GMR ENERGY PROJECTS (MAURITIUS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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GMR ENERGY PROJECTS (MAURITIUS) LIMITED

COMPANY INFORMATION

		Date of appointment
DIRECTORS:	Bhugeloo Nousrath Begum	16 December 2010
	Naraidoo Devananda	21 March 2013
	Rishikesh Batoosam (*Alternate to Bhugeloo Nousrath Begum*)	14 November 2016
	Rishikesh Batoosam (*Alternate to Naraidoo Devananda*)	14 November 2016
	Diwan Prakash Diwan	6 March 2018

ADMINISTRATOR & SECRETARY:

Ocorian Corporate Services (Mauritius) Limited
6th Floor, Tower A
1 CyberCity
Ebène
Mauritius

REGISTERED OFFICE:

6th Floor, Tower A
1 CyberCity
Ebène
Mauritius

AUDITORS:

VBS Business Services
1st Floor, Hennessy Court
Pope Hennessy Street
Port Louis
Mauritius

BANKER:

AfrAsia Bank Limited
Bowen Square
10, Dr Ferriere Street
Port Louis
Mauritius

GMR ENERGY PROJECTS (MAURITIUS) LIMITED

COMMENTARY OF THE DIRECTORS

The directors are pleased to present their commentary together with the audited financial statements of GMR Energy Projects (Mauritius) Limited (the "Company") for the year ended 31 December 2019.

ACTIVITIES OF THE COMPANY

The Company provides operations support and technical services relating to power projects of the GMR Group and also acts as an investment holding company.

RESULTS AND DIVIDENDS

The Company's loss for year ended 31 December 2019 was **USD 2,812,575** (Period from 01 April 2018 to 31 December 2018: USD 56,010,187).

The directors do not recommend the payment of a dividend for the year under review (Period from 01 April 2018 to 31 December 2018: USD Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

AUDITORS

The auditors, **VBS Business Services**, have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting of the shareholder.

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By order of the board

Secretary

Date: 19 June 2020

SECRETARY'S CERTIFICATE
TO THE MEMBER OF GMR ENERGY PROJECTS (MAURITIUS) LIMITED

Under section 166 (d) of the Companies Act 2001

We confirm, as Secretary of GMR Energy Projects (Mauritius) Limited, that based on records and information made available to us by the directors and sole shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2019, all such returns as are required of the Company under the Mauritius Companies Act 2001.

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Ocorian Corporate Services (Mauritius) Limited
Corporate Secretary

Date: 19 June 2020

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

Report on the Audit of Financial Statements

We have audited the financial statements of GMR Energy Projects (Mauritius) Limited (the "Company"), which comprise the statement of financial position as at 31 December 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 37.

In our opinion, these financial statements give a true and fair view of the financial position of GMR Energy Projects (Mauritius) Limited as at 31 December 2019 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 Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act in so far as applicable to category 1 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.

Emphasis of matter

We draw attention to:

- Note 19 to the financial statements which indicates that the Company has incurred a loss of USD 2,812,575 for the year ended 31 December 2019 and as that date, the Company's total liabilities exceeded its total assets by USD 242,989,113. The note also indicates why in these circumstances, the financial statements are prepared on the basis of accounting policies applicable to a going concern.
- Note 21 to the financial statements which indicates the assessment made by the directors in respect of Covid-19 pandemic, if any, regarding the impact on the financial statements of the Company. Our opinion is not modified in that respect.

