Karnali Transmission Company Private Limited

Balance Sheet as at 31st March 2020

(Amount in Rs.)

Particulars	Notes	31-March-20	31-March-19
Assets			
Non-current assets			
Property, Plant & Equipment	1	22,060	24,261
Capital work-in-progress	2	2,60,21,511	2,54,19,772
		2,60,43,570	**2,54,44,033**
Current assets			
Financial Assets			
Loans	4	20,01,875	20,01,875
Cash and cash equivalents	5	1,55,235	1,06,164
Other current Assets		53,402	32,133
		22,10,512	**21,40,173**
Total Assets		**2,82,54,083**	**2,75,84,206**
Equity and liabilities			
Equity			
Equity Share Capital	6	20,64,000	20,64,000
Other Equity	7	2,53,76,250	2,50,30,496
		2,74,40,250	**2,70,94,496**
Liabilities			
Non-current liabilities			
		-	-
Current liabilities			
Financial Liabilities			
Trade Payable	8	7,81,870	4,87,152
Other financial liabilties	9	21,094	426
Other current liabilities	10	10,869	2,131
Provisions			
		8,13,833	**4,89,710**
Total Equity and liabilities		**2,82,54,083**	**2,75,84,206**

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

As per our report of even date

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

A.V. Satish
A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg Number: 000934S
Place: Bangalore
Date: 11.09.2020

GIRISH MURTHY & KUMAR CHARTERED ACCOUNTANTS 4502, High Point IV 45, Palace Road, Bangalore-1.

For and on behalf of the Board of directors

Karnali Transmission Co. Pvt. Ltd.

Harvinder Manocha
Member of committee
of Representatives

Ashis Basu
Member of committee
of Representatives

Place: New Delhi
Date: 26th May 2020

Karnali Transmission Company Private Limited
Statement of profit and loss for the period ended 31st March 2020

(Amount in Rs.)

Particulars	Notes	31-March-20	31-March-19
Other Income			-
Total Income		-	-
Expenses			
Other expenses	11	83,808	78,205
Total Expenses		**83,808**	**78,205**
Profit/(loss) before exceptional items and tax		**(83,808)**	**(78,205)**
Exceptional item			
Profit / (Loss) before tax		**(83,808)**	**(78,205)**
Tax expenses			
Current tax			-
Deferred tax			-
Profit/(loss) for the period from continuing operations		**(83,808)**	**(78,205)**
Profit/(loss) from discontinued operations			-
Profit/(loss) for the period		**(83,808)**	**(78,205)**
Other comprehensive income			-
Remeasurement of define employee benefit plans			
Total comprehensive income for the period		**(83,808)**	**(78,205)**
Earnings per equity share.			
Basic		**(2.54)**	**(2.37)**
Diluted		**(2.54)**	**(2.37)**

Summary of significant accounting policies 2
The accompanying notes are integral part of the financial statements.
As per our report of even date

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

A.V. Satish L

A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Registration Number: 000934S
Place: Bangalore
Date: 11.09.2020

GIRISH MURTHY & KUMAR
4502, High Point IV
45, Palace Road
Bangalore-1.
CHARTERED ACCOUNTANTS

For and on behalf of the Board of directors

Karnali Transmission Co. Pvt. Ltd.

Harvinder Manocha
Member of committee
of Representatives

Ashis Basu
Member of committee
of Representatives

Place: New Delhi
Date: 26th May 2020

Karnali Transmission Company Private Limited
Cash Flow Statement as at 31st March, 2020

(Amount in Rs.)

