

# **GMR Energy (Cyprus) Limited**

## **Report and financial statements 31 December 2019**

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# **GMR Energy (Cyprus) Limited**

## **Board of Directors and other officers**

### **Board of Directors**

Themis Themistocleous (Director)  
Eleni Ierodiakonou (Director)  
Stelios Loizou (Director)

### **Company Secretary**

**Calmco Secretarial Limited**  
21 Demostheni Severi Avenue  
Anna Court - 5th Floor  
CY-1080 Nicosia  
Cyprus

### **Registered office**

3 Themistocles Dervis Street  
Julia House  
CY-1066 Nicosia  
Cyprus

### **Independent Auditors**

Ernst & Young Cyprus Limited  
Certified Public Accountants and Registered Auditors  
Jean Nouvel Tower  
6 Stasinou Avenue  
P.O.Box 21656  
1511 Nicosia  
Cyprus





## **Independent Auditor's Report**

### **To the Members of GMR Energy (Cyprus) Limited**

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

##### **Opinion**

We have audited the accompanying financial statements of GMR Energy (Cyprus) Limited (the "Company"), which comprise the balance sheet as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 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, 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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.
- 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 a true and fair view.

We communicate with the Board of 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, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Gabriel Onisiforou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Ernst & Young Cyprus Limited**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 13 March 2020



# GMR Energy (Cyprus) Limited

## Statement of comprehensive income for the year ended 31 December 2019

		Year ended 31 December 2019 US\$	For the period from 1 April 2018 to 31 December 2018 US\$
	Note		
Administrative expenses	5	(23.683)	(19.222)
Loss from investments	10	<u>(2.246.392)</u>	<u>(7.907.605)</u>
<b>Operating loss</b>		<b>(2.270.075)</b>	<b>(7.926.827)</b>
Finance costs	6	<u>(16.476)</u>	<u>(22.984)</u>
<b>Loss before income tax</b>		<b>(2.286.551)</b>	<b>(7.949.811)</b>
Income tax expense	7	<u>-</u>	<u>-</u>
<b>Loss and total comprehensive loss for the year/period</b>		<b><u>(2.286.551)</u></b>	<b><u>(7.949.811)</u></b>

The notes on pages 9 to 21 are an integral part of these financial statements.

# GMR Energy (Cyprus) Limited

## Balance sheet at 31 December 2019

	Note	2019 US\$	2018 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	10	-	35,092,285
<b>Current assets</b>			
Investment in subsidiaries	10	32,845,893	-
Cash and bank balances	11	6,924	4,130
		<u>32,852,817</u>	<u>4,130</u>
<b>Total assets</b>		<u>32,852,817</u>	<u>35,096,415</u>
<b>Equity and liabilities</b>			
Share capital	12	4,221	4,221
Share premium	12	10,491,729	10,491,729
Accumulated losses		<u>(31,688,631)</u>	<u>(29,402,080)</u>
<b>Total equity</b>		<u>(21,192,681)</u>	<u>(18,906,130)</u>
<b>Non-current liabilities</b>			
Amount due to shareholder	13	<u>54,038,000</u>	<u>53,523,000</u>
<b>Current liabilities</b>			
Payables	14	<u>7,498</u>	<u>479,545</u>
<b>Total liabilities</b>		<u>54,045,498</u>	<u>54,002,545</u>
<b>Total equity and liabilities</b>		<u>32,852,817</u>	<u>35,096,415</u>

On 12 March 2020 the Board of Directors of GMR Energy (Cyprus) Limited authorised these financial statements for issue.

  
Themis Themistoclous, Director

  
Eleni Ierodiakonou, Director

The notes on pages 9 to 21 are an integral part of these financial statements.



# GMR Energy (Cyprus) Limited

## Statement of changes in equity for the year ended 31 December 2019

	Share capital US\$	Share premium US\$	Accumulated losses US\$	Total US\$
<b>Balance at 1 April 2018</b>	<u>4.221</u>	<u>10.491.729</u>	<u>(21.452.269)</u>	<u>(10.956.319)</u>
<b>Comprehensive loss</b>				
Loss for the period	<u>-</u>	<u>-</u>	<u>(7.949.811)</u>	<u>(7.949.811)</u>
<b>Balance at 31 December 2018/1 January 2019</b>	<u>4.221</u>	<u>10.491.729</u>	<u>(29.402.080)</u>	<u>(18.906.130)</u>
<b>Comprehensive loss</b>				
Loss for the year	<u>-</u>	<u>-</u>	<u>(2.286.551)</u>	<u>(2.286.551)</u>
<b>Balance at 31 December 2019</b>	<u>4.221</u>	<u>10.491.729</u>	<u>(31.688.631)</u>	<u>(21.192.681)</u>

The notes on pages 9 to 21 are an integral part of these financial statements.