Other Information

The directors are responsible for the other information. The other information comprises of 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 MEMBER OF GMR ENERGY PROJECTS (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 Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act in so far as applicable to category 1 Global Business Licenced Companies. 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 MEMBER OF GMR ENERGY PROJECTS (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 member 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 member those matters that we are required to state 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 member 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: 19 June 2020

Khemraz Boodhoo, FCCA
Licensed by FRC

GMR ENERGY PROJECTS (MAURITIUS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 USD	Period from 01 April 2018 to 31 December 2018 USD
EXPENSES			
Interest expense		**2,782,659**	2,115,298
Secretarial and administration fees		**7,680**	6,242
Rental expense		**5,215**	4,461
Legal cost		**3,508**	-
Audit fee		**3,278**	3,335
Accountancy fees		**3,196**	592
Directors' fees		**2,400**	1,500
Licence and registration fees		**2,150**	1,538
Bank charges		**1,618**	898
Tax fees		**804**	(147)
Other expenses		**67**	-
Impairment of investments and deposit on shares	5 & 8	**-**	53,875,922
Employee costs		**-**	(225)
Custodian fees		**-**	773
		2,812,575	56,010,187
LOSS BEFORE INCOME TAX		**(2,812,575)**	(56,010,187)
Income tax expense	15	-	-
LOSS FOR THE YEAR/ PERIOD		**(2,812,575)**	(56,010,187)
Other comprehensive income			
Loss on the fair value of equity investments at fair value through other comprehensive income	7	**(9,200,940)**	(2,678,137)
Other comprehensive income for the year/ period		**(9,200,940)**	(2,678,137)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		**(12,013,515)**	(58,688,324)

The notes on pages 12 to 37 form an integral part of these financial statement

GMR ENERGY PROJECTS (MAURITIUS) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 USD	2018 USD
ASSETS			
Non-current assets			
Investment in subsidiary	5	**1**	1
Financial assets at fair value through other comprehensive income	7	**17,904,522**	27,105,462
Total non-current assets		**17,904,523**	27,105,463
Current assets			
Deposit on shares	8	**515,000**	-
Financial assets at amortised cost	9	**16,294,373**	29,355,316
Non- financial assets	10	**2,403**	2,440
Cash and cash equivalents	11	**3,616**	2,543
Total current assets		**16,815,392**	29,360,299
TOTAL ASSETS		**34,719,915**	56,465,762
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	**10,000**	10,000
Subscription monies	13	**-**	42,000
Fair value reserve		**(11,879,077)**	(2,678,137)
Accumulated losses		**(231,120,036)**	(228,307,461)
Shareholder's deficit		**(242,989,113)**	(230,933,598)
Liabilities			
Current liabilities			
Loans payable	14	**277,702,330**	287,391,671
Accruals		**6,698**	7,689
Total current liabilities		**277,709,028**	287,399,360
TOTAL EQUITY AND LIABILITIES		**34,719,915**	56,465,762

Authorised for issue by the Board of directors on 19 June 2020
and signed on its behalf by:

DocuSigned by:
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Director **Director**

The notes on pages 12 to 37 form an integral part of these financial statements.

GMR ENERGY PROJECTS (MAURITIUS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Stated capital (Note 12) USD	Subscription monies (Note 13) USD	Fair value reserve USD	Accumulated losses USD	Total USD
At 01 April 2018	10,000	37,000	-	(172,297,274)	(172,250,274)
Transaction with owner of the Company					
Received during the period	-	5,000	-	-	5,000
Total comprehensive income for the period					
Loss for the period	-	-	-	(56,010,187)	(56,010,187)
Fair value during the period	-	-	(2,678,137)	-	(2,678,137)
Total comprehensive income for the period	-	-	(2,678,137)	(56,010,187)	(58,668,324)
At 31 December 2018	10,000	42,000	(2,678,137)	(228,307,461)	(230,933,598)
Transaction with owner of the Company					
Refund during the year	**-**	**(42,000)**	**-**	**-**	**(42,000)**
Total comprehensive income for the year					
Loss for the year	**-**	**-**	**-**	**(2,812,575)**	**(2,812,575)**
Fair value during the year	-	-	**(9,200,940)**	-	**(9,200,940)**
Total comprehensive income for the year	**-**	**-**	**(9,200,940)**	**(2,812,575)**	**(12,013,515)**
At 31 December 2019	**10,000**	-	**(11,879,077)**	**(231,120,036)**	**(242,989,113)**

The notes on pages 12 to 37 form an integral part of these financial statements.