Particulars	31-March-20	31-March-19
Cash flow from operating activities		
Profit before tax from continuing operations	(83,808)	(78,205)
Profit before tax from discontinuing operations	-	-
Profit before tax	(83,808)	(78,205)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Operating profit before working capital changes	(83,808)	(78,205)
Net cash flow from/ (used in) operating activities (A)	**(83,808)**	**(78,205)**
Cash flows from investing activities		
Decrease / (Increase) other non current assets	-	-
Decrease / (Increase) other current assets	(21,269)	5,49,246
Decrease / (increase) financial assets	-	60,625
Proceeds from other financial liabilities	20,668	426
Decrease / (Increase) in other trade Payables	2,94,718	(2,905)
Decrease / (Increase) in other Current liabilities	8,738	1,296
Purchase/ Sale of FA, including CWIP and capital advances	(5,99,538)	(8,82,549)
Net cash flow from/ (used in) investing activities (B)	**(2,96,684)**	**(2,73,861)**
Cash flows from financing activities		
Proceeds from Share Application Money	4,29,563	-
Increase / (Decrease) in long term provisions	-	-
Earnings per equity share (For discontinued operations)	-	-
Net cash flow from/ (used in) in financing activities (C)	**4,29,563**	**-**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	49,071	(3,52,066)
Cash and cash equivalents at the beginning of the period	1,06,164	4,58,230
Cash and cash equivalents at the end of the period	**1,55,235**	**1,06,164**
Components of cash and cash equivalents		
With banks- on current account	88,693	1,02,123
Cash in Hand	66,542	4,042
Total cash and cash equivalents (note 7)	**1,55,235**	**1,06,164**

Notes:

1. The above cash flow statement has been compiled from and is based on the balance sheet as at March 31, 2020 and the related profit and loss account for the period ended on that date.

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

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

Particulars	01-Apr-19	Cash flows	Non-Cash changes	31-Mar-20
			Fair value changes	
Short term Borrowings-Related party	-	-	-	-
Short term Borrowings-Bank	-	-	-	-
Total	-	-	-	-

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

A.V.Satish Kumar
Partner
Membership no.: 26526

Place: Bangalore
Date: 11.09.2020

GIRISH MURTHY & KUMAR
4502, High Point IV
45, Palace Road, Bangalore-1.
CHARTERED ACCOUNTANTS

For and on behalf of the Board of directors

Harvinder Manocha
Member of committee
of Representatives

Ashis Basu
Member of committee
of Representatives

Place: New Delhi
Date: 26th May 2020

Karnali Transmission Co. Pvt. Ltd.

Karnali Transmission Company Private Limited
Statement of Change in Equity for the period ended 31st March 2020

(Amount in Rs.)

		Attributable to the equity holders of the parent			Total equity
			Reserves and surplus		
	Equity share capital	Share application money	Retained earnings	Total	
At 31 March 2018	20,64,000	2,58,32,865	(7,24,163)	2,51,08,702	2,71,72,702
Profit for the period	-	-	(78,205)	(78,205)	(78,205)
At 31 March 2019	20,64,000	2,58,32,865	(8,02,369)	2,50,30,496	2,70,94,496
Profit for the period	-	-	(83,808)	(83,808)	(83,808)
Additions to Share Appication Money	-	4,29,563	-	4,29,563	4,29,563
At 31 March 2020	20,64,000	2,62,62,427	(8,86,177)	2,53,76,250	2,74,40,250

For Girish Murthy & Kumar
Chartered Accountants

A.v. Satish

A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg Number: 000934S
Place: Bangalore
Date: 11.09.2020

GIRISH MURTHY & KUMAR ★ CHARTERED ACCOUNTANTS ★ 4502, High Point IV 45, Palace Road, Bangalore-1.

For and on behalf of the Board of directors

Harvinder Manocha
Member of committee
of Representatives

Ashis Basu
Member of committee
of Representatives

Karnali Transmission Co. Pvt. Ltd. ★

Place: New Delhi
Date: 26th May 2020

Karnali Transmission Company Private Limited
Notes to Balance Sheet as at 31st March 2020

1 **Property, Plant & Equipment**

(Amount in Rs.)

Particulars	Plant & Machinery	Total
Cost or Valuation		
As at 31st March 2018	33,066	33,066
Additions	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2019	33,066	33,066
Additions	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2020	33,066	33,066
Depreciation and Impairment		
As at 31st March 2018	6,604	6,604
Depreciation for the year	2,201	2,201
Impairment	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2019	8,805	8,805
Depreciation for the year	2,201	2,201
Impairment	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2020	11,006	11,006
Net Book Value		
As at 31st March 2018	26,462	26,462
As at 31st March 2019	24,261	24,261
As at 31st March 2020	22,060	22,060