# GMR Energy (Cyprus) Limited

## Statement of cash flows for the year ended 31 December 2019

		Year ended 31 December 2019 US\$	For the period from 1 April 2018 to 31 December 2018 US\$
	Note		
<b>Cash flows from operating activities</b>			
Loss before income tax		(2,286,551)	(7,949,811)
Adjustments for:			
Impairment of investment in subsidiary	10	2,246,392	7,907,605
Interest expense	6	<u>16,487</u>	<u>23,769</u>
		(23,672)	(18,437)
Changes in working capital:			
Receivables		-	1,173
Payables		<u>81</u>	<u>(10,169)</u>
<b>Net cash used in operating activities</b>		<u>(23,591)</u>	<u>(27,433)</u>
<b>Cash flows from financing activities</b>			
Advances from shareholder	15(iii)	515,000	30,000
Repayments of loans from related parties		<u>(488,615)</u>	<u>-</u>
<b>Net cash from financing activities</b>		<u>26,385</u>	<u>30,000</u>
<b>Net increase in cash and cash equivalents</b>		2,794	2,567
<b>Cash and cash equivalents at beginning of year/period</b>		<u>4,130</u>	<u>1,563</u>
<b>Cash and cash equivalents at end of year/period</b>	11	<u>6,924</u>	<u>4,130</u>

The notes on pages 9 to 21 are an integral part of these financial statements.



# **GMR Energy (Cyprus) Limited**

## **Notes to the financial statements**

### **1 General information**

#### **Country of Incorporation**

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Themistocles Dervis Street, Julia House, CY-1066 Nicosia, Cyprus.

#### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are those of a holding and investment company.

### **2 Summary of significant accounting policies**

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

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

These are the parent separate financial statements. The Company is not required by the Companies Law, Cap. 113, to prepare consolidated financial statements because the ultimate parent, GMR Infrastructure Limited, publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2019.

The European Commission has concluded that since parent companies are required by the EU Accounting Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

# **GMR Energy (Cyprus) Limited**

## **2 Summary of significant accounting policies (continued)**

### **Basis of preparation (continued)**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### **Going concern**

The financial statements are prepared on a going concern basis, despite the sale of the investment in subsidiary in 2020, since as of today the management took no final decision with regards to the future of the company. The board of directors, having considered expectations and intentions for the next twelve months, and the availability of funding, consider that the Company is a going concern.

### **Adoption of new and revised IFRSs**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2019. These standards did not have a significant impact on the financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 2.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

### **Revenue recognition**

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognised on the following basis:

#### **(i) Interest income**

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

# **GMR Energy (Cyprus) Limited**

## **2 Summary of significant accounting policies (continued)**

### **Foreign currency translation**

#### **(i) Functional and presentation currency**

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in US dollars (US\$), which is the Company's functional and presentation currency.

#### **(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.

### **Current and deferred income tax**

The tax expense for the period comprises current and deferred 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.

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, 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 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 balance sheet 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 can be utilised.

### **Financial assets**

#### **(i) Classification**

The Company classifies its financial assets as loans and receivables.

# GMR Energy (Cyprus) Limited

## 2 Summary of significant accounting policies (continued)

### Financial assets (continued)

- **Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise "cash and bank balances" in the balance sheet.

### (ii) **Recognition and measurement**

Loans and receivables are carried at amortised cost using the effective interest method.

#### **Impairment of financial assets**

IFRS 9 fundamentally change the loan loss impairment methodology. The Standard replaces IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Company required to record an allowance for ECL for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

To calculate ECL, the Company estimates the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive, discounted at the effective interest rate of the financial instrument.

#### **Expected credit loss impairment model**

ECL allowances are the product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the funded exposure after the reporting date, including repayments of principal and interest. The EAD for unfunded exposures including undrawn commitments are determined by historical behavioural analysis and regulatory Credit Conversion Factors (CCF). The LGD quantifies the potential loss from an exposure in the event of default. The key determinants of LGD are, among others, past recovery / loss data for each segment, external loss data, expected recovery period, discount rate, regulatory guidance etc.

# **GMR Energy (Cyprus) Limited**

## **2 Summary of significant accounting policies (continued)**

### **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 over the entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

### **Share capital and share premium**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

### **Provisions**

Provisions are recognised 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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

# **GMR Energy (Cyprus) Limited**

## **2 Summary of significant accounting policies (continued)**

### **Borrowings (continued)**

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### **Payables**

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

### **Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents include deposits held at call with banks with original maturity of three months.

