

GMR ENERGY (MAURITIUS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

**GMR ENERGY (MAURITIUS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1.

| CONTENTS | PAGES |
|------------------------------------------------------------|--------------|
| COMPANY INFORMATION | 2 |
| COMMENTARY OF THE DIRECTORS | 3 |
| SECRETARY'S CERTIFICATE | 4 |
| INDEPENDENT AUDITOR'S REPORT | 5 - 7 |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 8 |
| STATEMENT OF FINANCIAL POSITION | 9 |
| STATEMENT OF CHANGES IN EQUITY | 10 |
| STATEMENT OF CASH FLOWS | 11 |
| NOTES TO THE FINANCIAL STATEMENTS | 12 - 33 |

**GMR ENERGY (MAURITIUS) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
COMMENTARY OF THE DIRECTORS**

3.

The directors are pleased to present their commentary, together with the audited financial statements of GMR Energy (Mauritius) Limited (the "Company") for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 December 2020 is USD 201,468 (2019: USD 1,373,831).

The directors do not recommend the payment of a dividend for the year under review (2019: 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 Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. This assessment is made after the Company has received a letter of support from its holding company, GMR Energy Limited that it has its continuous financial support.

AUDITORS

The auditors, VBS Business Services has indicated its willingness to continue in office and will be automatically re-elected at the 2021 Annual General Meeting.

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

By Order of the Board
SECRETARY

Date: 07 June 2021

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

UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify, as secretary of GMR ENERGY (MAURITIUS) LIMITED ("the Company"), that based on records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies for the year ended 31 December 2020, all such returns as are required of the Company under the Companies Act 2001.

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

Dated 07 June 2021



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

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of GMR Energy (Mauritius) Limited (the “Company”), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 33.

In our opinion, these financial statements give a true and fair view of the financial position of GMR Energy (Mauritius) Limited as at 31 December 2020 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 3 of the financial statements which indicate that the Company has incurred a loss of USD 201,468 for the year ended 31 December 2020 and as that date, the Company's total liabilities exceeded its total assets by USD 1,932,811. The note also indicates why in these circumstances, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

Other Information

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

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

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

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

Report on the Audit of Financial Statements (continued)

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

Report on the Audit of Financial Statements (continued)

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

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

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

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

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

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

A handwritten signature in blue ink, appearing to read 'VBS Boodhoo'.

VBS Business Services
Chartered Certified Accountants

Port Louis, Mauritius

Date: 07 June 2021

A handwritten signature in blue ink, appearing to read 'Khemraz Boodhoo'.

Khemraz Boodhoo, FCCA
Licensed by FRC

GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

8.

| | Notes | 2020 USD | 2019 USD |
|------------------------------------------------|-------|------------------|--------------------|
| INCOME | | - | - |
| EXPENSES | | | |
| Impairment of deposit on shares | 7 | 170,871 | 1,331,405 |
| Administration fees | | 5,980 | 5,280 |
| Rental expense | | 5,520 | 5,214 |
| Impairment of investment | 6 | 3,926 | - |
| Audit fees | | 3,163 | 3,048 |
| Accountancy fees | | 2,796 | 2,796 |
| Directors' fees | | 2,400 | 2,400 |
| Licence fees | | 2,250 | 2,150 |
| Bank charges | | 1,317 | 1,281 |
| Sundry expenses | | 1,241 | 1,250 |
| Secretarial fees | | 1,200 | 1,200 |
| Tax fees | | 804 | 804 |
| Other expenses | | - | 4,397 |
| | | 201,468 | 1,361,225 |
| Loss from operating activities | | (201,468) | (1,361,225) |
| Finance income | | - | 2,851 |
| LOSS BEFORE INCOME TAX | | (201,468) | (1,358,374) |
| Income tax expense | 5 | - | (15,457) |
| LOSS FOR THE YEAR | | (201,468) | (1,373,831) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | (201,468) | (1,373,831) |

The notes on pages 12 to 33 form an integral part of these financial statements.