2 **Capital Work in Progress**

Particulars	31-March-20	31-March-19
Salaries, allowances and benefits to employees	13,10,017	13,10,017
Contribution to provident fund and others	97,941	97,941
Staff welfare expenses	38,938	38,938
Rent	16,76,593	15,90,862
Rates and Taxes	45,00,000	45,00,000
Bank/ other finance charges	17,195	16,618
Depreciation	19,631	17,430
Consultancy & Professional Charges	1,77,19,452	1,72,06,715
Travelling and conveyance	4,34,085	4,34,085
Communication Expenses	45,282	45,282
Printing & Stationery	69,466	69,466
Insurance	9,009	8,517
Misc. exp	29,466	29,466
Exchange loss/(Gain)	54,436	54,436
	2,60,21,511	2,54,19,772

3 **Other non current assets**

	Non Current	
	31-March-20	31-March-19
Non-current bank balances	-	-
Advances recoverable in cash or kind	-	-
	-	-

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR CHARTERED ACCOUNTANTS 4502, High Point IV 45, Palace Road Bangalore-1

Karnali Transmission Company Private Limited
Notes to Balance Sheet as at 31st March 2020

(Amount in Rs.)

4 **Financial Assets**

Loans

	Non Current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Advances recoverable in cash or kind		-	1,875	1,875
Loan Receivables – considered good - secured				
Loan Receivables – considered good - unsecured			20,00,000	20,00,000
Loan Receivables which have significant increase in credit risk				
Loan Receivables – credit impaired				
	-	-	20,01,875	20,01,875

(Amount in Rs.)

0 **Financial Assets**

Loans

	Non Current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Deposit Others	-	-	53,402	32,133
	-	-	53,402	32,133

(Amount in Rs.)

5 **Cash and cash equivalents**

	Current	
	31-March-20	31-March-19
Cash on hand	66,542	4,042
Balances with bank in current accounts	88,693	1,02,123
	1,55,235	1,06,164

6 **Share capital**

	Equity Shares	
Authorized Share Capital	No's	INR
Equity shares, face value of Rs.62.50 each		
As at 31st March 2018	1,05,00,000	65,62,50,000
Increase/(decrease)during the year	-	-
As at 31st March 2019	1,05,00,000	65,62,50,000
Increase/(decrease)during the year	-	-
As at 31st March 2020	1,05,00,000	65,62,50,000

Issued Equity Capital	No's	INR
Equity shares of Rs.62.50 each issued, subscribed & fully paid		
As at 31st March 2018	33,024	20,64,000
Increase/(decrease)during the year	-	-
As at 31st March 2019	33,024	20,64,000
Increase/(decrease)during the year	-	-
As at 31st March 2020	33,024	20,64,000

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

Equity Shares	31-March-20		31-March-19	
	No.	Amounts in INR	No.	Amounts in INR
At the beginning of the year	33,024	20,64,000	33,024	20,64,000
Issued during the year	-	-		
Outstanding at the end of the year	33,024	20,64,000	33,024	20,64,000

B. Terms/Rights Attached to equity Shares

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

C. Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.

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

Name of Shareholder	31-March-20		31-March-19	
	No. of Shares held	Amount	No. of Shares held	Amount
Holding Company - GMR Energy (Mauritius) Limited				
33024 (March 31, 2019: 33,024) equity shares of Rs. 62.5 each fully paid up	33,024	20,64,000	33,024	20,64,000

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

Name of Shareholder	31-March-20		31-March-19	
	No	% holding in Class	No	% holding in Class
Equity shares of Rs. 62.5 each fully paid				
GMR Energy (Mauritius) Limited	33024	100%	33024	100%

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares as at the balance sheet date

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

F. Shares reserved for issue under options

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

Karnali Transmission Co. Pvt. Ltd.

Girish Murthy & Kumar Chartered Accountants
4502, High Point IV
45, Palace Road,
Bangalore-1.

Karnali Transmission Company Private Limited
Notes to Balance Sheet as at 31st March 2020

7 **Other Equity**

Amounts In Rs.

