | 111,288     |
| Share application money pending allotment       | 172,658     | 172,655     |
| Total reserves and surplus                      | 285,334     | 283,943     |

Amount in Rs. '00

| Financial Liabilities          | Non-Current |             | Current     |             |
|--------------------------------|-------------|-------------|-------------|-------------|
|                                | 31-March-23 | 31-March-24 | 31-March-23 | 31-March-24 |
| Trade Payable                  | -           | -           | 1,805       | 3,818       |
| Provision for cash as per bank | -           | -           | 4,730       | 4,730       |
| Retention Money                | -           | -           | 6,328       | 7,548       |

**10 Other financial liabilities**

Amount in Rs. '00

|                        | Non-Current |             | Current     |             |
|------------------------|-------------|-------------|-------------|-------------|
|                        | 31-March-23 | 31-March-24 | 31-March-23 | 31-March-24 |
| Provision for guaranty | -           | -           | -           | -           |
| Bank trade payable     | -           | -           | -           | -           |
|                        | -           | -           | -           | -           |

Amount in Rs. '00

| Other current liabilities | Non-Current |             | Current     |             |
|---------------------------|-------------|-------------|-------------|-------------|
|                           | 31-March-23 | 31-March-24 | 31-March-23 | 31-March-24 |
| TDG Payable               | -           | -           | 143         | 31          |
|                           | -           | -           | 143         | 31          |

**Karnali Transmission Company Private Limited**

Notes to statement of profit and loss for the period ended 31st March 2025

| <b>12 Other expenses</b> | <b>31-March-25</b> | <b>31-March-24</b> |
|--------------------------|--------------------|--------------------|
| Rates & Taxes            | 66                 | 12                 |
| Audit fee                | 953                | 1,130              |
|                          | <b>1,019</b>       | <b>1,142</b>       |

## **Karnali Transmission Company Private Limited**

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

### **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) "00"

#### **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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025**

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.

## **Karnali Transmission Company Private Limited**

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

### **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

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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.

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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,

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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—

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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.

## **Karnali Transmission Company Private Limited**

**Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

### **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

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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.

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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:

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

- 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.

## **Karnali Transmission Company Private Limited**

### **Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025

### **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 31<sup>st</sup> March 2025**

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 31<sup>st</sup> March 2025

### **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 31<sup>st</sup> March 2025 is NIL.

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

### 16. Capital commitments/ Other commitments:

Amount in '00'

| Schedule for Ageing of CWIP as on 31 <sup>st</sup> March 2025: |                  |              |              |                   |                 |
|----------------------------------------------------------------|------------------|--------------|--------------|-------------------|-----------------|
| 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                                            | 4,480            | 4,356        | 4,195        | 2,69,214          | 2,82,245        |
| <b>Total</b>                                                   | <b>4,480</b>     | <b>4,356</b> | <b>4,195</b> | <b>2,69,214</b>   | <b>2,82,245</b> |

| Schedule for Ageing of CWIP as on 31 <sup>st</sup> 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                                          | 4,356            | 4,195        | 4,147        | 2,65,067          | 2,77,765        |
| <b>Total</b>                                                 | <b>4,356</b>     | <b>4,195</b> | <b>4,147</b> | <b>2,65,067</b>   | <b>2,77,765</b> |

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR Nil as on 31<sup>st</sup> March 2025.

### 17. Employee Benefits:

#### Gratuity and Leave Encashment:

Defined Benefit Plan - As per Actuarial Valuation as at 31<sup>st</sup> March 2025 - 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 <sup>st</sup> March 2025 | 31 <sup>st</sup> March 2024 |
|----------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 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                                      | (945)                       | (573)                       |
| Less: Dividend on Preference shares (including tax thereon)                | -                           | -                           |
| Profit/ (Loss) for Earning per share                                       | (945)                       | (573)                       |
| Earnings per Share (EPS)                                                   | (2.86)                      | (1.73)                      |

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

### 19. Related Party Disclosures

#### Names of related parties and related party relationship

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

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

GMR Kamalanga Energy Limited (GKEL)  
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 (G CORRPL)  
GMR Kishangarh Udaipur Ahmedabad Expressways Limited

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

(GKUAEI)  
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)

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

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

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

### Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the year ending 31<sup>st</sup> March 2025 and the closing balance as on 31<sup>st</sup> March 2024.

- 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 <sup>st</sup> March 2025 | 31 <sup>st</sup> March 2024 |
| 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, 2025 and March 31, 2024.

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

As at March 31, 2025

(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 |
|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|----------------|----------------------|------------------|
| <b>Financial assets</b>                      |                                                             |                                                    |                |                      |                  |
| (i) Loans                                    | -                                                           | -                                                  | 594            | 594                  | 594              |
| (ii) Cash and cash equivalents               | -                                                           | -                                                  | 4,054          | 4,054                | 4,054            |
| <b>Total</b>                                 | -                                                           | -                                                  | <b>4,648</b>   | <b>4,648</b>         | <b>4,648</b>     |
| <b>Financial liabilities</b>                 |                                                             |                                                    |                |                      |                  |
| Trade Payables & Other financial liabilities | -                                                           | -                                                  | 8,634          | 8,634                | 8,634            |
| <b>Total</b>                                 | -                                                           | -                                                  | <b>8,634</b>   | <b>8,634</b>         | <b>8,634</b>     |