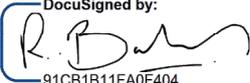
07 June 2021

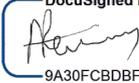
**GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

9.

| | Notes | 2020 | 2019 USD |
|-------------------------------------|-------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 6 | 1,885,013 | 1,888,939 |
| Deposit on shares | 7 | 9,473,133 | 6,426,304 |
| Total non-current assets | | 11,358,146 | 8,315,243 |
| Current assets | | | |
| Non- financial assets | 8 | 2,352 | 2,352 |
| Cash and cash equivalents | | 2,061 | 2,871 |
| Total current assets | | 4,413 | 5,223 |
| Asset classified as held for sale | 9 | - | 13,500 |
| Total assets | | 11,362,559 | 8,333,966 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Stated capital | 10 | 103 | 103 |
| Subscription monies | 11 | 1,358,000 | - |
| Accumulated losses | | (3,290,914) | (3,089,446) |
| Total shareholder's deficit | | (1,932,811) | (3,089,343) |
| Current liabilities | | | |
| Redeemable preference shares | 12 | 13,283,900 | 11,331,900 |
| Other payables and accruals | 13 | 11,470 | 91,409 |
| Total current liabilities | | 13,295,370 | 11,423,309 |
| Total equity and liabilities | | 11,362,559 | 8,333,966 |

Approved by the board on 07 June 2021 and signed on its behalf by:

DocuSigned by:

 91CB1B11FA0F404
 Director

DocuSigned by:

 9A30FCBDBFB7498...
 Director

The notes on pages 12 to 33 form an integral part of these financial statements.

GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

10.

| | Stated capital | Subscription monies | Accumulated losses | Total |
|----------------------------------------------------|-------------------|------------------------|-----------------------|-------------|
| | USD | USD | USD | USD |
| At 01 April 2019 | 103 | - | (1,715,615) | (1,715,512) |
| <i>Transaction with owner of the Company</i> | | | | |
| Received during the year | - | 550,000 | - | 550,000 |
| Shares allotted during the year (Note 12) | - | (550,000) | - | (550,000) |
| <i>Total comprehensive income for the year</i> | - | - | (1,373,831) | (1,373,831) |
| At 31 December 2019 | 103 | - | (3,089,446) | (3,089,343) |
| Transaction with owner of the Company | | | | |
| Received during the year | - | 3,310,000 | - | 3,310,000 |
| Shares allotted during the year (Note 12) | - | (1,952,000) | - | (1,952,000) |
| Total comprehensive income for the year | - | - | (201,468) | (201,468) |
| At 31 December 2020 | 103 | 1,358,000 | (3,290,914) | (1,932,811) |

The notes on pages 12 to 33 form an integral part of these financial statements.

GMR ENERGY (MAURITIUS) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMEBR 2020

11.

| | Notes | 2020 USD | 2019 USD |
|-------------------------------------------------------------|------------|--------------------|------------------|
| Cash flow from operating activities | | | |
| Loss before income tax | | (201,468) | (1,358,374) |
| <i>Adjustment for:</i> | | | |
| Impairment of deposit on shares | 7(i), (ii) | 170,871 | 1,331,405 |
| Impairment of investment | 6(i), (ii) | 3,926 | - |
| Operating losses before working capital changes | | (26,671) | (26,969) |
| <i>Changes in working capital:</i> | | | |
| Changes in prepayments | | | (550) |
| Changes in accruals | | 117 | (919) |
| | | (26,554) | (28,438) |
| Cash flow from operations | | | |
| Income tax paid | | - | (15,457) |
| Net cash used in operating activities | | (26,554) | (43,895) |
| Cash flows from investing activities | | | |
| Proceeds from disposal of asset held for sale | | 13,500 | 436,500 |
| Deposit on shares | | (3,217,700) | (988,500) |
| Rental deposit | | - | (627) |
| Amount received from related parties | 14(iv) | - | 1,265 |
| Net cash used in investing activities | | (3,204,200) | (551,362) |
| Cash flows from financing activities | | | |
| Increase in subscription monies | 11 | 3,310,000 | 550,000 |
| Amount received from related parties | 14(iii) | 5,000 | 86,056 |
| Amount repaid to related parties | 14(iii) | (85,056) | (40,000) |
| Net cash from financing activities | | 3,229,944 | 596,056 |
| Net (decrease)/increase in cash and cash equivalents | | (810) | 799 |
| Cash and cash equivalents at beginning of year | | 2,871 | 2,072 |
| Cash and cash equivalents at end of year | | 2,061 | 2,871 |