Particulars	31-March-20	31-March-19
Surplus in the statement of profit and loss	(8,02,369)	(7,24,163)
Balance as per last financial statements		
Add: Net profit for the year	(83,808)	(78,205)
Net surplus in the statement of profit and loss	(8,86,177)	(8,02,369)
Share application money pending allotment	2,62,62,427	2,58,32,865
Total reserves and surplus	2,53,76,250	2,50,30,496

8 **Other financial liabilities**

	Non Current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Non trade payables	-	-	21,094	426.25
	-	-	21,094	426.25

Financial Liabilities

9 **Trade Payable**

	Non Current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Provision for o/s expenses	-	-	3,08,843	14,125
Retention Money	-	-	4,73,027	4,73,027
Total other financial liabilities	-	-	7,81,870	4,87,152

10 **Other current liabilities**

	Non Current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
TDS Payable	-	-	10,869	2,131
	-	-	10,869	2,131

Karnali Transmission Co. Pvt. Ltd. ★

GIRISH MURTHY & KUMAR ★ CHARTERED ACCOUNTANTS ★ 502, High Point IV 45, Palace Road, Bangalore-1.

Karnali Transmission Company Private Limited

Notes to statement of profit and loss for the period ended 31st March 2020

(Amount in Rs.)

11	Other expenses	31-March-20	31-March-19
	Payment to auditors	83,808	78,205
		83,808	**78,205**

*Payment to Auditors (Included in other expenses above)	31-March-20	31-March-19
As auditor:		
Audit fee	28,250	28,250
Limited Review Fee	55,558	49,955
	83,808	**78,205**

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR
502, High Point IV
45, Palace Road,
Bangalore-1.
CHARTERED ACCOUNTANTS

Karnali Transmission Company Private Limited
Notes to financial statements for the Period ended 31st March 2020

1. Corporate Information:

Karnali Transmission Company Private Limited, incorporated in Nepal on April 27, 2010 under Companies Act, is promoted by GMR Energy (Mauritius) Limited (incorporated in Mauritius), the holding company, to develop the transmission line for power evacuation of 900MW Upper Karnali Hydro Electric Project in Karnali River. The registered address of the company is P O Box: 148, Chakupat-10, Lalitpur, Nepal. The Company has executed Project Development Agreement with the Government of Nepal on 19th September 2014 which authorizes the Company for development and implementation of the Project. The Company has signed the Joint Development Agreement with IFC Infra ventures (World Bank Group) on 22nd December 2014.

2. Significant Accounting Policies

a. Basis of Preparation:

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

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

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

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
a) Expected to be realised or intended to be sold or consumed in normal operating cycle
b) Held primarily for the purpose of trading
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
All other assets are classified as non-current.

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

Girish Murthy & Kumar, 4502, High Point IV, 45, Palace Road, Bangalore-1. Chartered Accountants

Karnali Transmission Co. Pvt. Ltd.

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

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

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

c. Property, plant and equipment

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

Recognition:
The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:
(a) it is probable that future economic benefits associated with the item will flow to the entity; and
(b) the cost of the item can be measured reliably.

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

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

Further, When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.
Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized.

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

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

Girish Murthy & Kumar Chartered Accountants 4502, 45, Palace Road, Bangalore-1.

Karnali Transmission Co. Pvt. Ltd.

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

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

Depreciation

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

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

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

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

Foreign currency translation **Functional and presentation currency**

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

Transaction and balances

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

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

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR CHARTERED ACCOUNTANTS 4502, High Point IV 45, Palace Road, Bangalore-1.

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

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

b) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation difference on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised on other comprehensive income.

Borrowing cost

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

Impairment of non-financial assets

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

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

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

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

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

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years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

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

Provisions, Contingent liabilities, Contingent assets, and Commitments

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

Contingent liability is disclosed in the case of:

• A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation

• A present obligation arising from past events, when no reliable estimate is possible

• A possible obligation arising from past events, unless the probability of outflow of resources is remote

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

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

Retirement and other Employee Benefits

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

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profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:
i) The date of the plan amendment or curtailment, and
ii) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
ii) Net interest expense or income.

Short term employee benefits

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long—term employee benefit for measurement purposes. Such long—term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year—end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

Defined benefit plans

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

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

Past service costs are recognised in profit or loss on the earlier of:
a. The date of the plan amendment or curtallment, and
b. The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b. Net interest expense or income

Long term employee benefits

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

Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
a. Debt instruments at amortized cost
b. Debt instruments at fair value through other comprehensive income (FVTOCI)
c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)
Debt instruments at amortized cost: A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

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

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

Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.
Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortized cost and fair value through profit or loss.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

Financial liabilities

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Amortized 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 amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

Derivative financial instruments

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

Cash and Cash Equivalent

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

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

Foreign currencies

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

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

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

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

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

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

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
a) Disclosures for valuation methods, significant estimates and assumptions
b) Contingent consideration
c) Quantitative disclosures of fair value measurement hierarchy
d) Investment in unquoted equity shares (discontinued operations)

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

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

Interest income:

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment,

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Girish Murthy & Kumar, 4502, Point IV, 45, Palace Road, Bangalore-1, Chartered Accountants extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

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

Taxes on income

Current income tax

Tax expense comprises current and deferred tax.