GMR ENERGY PROJECTS (MAURITIUS) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019 USD	Period from 01 April 2018 to 31 December 2018 USD
Cash flows from operating activities		
Loss before income tax	**(2,812,575)**	(56,010,187)
Adjustments for:		
Interest expense	**2,782,659**	2,115,298
Impairment of investments and deposit on shares	**-**	53,875,922
Changes in working capital		
Change in other receivables	**37**	(512)
Change in accruals	**(991)**	(18,567)
Net cash used in operating activities	**(30,870)**	(38,046)
Cash flows from investing activities		
Deposit on shares	**(515,000)**	(30,000)
Amount repaid by affiliate	**13,147,000**	4,472,000
Advance made during the year	**(86,057)**	(39,000)
Net cash from investing activities	**12,545,943**	4,403,000
Cash flows from financing activities		
Loan repaid to related party	**(12,472,000)**	(4,367,696)
Subscription monies (repaid)/received	**(42,000)**	5,000
Net cash used in financing activities	**(12,514,000)**	(4,362,696)
Net movement in cash and cash equivalents	**1,073**	2,258
Cash and cash equivalents at start of the year/ period	**2,543**	285
Cash and cash equivalents at end of the year/ period	**3,616**	2,543

The notes on pages 12 to 37 form an integral part of these financial statements.

GMR ENERGY PROJECTS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

GMR Energy Projects (Mauritius) Limited is a private limited company, incorporated in Mauritius on 07 December 2010. The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by Financial Services Commission. The Company's registered office is 6th Floor, Tower A, 1 CyberCity, Ebène, Republic of Mauritius.

The Company provides operations support and technical services relating to power projects of the GMR Group and also act as an investment holding company.

2. 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 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") and IFRIC interpretations, as modified by the exemption from consolidation in the Companies Act. The financial statements have been prepared under the historical cost convention except for financial assets measured at fair value through other comprehensive income and financial assets and liabilities measured at amortised cost.

The preparation of financial statements in conformity with IFRS as modified by Companies Act 2001 requires the use of certain critical accounting estimates. It also requires the directors to exercise their 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 described in Note 3.

The Company suffered a net loss of **USD 2,812,575** for the year ended 31 December 2019 (2018: USD 56,010,187 and as at reporting date the Company had a shareholder's deficit of **USD 242,989,113** (2018: USD 230,933,598). The Company has received a letter of support from its ultimate holding company to enable it to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures

(ii) New and amended standards

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year.

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

(iii) New standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

- IFRS 16 - Leases (effective for accounting periods beginning on or after 01 January 2019)
- IFRS 17 - Insurance Contracts (effective for accounting periods beginning on or after 01 January 2019)
- IFRC 23 - Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for accounting periods beginning on or after 01 January 2019)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant 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 United States Dollar ("USD"), which is also 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 through 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.

Current and deferred income tax

The tax expense for the year comprises current tax and deferred tax only. 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. 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 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 loses 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Investments in subsidiaries

Subsidiaries are all 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.

Consolidated financial statements

The financial statements contain information about GMR Energy Projects (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 Energy (Cyprus) Limited. The Company has taken advantage of the exemption provided by the Companies Act 2001 allowing a wholly owned or virtually wholly owned parent company holding a Category 1 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 Accounting Standards (referred to as "Ind AS"). 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.

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

(a) Classification and initial measurement

The Company classifies its financial assets in the following measurement categories, as set out in IFRS 9:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(a) Classification and initial measurement (continued)

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

The entity'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, an entity 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.

At initial recognition, an entity 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.