The notes on pages 12 to 33 form an integral part of these financial statements.

1. CORPORATE INFORMATION

GMR Energy (Mauritius) Limited is a private company limited by shares, incorporated in Mauritius on 27 February 2008, holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission. The Company's registered office is 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), <as modified by the exemption from consolidation in the Companies Act 2001 ("IFRS as modified by Companies Act 2001") for companies holding a Category 1 Global Business Licence> and comply with Companies Act 2001.

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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

The Company suffered a net loss of **USD 201,468** for the year ended 31 December 2020 (2019: USD 1,373,831) and as at reporting date the Company had a shareholder's deficit of **USD 1,932,811** (2019: USD 3,089,343). The Company has received a letter of support from its 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.

2.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

In the current year, the Company has applied all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures (continued)

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

The nature and the impact of each new standard or amendment relevant to the Company are described below:-

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.'

The application of these amendments had no impact on the Company's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform

The changes in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The application of these amendments had no impact on the Company's financial statements.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

The application of these amendments had no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures (continued)

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

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB has issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The application of these amendments had no impact on the Company's financial statements.

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

The 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 standards, if applicable, when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

Amendments to IAS 1: Amended by Classification of Liabilities as Current or Non-Current (Effective for annual periods beginning on or after 1 January 2022)

The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The directors have not yet assessed the potential impact of the adoption of these new standards, amendments and interpretations issued but not yet effective.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

IAS 37 - Provisions, contingent liabilities and contingent assets - Amendments regarding the costs to include when assessing whether the contract is onerous (Effective for annual periods beginning on or after 1 January 2022)

The changes in Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors have not yet assessed the potential impact of the adoption of these new standards, amendments and interpretations issued but not yet effective.

Amended by Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements). (Effective for annual periods beginning on or after 1 January 2022)

Completed 2020. On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

IFRS 9 Financial Instruments - Fees in the ‘10 per cent’ test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The directors have not yet assessed the potential impact of the adoption of these new standards, amendments and interpretations issued but not yet effective.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(b) Investments in subsidiaries

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

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

(c) Consolidated financial statements

The financial statements contain information about GMR Energy (Mauritius) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company owns 100% in GMR Lion Energy Limited and Karnali Transmission Company Private Limited. The Company has taken advantage of the exemption provided by the 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 Generally Accepted Accounting Principles and not IFRS. The registered office of the ultimate parent is Naman Centre, 7th Floor, Opp. Dena Bank, Plot No.C-31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, India.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Financial instruments

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

Financial assets

(i) Classification and initial measurement

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

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

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

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

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

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

Debt instruments

(ii) Subsequent measurement

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(ii) Subsequent measurement (continued)

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

Cash and cash equivalents

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

(iii) Impairment of financial assets

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

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

(iv) Derecognition

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Derecognition (continued)

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

Financial liabilities

(i) Initial recognition and measurement

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

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

The Company's financial liabilities include other payables, accruals and redeemable preference shares

(ii) Subsequent measurement

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

Other payables, accruals and redeemable preference shares

Other payables, accruals and redeemable preference shares are initially recognised at fair value and subsequently measured at amortised cost using effective interest method.

(iii) Derecognition

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

(e) Offsetting of financing instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(f) Stated capital

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

Preference shares which are redeemable at the option of the holder have been classified as liability in the financial statements.