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

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

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

Deferred tax

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

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

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

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temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

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

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

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

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

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

Sales/ value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:
▶ When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
▶ When receivables and payables are stated with the amount of tax included
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Earning per share

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

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

Significant accounting judgments, estimates and assumptions:

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

Estimates and assumptions

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

Taxes

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

Contingencies

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

14. Contingent Liability-as at 31st March 2020 is NIL, March 2019: NIL

15. Capital commitments/ Other commitments:

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR 16,94,710/- as on 31st March 2020 (March 2019: INR 5,130,090).

16. Employee Benefits:

Gratuity and Leave Encashment:

Defined Benefit Plan - As per Actuarial Valuation as at 31 March 2020 - NA
Liability towards Leave Encashment based - NA

17. Earnings Per Share

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

Particulars	31st March 2020	31st March 2019
Nominal value of Equity Shares(INR Per share)	INR 62.5	INR 62.5
Total No. of Equity Shares outstanding at the beginning of the Period/Year	33,024	33,024
Total No. of Equity Shares outstanding at the end of the Period/Year	33,024	33,024
Weighted average No. of Equity shares for Basic earnings per Share	33,024	33,024
Profit as per Profit and loss Account	(83,808)	(78,205)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(83,808)	(78,205)
Earnings per Share (EPS)	(2.54)	(2.37)

18. Related Party Disclosures

Names of related parties and related party relationship

Enterprises that control the Company	GMR Energy Limited (GEL) (Holding Company) GMR Energy (Mauritius) Limited GMR Infrastructure Limited (GIL) GMR Enterprises Limited
Ultimate Holding Company	GMR Enterprises Limited
Fellow Subsidiary Companies	GMR Infrastructure Limited

Karnali Transmission Co. Pvt. Ltd.

Girish Murthy & Kumar Chartered Accountants, High Point IV, 45, Palace Road, Bangalore-1.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2020

	GMR Sports Private Limited GMR League Games Private Limited GMR Infratech Private Limited Cadence Enterprises Private Limited PHL Infrastructure Finance Company Private Limited Vijay Nivas Real Estates Private Limited Fabcity Properties Private Limited Kondampeta Properties Private Limited Hyderabad Jabilli Properties Private Limited Leora Real Estates Private Limited Pashupati Artex Agencies Private Limited Ravivarma Realty Private Limited GMR Solar Energy Private Limited Rajam Enterprises Private Limited Grandhi Enterprises Private Limited Ideaspace Solutions Private Limited National SEZ Infra Services Private Limited Kakinada Refinery and Petrochemicals Private Limited Corporate Infrastructure Services Private Limited GMR Bannerghatta Properties Private Limited Kirthi Timbers Private Limited AMG Healthcare Destination Private Limited GMR Holding (Malta) Limited GMR Infrastructure (Malta) Limited GMR Holdings (Overseas) Limited GMR Holdings (Mauritius) Limited Crossridge Investments Limited Interzone Capital Limited GMR Holdings Overseas (Singapore) Pte Limited GMR Business & Consultancy LLP GMR Energy Limited (GEL) GMR Power Corporation Limited (GPCL) GMR Vemagiri Power Generation Limited (GVPGL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) GMR Mining & Energy Private Limited (GMEL) GMR Kamalanga Energy Limited (GKEL) Himtal Hydro Power Company Private Limited (HHPPL) GMR Energy (Mauritius) Limited (GEML) GMR Lion Energy Limited (GLEL) GMR Upper Karnali Hydropower Limited (GUKPL) GMR Energy Trading Limited (GETL) GMR Consulting Services Private Limited (GCSPL) GMR Coastal Energy Private Limited (GCEPL) GMR Bajoli Holi Hydropower Private Limited (GBHHPL) GMR Londa Hydropower Private Limited (GLHPPL)

Karnali Transmission Co. Pvt. Ltd.