(b) Subsequent measurement

(i) Equity instruments

- *Financial assets designated at fair value through OCI*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets at FVOCI include investments in GMR Generation Assets Limited, GMR Power Infra Limited and GMR Energy Limited.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) Debt instruments

- *Financial assets at amortised cost*

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 includes amount receivable from related parties, and cash and cash equivalents which are subsequently measured as follows:

Amount due from related parties

Amount due from related parties are the contractual amounts for the settlement of other obligations due to the Company.

Amount due from related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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.

(c) Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(c) Impairment (continued)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For further details see note 4(b).

(d) 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost.

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 accruals and loans payable.

(b) Subsequent measurement

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

(i) Loan payable

After initial recognition, interest-bearing loan payable 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 or loss.

This category generally applies to interest-bearing loans payable. For more information, refer to Note 14.

(ii) Accruals

Accruals are obligations to pay for services that have been acquired in the ordinary course of the business from service providers. Accruals are classified as current liabilities as payments are due within one year.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

(c) 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.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Stated capital

Stated capital is determined using the nominal values of shares that have been issued and classified as equity.

Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, 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:

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

Interest income is recognised using the effective interest method.

Dividend income and interest income are recognised gross of withholding taxes.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Summary of significant accounting policies (continued)

Expenses recognition

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments that affect the reported amounts of assets and liabilities within the next period. Estimates and judgments 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.

Determination of functional currency

The Board of Directors considers the United States Dollar ("USD") as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives monies from related parties.

Fair valuation of financial asset at fair value through other comprehensive income

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this not feasible, a degree of judgement is required in establishing fair value. The judgements 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.

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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

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 a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has financial assets denominated in Indian Rupee ("INR"). Consequently, the Company is exposed to the risk that the exchange rate of the United States Dollar relative to INR may change in a manner, which has a material effect on the reported values of the Company's assets which are denominated in INR.

The carrying amounts of the Company's currency exposure of financial instruments are as follows:

	Financial assets 2019 USD	**Financial liabilities 2019 USD**	Financial assets 2018 USD	Financial liabilities 2018 USD
Indian Rupee (INR)	-	-	85	-
United States Dollar (USD)	**34,202,511**	**277,709,028**	56,463,236	287,399,360
	34,202,511	**277,709,028**	56,463,321	287,399,360

Prepayments **USD 1,775** (2018: USD 1,175), rental deposit **USD 628** (2018: USD 1,265) investment in subsidiaries **USD 1** (2018: USD 1), and deposit on shares **USD 515,000** (2018: USD Nil) have not been included in financial instruments.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(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 holds interest earning/bearing financial liabilities such as loans payable. Loan payable bear fixed rate of interest.

	2019	2018
	USD	USD
Fixed rate instruments		
Loans payable	**262,698,330**	259,715,671
	=========	=========

(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 significant exposure to price risk at year end.

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL).

The Company has only one type of financial assets that are subject to the expected credit loss model which includes financial assets carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as the Company transacts with reputable banks.

Financial assets at amortised cost

Management has not recognised expected credit loss (ECL) on amount due from affiliate since it is expected that there will be an infusion from GMR Infrastructure (Mauritius) Limited into GMR Infrastructure (Overseas) Limited in 2020 and the latter will use this fund to settle the balance of the debt. Therefore, management does not foresee any significant increase in credit risk. More than 45% of the balance has already been repaid during the financial year 2019.

(c) *Liquidity risk*

Liquidity is the risk that the Company is unable to meet its payment obligations associated with its financial abilities as they fall due.

The Company manages liquidity risk by maintaining adequate cash reserves to meet its obligations as they fall due and through financing from related parties.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

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

2019	**Due on demand USD**	**Within 1 year USD**	**Total USD**
Financial liabilities			
Loans payable	**262,698,330**	**15,004,000**	**277,702,330**
Accruals	-	**6,698**	**6,698**
Total financial liabilities	**262,698,330**	**15,010,698**	**277,709,028**
2018			
Financial Liabilities			
Loans payable	259,915,671	27,476,000	287,391,671
Accruals	-	7,689	7,689
Total financial liabilities	259,915,671	27,483,689	287,399,360

Fair values

The carrying amounts of loans receivable, cash and cash equivalents, loans payable and accruals approximate their fair values.