(g) Provisions

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

(h) Revenue recognition

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

(i) Expenses recognition

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

(j) Taxation

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(k) Related parties

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

(l) Impairment of non-financial assets

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

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

(m) Non-current assets held for sale

Non-current assets (or disposal Company) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal Company) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal Company), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal Company) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal Company) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Company classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal Company classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal Company classified as held for sale are presented separately from other liabilities in the balance sheet.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)**

Judgements

Determination of functional currency

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

Taxes

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

Going concern

The Company incurred a loss for the year ended 31 December 2020 of **USD 201,468** (2019: USD 1,373,831). As of that date, its total liabilities exceeded its total assets by **USD 1,932,811** (2019: net liabilities: USD 3,089,343) and its current liabilities exceeded its current assets by **USD 13,290,957** (2019: USD 11,418,086). In response to the foregoing, the holding company, GMR Energy Limited, has indicated its willingness to provide continued financial support and has provided a letter of guarantee to the Company. Hence, the directors have no reason to believe the business will not be a going concern in the year ahead.

Therefore, the financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive support from its holding company and that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

In light of the COVID19 outbreak, management has made an assessment in respect of the entity's going concern and concluded that there is no reason for which the Company will no longer be going concern.

Estimates and assumptions

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

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

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

(a) Market risk

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

(i) Currency risk

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

(ii) Interest rate risk

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

(iii) Price risk

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

(b) Credit risk

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk at reporting date was:

| | Carrying amount | |
|----------------------------------|-----------------|--------------|
| | 2020 | 2019 |
| | USD | USD |
| Cash and cash equivalents | 2,061 | 2,871 |

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

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

(c) Liquidity risk

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

The table below summarises the maturity profile of the Company's financial liabilities at 2020 and 2019, based on contractual undiscounted payments

| 2020 | On demand USD | Less than 1 year USD | Total USD |
|-------------------------------------|---------------------|----------------------------|-------------------|
| <u>Financial liabilities</u> | | | |
| Redeemable preference shares | 13,283,900 | - | 13,283,900 |
| Other payables and accruals | 5,000 | 6,470 | 11,470 |
| | 13,288,900 | 6,470 | 13,295,370 |
| | | | |
| 2019 | On demand USD | Less than 1 year USD | Total USD |
| <u>Financial liabilities</u> | | | |
| Redeemable preference shares | 11,331,900 | - | 11,331,900 |
| Other payables and accruals | 85,056 | 6,353 | 91,409 |
| | 11,416,956 | 6,353 | 11,423,309 |

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values

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

(e) Capital risk management

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

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

(f) Financial instruments by category

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

Financial liabilities include accruals, other payables and redeemable preference shares that are classified as financial liabilities at amortised cost.

5. INCOME TAX EXPENSE

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

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.

At 31 December 2020, the Company had accumulated tax losses of **USD 126,702** (2019: USD 140,040) and is therefore not liable to income tax. Tax losses of **USD 40,009** (2019: USD 6,598) was lapsed during the year.

5. INCOME TAX EXPENSE (CONTINUED)

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

| | |
|-------------------------|-----------------|
| Up to the years ending: | USD |
| 31 March 2020 | 40,009 |
| Lapsed during the year | (40,009) |
| 31 March 2022 | 14,244 |
| 31 March 2023 | 35,612 |
| 31 December 2024 | 50,175 |
| 31 December 2025 | 26,671 |
| | 126,702 |

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

| | <u>2020</u> | <u>2019</u> |
|------------------------------------------|------------------|----------------------|
| | <u>USD</u> | <u>USD</u> |
| Loss for the year | <u>(201,468)</u> | <u>(1,358,374)</u> |
| Tax at the rate of 15% | (30,220) | (203,756) |
| Expenses not deductible for tax purposes | 26,219 | 199,711 |
| Income not subject to tax | - | (428) |
| Foreign tax credit | 3,201 | 3,578 |
| Deferred tax asset not accounted for | 800 | 895 |
| Capital gain tax | - | 15,457 |
| Actual tax charge | <u>-</u> | <u>15,457</u> |

Deferred income tax

A deferred tax asset of **USD 3,801** (2019: USD 4,201) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

GMR ENERGY (MAURITIUS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

27.