Bangalore

	GMR Kakinada Energy Private Limited (GKEPL) GMR Energy (Cyprus) Limited (GECL) GMR Energy (Netherlands) B.V. (GENBV) PT Dwikarya Sejati Utma (PTDSU) PT Duta Sarana Internusa (PTDSI) PT Barasentosa Lestari (PTBSL) SJK Powergen Limited (SJK) PT Unsoco (PT) GMR Warora Energy Limited (Formerly EMCO Energy Limited) Indo Tausch Trading DMCC (ITTD) GMR Maharashtra Energy Limited (GMAEL) GMR Bundelkhand Energy Private Limited (GBEPL) GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL) GMR Hosur Energy Limited (GHOEL) GMR Gujarat Solar Power Private Limited (GGSPPL) Karnali Transmission Company Private Limited (KTCPL) Marsyangdi Transmission Company Private Limited (MTCPL) GMR Indo-Nepal Energy Links Limited (GINELL) GMR Indo-Nepal Power Corridors Limited (GINPCL) GMR Generation Assets Limited (formerly known as GMR Renewable Energy Limited (GREEL)) GMR Energy Projects (Mauritius) Limited (GEPML) GMR Infrastructure (Singapore) Pte Limited (GISPL) GMR Coal Resources Pte Limited (GCRPL) GMR Power Infra Limited (GPIL) GMR Highways Limited (GMRHL) GMR Tambaram Tindivanam Expressways Limited (GTTEPL) GMR Tuni Anakapalli Expressways Limited (GTAEPL) GMR Ambala Chandigarh Expressways Private Limited (GACEPL) GMR Pochanpalli Expressways Limited (GPEPL) GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) GMR Chennai Outer Ring Road Private Limited (GCORRPL) GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL) GMR Highways Projects Private Limited (GHPPL) GMR Hyderabad International Airport Limited (GHIAL) Gateways for India Airports Private Limited (GFIAL) Hyderabad Airport Security Services Limited (HASSL)

Karnali Transmission Co. Pvt. Ltd.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2020

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

Karnali Transmission Co. Pvt. Ltd

High Point IV ... Road, Bangalore-1. Chartered Accountants

Karnali Transmission Company Private Limited

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

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties as on 31st March 2020 and the closing balance as on 31st March 2019.

a) Summary of transactions with the above related parties is as follows:

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR, High Point IV, 45, Palace Road, Bangalore-1, CHARTERED ACCOUNTANTS

Karnali Transmission Company Private Limited
Notes to financial statements for the Period ended 31st March 2020

Particulars	For year ended 31st March 2020	For year ended 31st March 2019
Loan repaid by Himtal	-	-
Loan given by GUK	-	-
Loan repaid by MTCPL	-	62,500

b) Closing balances with the above related parties is :

Amount in Rupees

Particulars	31st March 2020	31st March 2019
Equity Share capital – GEML	2,064,000	2,064,000
Share Application money received – GEML	26,262,427	25,832,865
i) Loan & Advances- MTCPL	-	-
ii)		
iii) Loan & Advances- Himtal	NIL	NIL
iv) Loan & Advances- GUK	20,00,000	20,00,000

No compensation has been provided to key management personnel.

19. Disclosures on Financial instruments

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

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

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019.

Karnali Transmission Co. Pvt. Ltd.

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Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2020

As at March 31, 2020

(Rs.)

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Loans	-	-	20,01,875	20,01,875	20,01,875
(ii) Cash and cash equivalents	-	-	1,55,235	1,55,235	1,55,235
Total	-	-	**21,57,110**	**21,57,110**	**21,57,110**
Financial liabilities					
(i) Trade Payables & Other financial liabilities	-	-	802,964	802,964	802,964
Total	-	-	**802,964**	**802,964**	**802,964**

As at March 31, 2019

(Rs.)

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Loans	-	-	20,01,875	20,01,875	20,01,875
(ii) Cash and cash equivalents	-	-	1,06,164	1,06,164	1,06,164
Total	-	-	**21,08,040**	**21,08,040**	**21,08,040**
Financial liabilities					
(i) Trade Payables & Other financial liabilities	-	-	487,578	487,578	487,578
Total	-	-	**487,578**	**487,578**	**487,578**

Karnali Transmission Co. Pvt. Ltd.