The Company has investment at fair value through other comprehensive income in unquoted securities. The unquoted securities have underlying investments. Operating investments are valued using discounted cash flow analysis while non-operating investments are valued at net book value.

The following table included in this note analyses financial instrument measured at fair value by the level in the fair value hierarchy into which the fair value measurement is categorised.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
- ***Recurring fair value measurements***

2019	**Level 3 USD**	**Total USD**
Financial assets at fair value through other comprehensive income		
-Equity securities	**17,904,522**	**17,904,522**
Total financial assets	**17,904,522**	**17,904,522**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

Fair values (continued)

2018	**Level 3 USD**	**Total USD**
Financial assets at fair value through other comprehensive income		
-Equity securities	27,105,462	27,105,462
Total financial assets	27,105,462	27,105,462

Capital risk management

The Company actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Company's capital position is undertaken by the management team of the Company. The management team ensures that the Company is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations are executed in a timely fashion.

The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements such as foreign exchange and interest rate. To maintain or adjust the capital structure, the Company may issue new shares or request additional funding from its shareholder.

Financial instruments by category

	Financial assets at amortised cost USD	**Financial assets at fair value through OCI USD**	**Total USD**
2019			
Financial assets			
Financial assets at fair value through other comprehensive income (FVOCI)	-	**17,904,522**	**17,904,522**
Amount due from related parties	**16,294,373**	-	**16,294,373**
Cash and cash equivalents	**3,616**	-	**3,616**
Total financial assets	**16,297,989**	**17,904,522**	**34,202,511**
2018			
Financial assets			
Financial assets at fair value through other comprehensive income (FVOCI)	-	27,105,462	27,105,462
Amount due from related parties	29,355,316	-	29,355,316
Cash and cash equivalents	2,543	-	2,543
Total financial assets	29,357,859	27,105,462	56,463,321

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments by category (continued)

	Financial liabilities at amortised cost	
	2019	2018
	USD	USD
Financial liabilities		
Loans payable	**277,702,330**	287,391,671
Accruals	**6,698**	7,689
Total financial liabilities	**277,709,028**	287,399,360

5. INVESTMENT IN SUBSIDIARY

	2019	2018
	USD	USD
Unquoted investments at carrying amount:		
At start of the year/ period	**1**	352,923
Impairment during the year/ period	**-**	(352,922)
At end of the year/ period	**1**	1

The Company holds investments in the following company:

Name of investee companies	Country of incorporation	Class Of shares held	Type of investment	% holding	Cost 2019 USD	Cost 2018 USD	Carrying amount 2019 USD	Carrying amount 2018 USD
GMR Energy (Cyprus) Limited	Cyprus	Equity	Unquoted	100	**12,984,111**	12,984,111	**1**	1

As at 31 December 2019, the directors have assessed the recoverable amounts of the above investments and are of the opinion that their carrying values approximate the estimated recoverable amounts and therefore no impairment loss has been recognised. (2018: USD 352,922)

6. AVAILABLE-FOR-SALE INVESTMENTS

	2019	2018
	USD	USD
Carrying amount:		
At start of period/year	-	29,783,599
Reclassified as financial assets at fair value through other comprehensive income (Note 7)	-	(29,783,599)
At end of period/year	-	-

At 31 December 2018, with the adoption of IFRS 9, the above investments have been reclassified to financial assets at fair value through other comprehensive income under Note 7.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

(i) Equity investments at fair value through other comprehensive income

	2019	2018
	USD	USD
At start of the year/ period	**27,105,462**	-
Transfer from available-for-sale investments (Note 6)	-	29,783,599
Fair value movement	**(9,200,940)**	(2,678,137)
At end of the year/ period	**17,904,522**	27,105,462

At 31 December 2019, the directors have reviewed the fair value of the investments based on the discounted cash flow analysis and the net asset value. The operating investments have been valued using the discounted cash flow basis while the non-operating investments have been valued using the net asset value. This has resulted in a downward revaluation amounting to **USD 9,200,940** for the investees.