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 |
|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|----------------|----------------------|------------------|
| <b>Financial assets</b>                      |                                                             |                                                    |                |                      |                  |
| (i) Loans                                    | -                                                           | -                                                  | 307            | 307                  | 307              |
| (ii) Cash and cash equivalents               | -                                                           | -                                                  | 10711          | 10711                | 10711            |
| <b>Total</b>                                 | -                                                           | -                                                  | <b>11,017</b>  | <b>11,017</b>        | <b>11,017</b>    |
| <b>Financial liabilities</b>                 |                                                             |                                                    |                |                      |                  |
| Trade Payables & Other financial liabilities | -                                                           | -                                                  | 6,676          | 6,676                | 6,676            |
| <b>Total</b>                                 | -                                                           | -                                                  | <b>6,676</b>   | <b>6,676</b>         | <b>6,676</b>     |

## **Karnali Transmission Company Private Limited**

**Notes to financial statements for the Period ended 31<sup>st</sup> March 2025**

### **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 31<sup>st</sup> March 2025

### Liquidity Risk

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments as on 31<sup>st</sup> March 2025

(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          |
| <b>Year ended 31<sup>st</sup> March 2025</b> |           |                    |                |              |           |              |
| Trade Payables & Other financial liabilities |           | 8,634              |                | -            |           | 8,634        |
| <b>Total</b>                                 |           | <b>8,634</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>  | <b>8,634</b> |

Maturity profile of the Company's financial liabilities based on contractual undiscounted payments as on 31<sup>st</sup> 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          |
| <b>Year ended 31<sup>st</sup> March 2024</b> |           |                    |                |              |           |              |
| Trade Payables & Other financial liabilities |           | 6,676              |                | -            |           | 6,676        |
| <b>Total</b>                                 |           | <b>6,676</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>  | <b>6,676</b> |

### 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 31<sup>st</sup> March 2025

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,<br>2025 | March 31,<br>2024 |
|-----------------------------------------------------------------------------|-------------------|-------------------|
| Borrowings other than convertible preference shares (refer notes 19 and 24) | -                 | -                 |
| <b>Total debt (i)</b>                                                       | -                 | -                 |
| <b>Capital components</b>                                                   |                   |                   |
| Equity share capital                                                        | 20640             | 20640             |
| Other equity                                                                | 2,59,687          | 2,60,632          |
| Non-controlling interests                                                   | -                 | -                 |
| Convertible preference shares (refer note 19)                               | -                 | -                 |
| <b>Total Capital (ii)</b>                                                   | <b>2,80,327</b>   | <b>2,81,156</b>   |
| <b>Capital and borrowings ( iii = i + ii )</b>                              | <b>2,80,327</b>   | <b>2,81,156</b>   |
| <b>Gearing ratio (%) ( i / iii )</b>                                        | <b>0.00%</b>      | <b>0.00%</b>      |

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, 2025 and March 31, 2024.

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<br>31 <sup>st</sup> March 2025 | For year ended<br>31 <sup>st</sup> March 2024 |
|---------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Lease Rentals under cancelable leases | 1372.50                                       | 1247.75                                       |

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 31<sup>st</sup> March 2025

### 25. Pending Litigations:

During the reporting period, a new PIL, Writ Petition No. 081-WO-0705 was filed, before the Hon'ble Supreme Court of Nepal assailing the approval granted by Investment Board, Nepal (IBN) vide letter dated 1st Dec. 2024 for induction of SJVN and IREDA as parties to Joint Venture Agreement (JVA)/ Qualified Investors in the project companies namely GUKHL and KTCPL. After detailed hearing by Division Bench of the Hon'ble Supreme Court, the said petition has been dismissed by the Hon'ble Supreme Court on 11.03.2025

**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 31<sup>st</sup> March 2025 and 31<sup>st</sup> March 2024. 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.

### 28. Effective Tax Reconciliation (ETR)

Effective Tax Reconciliation for the year ended March 31, 2025

|                                                                                      | (Amount in "00.)        |                         |
|--------------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                                      | Year ended<br>31-Mar-25 | Year ended<br>31-Mar-24 |
| Income tax                                                                           |                         |                         |
| Accounting profit before tax                                                         | (945)                   | (573)                   |
| Tax rate                                                                             | 25.75                   | 25.75                   |
| <b>Tax at the applicable tax rate %</b>                                              | <hr/> -                 | <hr/> -                 |
| Income tax                                                                           | 157                     | 242                     |
| <b>Tax effect of expenses that are not deductible in determining taxable profit:</b> |                         |                         |
| Other non-deductible expenses                                                        | <hr/> -                 | <hr/> -                 |
| <b>At the effective income tax rate</b>                                              | <hr/> -                 | <hr/> -                 |
| <b>Total tax expense reported in the statement of profit and loss</b>                | <hr/> -                 | <hr/> -                 |

## Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31<sup>st</sup> March 2025

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 (Standards issued but not yet effective):**  
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. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable from April 01, 2025.
31. The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The Company has used an accounting software for maintaining its books of account which has a feature of audit trail (edit log) facility and the same was enabled at the application level. During the year ended 31 March 2025, the Company has enabled the feature of recording audit trail (edit log) at the database level from 25 May 2024 onwards to log any direct data changes. The audit trail has been preserved by the Company as per the statutory requirements for record retention.

**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: 29.04.2025

**For and on behalf of the Board of directors**

**MANOJ**  
**KUMAR**  
**DIXIT**

**Manoj Kumar Dixit**

Director

DIN no: 09355400

Place: New Delhi

Date: 29.04.2025

**Ashis**  
**Basu**

**Ashis Basu**

Director

DIN no: 01872233

Place: New Delhi

Date: 29.04.2025