Girish Murthy & Kumar, 402, High Point IV, 45, Palace Road, Bangalore-1, Chartered Accountants

Financial risk management objectives and policies

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

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

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.
(a) Market risk- Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.
The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs.)

Particulars	Increase/decrease in basis points	Effect on profit before tax
March 31, 2020		
INR	+50	-
INR	-50	-
March 31, 2019		
INR	+50	-

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR 4502, High Point IV 45, Palace Road, Bangalore-1. CHARTERED ACCOUNTANTS

INR	50	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Credit Risk:

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

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

20. Liquidity risk

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments as on 31st March 2020

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR	INR	INR
Year ended						
31st March 2020						
Trade Payables & Other financial liabilities		802,964				802,964
Borrowings						
Total		**802,964**	-	-	-	**802,964**

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments as on 31st March 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR	INR	INR
Year ended						
31st March 2019						
Other financial liabilities		487,578				**487,578**
Borrowings						
Total		**487,578**			-	**4,87,578**

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2020

Capital management

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

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

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

(Rs.)

Particulars	**March 31, 2020**	**March 31, 2019**
Borrowings other than convertible preference shares (refer notes 19 and 24)	-	14,125
Total debt (i)	-	14,125
Capital components		
Equity share capital	20,64,000	20,64,000
Other equity	25,376,250	25,030,496
Non-controlling interests	-	-
Convertible preference shares (refer note 19)	-	-
Total Capital (ii)	**27,440,250**	**27,094,496**
Capital and borrowings (iii = i + ii)	**27,440,250**	**27,108,621**
Gearing ratio (%) (i / iii)	**0.00%**	**0.05%**

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

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR CHARTERED ACCOUNTANTS 4502, High Point IV 45, Palace Road, Bangalore-1.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

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

Particulars	For year ended 31st March 2020	For year ended 31st March 2019
Lease Rentals under cancelable leases	1,87,490	1,87,490

22. Expenditure in Foreign Currency – Nil

23. Deferred Tax Assets and Deferred Tax Liability have not been recognized in financials as there is no timing difference.

24. Pending Litigations: The Company does not have any pending litigations which would impact its financial position.

25. Foreseeable losses: The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

26. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31st March 2020 and 31st March 2019. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

27. Effective Tax Reconciliation (ETR)

Income tax expenses in the statement of profit and loss consist of the following: **(Rs.)**

	March 31,2020	March 31, 2019
Tax expenses		
(a) Current tax	-	-
(b) Adjustments of tax relating to earlier periods	-	-
(c) MAT credit entitlement	-	-
(d) Deferred tax expense / (credit)	-	-
Total taxes	-	-

Karnali Transmission Co. Pvt. Ltd.

GIRISH MURTHY & KUMAR CHARTERED ACCOUNTANTS 4502, High Point IV 45, Palace Road, Bangalore-1.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2020

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	March 31,2020	March 31, 2019
Profit before tax	-83,808	-78,205
Applicable tax rates in India (% Rate)	25.75%	25.75%
Computed tax charge	-	-
Tax effect of income that are not taxable in determining taxable profit:		
a) Exempt income not included in calculation of tax	-	-
Tax effect of expenses that are not deductible in determining taxable profit:		
(a) Items not deductible	-	-
(b) Adjustments on which deferred tax is not created	-	-
(c) Adjustments to current tax in respect of prior periods	-	-
(d) MAT adjustments	-	-
(e) Utilisation of previously unrecognised tax losses	-	-
(f) Interest on delayed payment of Income Tax	-	-
(g) Tax effects on re-measurement gains (losses) on defined benefit plans	-	-
(h) Others	-	-
Tax expense as reported	-	-

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

For Girish Murthy & Kumar
Chartered Accountants

A.V. [signature]

A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg. Number: 000934S
Place: Bengaluru
DATE: 11.09.2020

GIRISH MURTHY & KUMAR * CHARTERED ACCOUNTANTS * 4502, High Point IV 45, Palace Road, Bangalore-1.

For and on behalf of the Board of directors

Karnali Transmission Co. Pvt. Ltd.

Harvinder Manocha
Member of committee of Representatives

Ashis Basu
Member of committee of Representatives

Place: New Delhi
DATE: 26th May 2020