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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Equity investments at FVOCI comprise of the following individual investments:

Name of investee companies	Country of incorporation	Class of shares held	Type of investment	% holding		Cost		Carrying amount	
				2019	2018	2019 USD	2018 USD	2019 USD	2018 USD
GMR Generation Assets Limited	India	Equity	Unquoted	**0.008**	0.0008	**453,123**	453,123	**-**	85
GMR Power Infra Limited	India	Equity	Unquoted	**49.9**	49.9	**474,085**	474,085	-	-
GMR Energy Limited	India	Equity	Unquoted	**4.18**	4.18	**165,000,001**	165,000,001	**17,904,522**	27,105,377
						165,927,209	165,927,209	**17,904,522**	27,105,462

The principal activity of GMR Generation Assets Limited ("GGAL") formerly known as GMR Renewable Energy Limited) is to invest in infrastructure projects in the power sector across the world, including India. The investment has been fully impaired during the year. The principal activity of GMR Power Infra Limited ("GPIL") is to maintain and operate all types of power plants. GMR Energy Limited ("GEL") is engaged in the business of generation and sale of energy.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Amounts recognised in profit or loss and other comprehensive income

During the period, the following losses were recognised in other comprehensive income.

	2019	2018
	USD	USD
Losses recognised in other comprehensive income	**(9,200,940)**	(2,678,137)
	=========	=========

Fair value, impairment and risk exposure

All of the financial assets at FVOCI are denominated in USD currency units except for the asset held under GMR Generation Assets Limited which is denominated in INR currency. For an analysis of the sensitivity of the assets to price and interest rate risk refer to note 4(a).

8. DEPOSIT ON SHARES

	2019	2018
	USD	USD
At start of the year/ period	**-**	53,493,000
Advanced during the year/ period	**515,000**	30,000
Impaired during the year/ period	**-**	(53,523,000)
	---------------	---------------
At end of the year/ period	**515,000**	-
	========	========

Deposit on shares represent amount advanced to GMR Energy (Cyprus) Limited pending allotment of shares to the Company. At 31 December 2019, the directors have assessed the recoverable amounts of the above deposits and are of the opinion that their carrying approximates their estimated recoverable amount. Therefore, no impairment loss has been recognised during the year. (2018: Impairment of USD 53,523,000 was recorded)

9. FINANCIAL ASSETS AT AMORTISED COST

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following:

	2019	2018
	USD	USD
Amount due from related parties (Note 16 (b) (i) & (ii))	**16,294,373**	29,355,316
	========	========

Impairment and risk exposure

Note 4(b) sets out information about the impairment of financial assets and the Company's exposure to credit risk.

All of the financial assets at amortised cost are denominated in USD currency units. As a result, there is no exposure to foreign currency risk.

10. NON-FINANCIAL ASSETS

	2019	2018
	USD	USD
Rental deposit	**628**	1,265
Prepayments	**1,775**	1,175
	--------------	-------------
	2,403	2,440
	=======	=======

11. CASH AND CASH EQUIVALENTS

	2019	2018
	USD	USD
Cash at bank		
Current accounts	**3,616**	2,543
	=======	=======

12. STATED CAPITAL

	Number of shares			
	2019	2018	**2019 USD**	2018 USD
Issued and fully paid up				
At start and end the of year/ period	**10,000**	10,000	**10,000**	10,000
	======	=======	=====	======

The par value of each ordinary share is USD 1.

The holding 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.

13. SUBSCRIPTION MONIES

	2019	2018
	USD	USD
At start of year/ period	**42,000**	37,000
(Refund)/advanced during the year/ period	**(42,000)**	5,000
	--------------	--------------
At end of the year/ period	**-**	42,000
	========	========

Subscription monies represent advances received from GMR Infrastructure (Mauritius) Ltd, a Company incorporated in Republic of Mauritius. All subscription monies have been refunded during the year.