### **Comparatives**

The corresponding figures presented in these financial statements relating to the statement of comprehensive income, statement in changes in equity and statement of cash flow from 1 April 2018 to 31 December 2018 are not entirely comparable to current period's figures due to the change of financial year end from 31 March to 31 December 2018 to be in line with the Company's other overseas companies of GMR group financial year end.

## **3 Financial risk management**

### **(i) Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk) and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

# GMR Energy (Cyprus) Limited

## 3 Financial risk management (continued)

### (I) Financial risk factors (continued)

- **Market risk**

- **Foreign exchange risk**

- Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

- **Interest rate risk**

- The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

- The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Liquidity risk**

- Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances the profitability, but can also increase the risk of losses. The company has the procedures with the object of minimising such losses such as maintaining sufficient cash and other high liquid current assets and by having available an adequate amount of committed credit facilities.

- Although the Company had net liabilities and net current liabilities at 31 December 2019 and a net loss for the year, the majority of the liabilities are with the shareholder and the Company expects that there is no issue in meeting/rescheduling the liabilities as they fall due.

### (II) Capital risk management

The Company does not have formal policies and procedures for capital risk management.

The capital as defined by management at 31 December 2019 and 31 December 2018 consists of equity as shown on the face of the balance sheet.

### (III) Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

# GMR Energy (Cyprus) Limited

## 4 Critical accounting estimates and judgements

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.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

- **Impairment of subsidiary**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated recoverable amounts would be compared to their carrying amounts to determine if a write-down is necessary.

## 5 Expenses by nature

	Year ended 31 December 2019 US\$	For the period from 1 April 2018 to 31 December 2018 US\$
Auditors' remuneration	4,035	4,118
Directors' fees	741	577
Accounting and administration expenses	12,945	9,714
Secretarial fees	342	267
Bank signatory fees	182	142
Registered office fees	510	-
Professional tax	-	202
Bank charges	963	224
Unrecoverable VAT	2,999	3,024
Photocopying, printing and stationary	185	166
Courier expenses	30	-
Annual levy expense	397	405
Certified copies	100	383
Municipality tax	197	-
Sundry expenses	57	-
<b>Total administrative expenses</b>	<b>23,683</b>	<b>19,222</b>



# GMR Energy (Cyprus) Limited

## 6 Finance costs

	Year ended 31 December 2019 US\$	For the period from 1 April 2018 to 31 December 2018 US\$
Interest expense:		
Interest on loan from related party (Note 15(ii))	16.487	23.769
Net foreign exchange gain	(11)	(785)
	<u>16.476</u>	<u>22.984</u>

## 7 Income tax expense

	Year ended 31 December 2019 US\$	For the period from 1 April 2018 to 31 December 2018 US\$
Loss before tax	(2.286.551)	(7.949.811)
Tax calculated at the applicable corporation tax rate of 12,5%	(285.819)	(993.726)
Tax effect of expenses not deductible for tax purposes	283.050	991.536
Tax effect of tax loss for the year/period	<u>2.769</u>	<u>2.190</u>
Income tax charge	-	-

The Company is subject to income tax on taxable profits at the rate of 12,5%.

As at 31 December 2019, the Company had tax losses carried forward of US\$117.702 (31 December 2018: US\$119.213), which are carried forward for five succeeding years for the year of loss and for which no deferred tax asset is recognised in the balance sheet.

## 8 Financial instruments by category

	Loans and receivables US\$
<b>31 December 2019</b>	
<b>Assets as per balance sheet</b>	
Cash and bank balances	<u>6.924</u>
	<b>Liabilities at amortised cost US\$</b>
<b>31 December 2019</b>	
<b>Liabilities as per balance sheet</b>	
Amount due to shareholder	54.038.000
Payables	<u>7.498</u>
<b>Total</b>	<u>54.045.498</u>

# GMR Energy (Cyprus) Limited

## 8 Financial instruments by category (continued)

	Loans and receivables US\$
<b>31 December 2018</b>	
<b>Assets as per balance sheet</b>	
Cash and bank balances	4.130
	Liabilities at amortised cost US\$
<b>31 December 2018</b>	
Amount due to shareholder	53.523.000
Payables	479.545
<b>Total</b>	<b>54.002.545</b>

## 9 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<b>2019</b> <b>US\$</b>	<b>2018</b> <b>US\$</b>
<b>Cash and bank balances<sup>(1)</sup></b>		
Caa3	6.924	4.130
	<b>6.924</b>	<b>4.130</b>

<sup>(1)</sup> As per Moody's credit rating

## 10 Investment in subsidiary

	<b>2019</b> <b>US\$</b>	<b>2018</b> <b>US\$</b>
At beginning of year/period	35.092.285	42.999.890
Impairment charge	(2.246.392)	(7.907.605)
<b>At end of year/period</b>	<b>32.845.893</b>	<b>35.092.285</b>
Less: non-current portion	-	(35.092.285)
<b>Current portion</b>	<b>32.845.893</b>	<b>-</b>

The Company's interests in its subsidiary, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	31 December 2019 % holding	31 December 2018 % holding
GMR Energy Netherlands B.V.	Holding of investments	Netherlands	100	100

On 7 January 2020, the Company entered in a share purchase agreement for the disposal of its subsidiary for US\$32.845.893. Therefore, an impairment charge of US\$2.246.392 was recognised on the carrying amount so that the carrying amount equals the sale consideration, which is considered the recoverable amount of the investment.