14. LOANS PAYABLE

	2019	2018
	USD	USD
(a) Loan from affiliate (Note 16 (a) (iii))	**15,004,000**	27,476,000
	========	========

14. LOANS PAYABLE (CONTINUED)

(b) Convertible debenture	**2019 USD**	2018 USD
At start of the year/ period	**259,915,671**	257,819,146
Interest payable during the year/ period	**2,782,659**	2,096,525
At end of the year/ period (Note 16(a) (i))	**262,698,330**	259,915,671
Total loans payable	**277,702,330**	287,391,671

Pursuant to the Convertible Debenture Agreement ("agreement") entered between the Company and GMR Infrastructure (Singapore) Pte Ltd ('GMRIS"), the Company has issued USD 100,000,000 optionally convertible debentures. The debenture bears interests on the principal amount at the rate of 1.1% per annum until the date of repayment. The principal amount and the interest payable shall be repaid on full on demand of GMRIS or shall be converted into ordinary shares upon service of a conversion notice. Pursuant to the third amendment agreement dated 5 December 2014, the aggregate amount of optionally convertible debenture that can be issued had increased to USD 300,000,000, out of which USD 249,503,666 has already been issued up to 31 March 2018. The remaining terms and conditions of the original agreement still remain as at 31 December 2019.

Pursuant to the resolution dated 27 July 2017, the Company has agreed to transfer the optionally convertible debentures (the "OCDs") held by GMR Infrastructure (Singapore) Pte Ltd ("GISPL") to GMR Infrastructure (Mauritius) Ltd ("GIML") at a consideration of USD 75,850,000 based on the fair value of OCDs but this is subject to release of charge held by Axis bank on the OCDs. As at 31 December 2019, the pledge has not been released by Axis Bank.

15. 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%** (2018: 15%). The Company has received its Category 1 Global Business Licence ("GBL1") before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax.

The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income

15. INCOME TAX EXPENSE (CONTINUED)

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be 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 will be 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.

India

The Company invests in India and the directors expect to obtain benefits under the double taxation treaty between India and Mauritius. To obtain benefits under the double taxation treaty, the Company must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Company has obtained a tax residence certification from the Mauritian authorities and believes such certification is determinative of its resident status for treaty purposes.

On 10 May 2016, the Government of India and Mauritius announced the signing of a Protocol amending the provisions of the India-Mauritius tax treaty. The Protocol will become effective on 1 April 2017 in respect of income and gains received from India.

The Protocol, inter alia, provides for capital gains arising on disposal of shares acquired by a company resident in Mauritius on or after 1 April 2017 to be taxed in India.

However, investments in shares acquired up to 31 March 2017 will be grandfathered, thus exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius. The directors have assessed the impact of the change in the tax treaty on investments made by the Company on or after April 2017 and the change is not expected to have material impact on the Company's financial statements.

At 31 December 2019, the Company had accumulated tax losses of **USD 13,468,276** (2018: USD 10,658,436) and is therefore was not liable to income tax.

15. INCOME TAX EXPENSE (CONTINUED)

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

Up to the years ending:	**2019**
	USD
31 March 2020	**101,241**
31 March 2021	**2,824,852**
31 March 2022	**2,760,409**
31 March 2023	**2,838,442**
31 December 2024*	**4,943,332**
	13,468,276

*The loss is for the period from 01 April 2018 to 31 December 2019, because there was a change in year end to 31 December 2019.

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

	2019	2018
	USD	USD
Loss before tax	**(2,812,575)**	(56,010,187)
Applicable income tax at the rate of 15%	**(421,886)**	(8,401,528)
Impact of:		
Expenses not deductible for tax purposes	**527**	8,081,504
Unutilised tax losses	**421,359**	320,024
Income tax charge	**-**	-

Deferred income tax

A deferred income tax asset of **USD 404,048** (2018: USD 319,753) 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.

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16. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2019, the Company transacted with related parties. Details of the nature, volume of transactions and the balances are as follows:

(a) Loans payable

(i) GMR Infrastructure (Singapore) Pte Ltd - affiliate

The terms and conditions for the debenture of **USD 262,698,330** (2018: USD 259,915,671) granted by GMR Infrastructure (Singapore) Pte Ltd has been disclosed in Note 14(b).

	2019	2018
	USD	USD
(ii) GADL International Ltd - affiliate		
At start of year/ period	**-**	4,348,923
Interest payable during the year/ period	-	18,773
Repayment during the year/ period	**-**	(4,367,696)
At end of year/ period	-	-

The loan was unsecured, bore interest of 1.3% and has been fully repaid during the period ended 2018.

	2019	2018
	USD	USD
(iii) GMR Infrastructure (Mauritius) Ltd - affiliate		
At start of the year/ period	**27,476,000**	27,476,000
Repayment during the year/ period	**(12,472,000)**	-
	15,004,000	27,476,000
Total loan payable to affiliates (Note 14 (a))	**15,004,000**	27,476,000

The loan is unsecured, interest free and repayable on demand.

(b) Amount due from affiliate	**2019**	2018
	USD	USD
(i) GMR Infrastructure (Overseas) Limited		
At start of the year/ period	**29,316,316**	33,788,316
Repayment during the year/ period	**(13,107,000)**	(4,472,000)
At end of the year/ period	**16,209,316**	29,316,316

16. RELATED PARTY TRANSACTIONS (CONTINUED)

	2019	2018
	USD	USD
(b) Amount due from affiliate(continued)		
(ii) GMR Energy (Mauritius) Limited		
At start of the year/ period	**39,000**	-
Advance during the year/ period	**86,057**	39,000
Repayment during the year/ period	**(40,000)**	-
At end of the year/ period	**85,057**	39,000
Total amounts due from affiliates (Note 9)	**16,294,373**	29,355,316

The amounts due from affiliates are unsecured, interest free and repayable on demand

	2019	2018
	USD	USD
(d) Key Management services		
Ocorian Corporate Services Limited -Administrator		
Expenses including directors' fees incurred by the Company	**14,147**	7,962
Outstanding balance	**3,420**	4,320

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

17. 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.

(b) Reconciliation of liabilities arising from financing activities

2019	**01 Jan 2019 USD**	**Cash changes Financing cash flows movements USD**	**31 December 2019 USD**
Loan repaid to related party	-	**12,472,000**	**12,472,000**
2018			
Subscription monies	37,000	5,000	42,000
Advance to related party	-	39,000	39,000
Loan repaid to related party	-	4,367,696	4,367,696

18. COMPARATIVES

The current year figures are for the year ended 31 December 2019 and the prior year figures are from the period from 01 April 2018 to 31 December 2018. Therefore, the figures for the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and related notes are not comparable.

19. GOING CONCERN

The Company has incurred a loss amounting to **USD 2,812,575 (**2018: USD 56,010,187) for the year ended 31 December 2019 and as at that date, its total liabilities exceeded its total assets by **USD 242,989,113** (2018: USD 230,933,598). The holding company has confirmed that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

20. PARENT AND ULTIMATE PARENT COMPANIES

Since 22 November 2019, the directors consider GMR Infrastructure (Overseas) Ltd, a company incorporated in Mauritius as the Company's parent and GMR Infrastructure Limited, a public limited company listed on the Stock Exchange in India as its ultimate parent.

21. EVENTS AFTER THE REPORTING DATE

Subsequent to 31 December 2019, the recent global outbreak of the corona virus ("COVID-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. The effect of the impact of COVID-19 has not been reflected in these financial statements, whilst such impact may affect the future results of the Company.