# GMR Energy (Cyprus) Limited

## 10 Investment in subsidiary (continued)

As at 31 December 2018, an impairment charge of US\$7.907.605 was recognised, based on the net assets value of GMR Energy Netherlands B.V. as at 31 December 2018, as the net assets value was considered to be the estimated recoverable amount of the investment as of that date.

## 11 Cash and bank balances

	2019 US\$	2018 US\$
Cash at bank	<u>6.924</u>	<u>4.130</u>

Cash and bank balances include the following for the purposes of the statement of cash flows:

	Year ended 31 December 2019 US\$	2018 US\$
Cash and bank balances	<u>6.924</u>	<u>4.130</u>

## 12 Share capital and share premium

	Share capital US\$	Share premium US\$	Total US\$
At 1 April 2018 / 31 December 2018	<u>4.221</u>	<u>10.491.729</u>	<u>10.495.950</u>
At 1 January 2019 / 31 December 2019	<u>4.221</u>	<u>10.491.729</u>	<u>10.495.950</u>

The total authorized number of ordinary shares is 10 000 shares (2018: 10 000 shares) with a par value of EUR1 per share. All issued shares (3 000 shares) are fully paid. The registered share premium at the Registrar of Companies is €8.102.190 (translated to US\$ at historical exchange rates).

## 13 Amount due to shareholder and other borrowings

	2019 US\$	2018 US\$
<b>Non-current</b>		
Amount due to parent entity (Note 15(iii))	<u>54.038.000</u>	<u>53.523.000</u>
<b>Maturity of non-current borrowings</b>		
Between 1 and 2 years	<u>54.038.000</u>	<u>53.523.000</u>

The carrying amounts of amounts due to shareholder approximate their fair value.

# GMR Energy (Cyprus) Limited

## 14 Payables

	2019 US\$	2018 US\$
Other payables	3,463	3,299
Loan from related party (Note 15(ii))	-	472,128
Accrued expenses	4,035	4,118
	<u>7,498</u>	<u>479,545</u>

The fair value of payables which are due within one year approximates their carrying amount at the balance sheet date.

The loan from related party was unsecured and carried interest of 6 month LIBOR plus 500 basis points per annum. The loan was fully repaid in 2019.

The loan from related party is NIL (2018: US\$472,128) and includes a NIL amount (2018: US\$45,158) of interest payable to related party.

## 15 Related party transactions

The Company is controlled by GMR Energy Projects (Mauritius) Limited, incorporated in Mauritius, which owns 100% of the Company's shares. The Company's ultimate controlling company is GMR Infrastructure Limited.

### (i) Directors' remuneration

The total remuneration of the Directors was as follows:

	Year ended 31 December 2019 US\$	For the period from 1 April 2018 to 31 December 2018 US\$
Fees	<u>741</u>	<u>577</u>

### (ii) Related party balances:

Loan from related party (Note 14):		
GMR Infrastructure (Oveseas) Limited (novated from GMR Energy Projects (Mauritius) Limited)	472,128	448,359
Interest charged (Note 6)	16,487	23,769
Loan repaid	(488,615)	-
	<u>-</u>	<u>472,128</u>

### (iii) Amounts due to shareholder

	2019 US\$	2018 US\$
Loans from shareholder - GMR Energy Projects (Mauritius) Limited		
At beginning of year/period	53,523,000	53,493,000
Advanced during year - Cash transfers	515,000	30,000
At end of year/period (Note 13)	<u>54,038,000</u>	<u>53,523,000</u>

# **GMR Energy (Cyprus) Limited**

## **15 Related party transactions (continued)**

### **(iii) Amounts due to shareholder (continued)**

The amount due to parent entity is interest free, unsecured and is not expected to be called for repayment within the next twelve months. During the year ended 31 March 2017, the amounts due were assigned to the new shareholder, GMR Energy Projects (Mauritius) Limited.

## **16 Events after the balance sheet date**

On 7 January 2020, the Company entered in a share purchase agreement for the disposal of its subsidiary for US\$ 32.845.893. On 4 February 2020, this amount have been assigned to the Company's shareholder

There were no other material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