6. INVESTMENT IN SUBSIDIARIES

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------------------|--------------------|--------------------|
| | USD | USD |
| (i) GMR Lion Energy Limited | | |
| Cost: | | |
| At start and end of the year | <u>2,942,117</u> | <u>2,942,117</u> |
| Impairment: | | |
| At start and end of the year | <u>(1,071,263)</u> | <u>(1,071,263)</u> |
| Carrying amount at year end | <u>1,870,854</u> | <u>1,870,854</u> |
| (ii) Karnali Transmission Company Private Limited | | |
| Cost: | | |
| At start and end of the year | <u>45,200</u> | <u>45,200</u> |
| Impairment: | | |
| At start of the year | <u>(27,115)</u> | <u>(27,115)</u> |
| Movement during the year | <u>(3,926)</u> | <u>-</u> |
| At start and end of the year | <u>(31,041)</u> | <u>(27,115)</u> |
| Carrying amount at year end | <u>14,159</u> | <u>18,085</u> |
| Total carrying amount of investments | <u>1,885,013</u> | <u>1,888,939</u> |

The Company holds investments in the following companies:

| Name of company | Direct % Holdings | Country of incorporation | Class of shares held | Type of investment | Number of shares 2020/2019 | <u>2020</u> | <u>2019</u> |
|----------------------------------------------|-------------------|--------------------------|----------------------|--------------------|----------------------------|-------------------|-------------------|
| | | | | | | USD | USD |
| GMR Lion Energy Limited | 100% | Mauritius | Equity | Unquoted | 2,942,117 | 1,870,854 | 1,870,854 |
| | | | | | | (Cost: 2,942,117) | (Cost: 2,942,117) |
| Karnali Transmission Company Private Limited | 100% | Nepal | Equity | Unquoted | 33,024 | 14,159 | 18,085 |
| | | | | | | (Cost: 45,200) | (Cost: 45,200) |
| | | | | | | <u>1,885,013</u> | <u>1,888,939</u> |

During the year ended 31 December 2020, the directors had assessed the recoverable amounts of the above investments and are of the opinion that the investment in Karnali Transmission Company Private Limited is subject to an impairment amounting to USD 3,926. (2019: USD Nil).

7. DEPOSIT ON SHARES

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------------------|-------------------------|-------------------------|
| | USD | USD |
| Advance against equity to be allotted by: | | |
| (i) GMR Lion Energy Limited | | |
| Cost: | | |
| At start of the year | 7,751,709 | 6,769,209 |
| Advanced during the year | 3,204,000 | 982,500 |
| At end of the year | <u>10,955,709</u> | <u>7,751,709</u> |
| Impairment: | | |
| At start of the year | (1,331,405) | - |
| Movement during the year | (151,171) | (1,331,405) |
| At end of the year | <u>(1,482,576)</u> | <u>(1,331,405)</u> |
| Carrying amount at year end | <u>9,473,133</u> | <u>6,420,304</u> |
| (ii) Karnali Transmission Company Private Limited | | |
| Cost: | | |
| At start of the year | 470,439 | 464,439 |
| Advanced during the year | 13,700 | 6,000 |
| At end of the year | <u>484,139</u> | <u>470,439</u> |
| Impairment: | | |
| At start of the year | (464,439) | (464,439) |
| Movement during the year | (19,700) | - |
| At end of the year | <u>(484,139)</u> | <u>(464,439)</u> |
| Carrying amount at year end | <u>0</u> | <u>6,000</u> |
| Total carrying amount of deposit on shares | <u>9,473,133</u> | <u>6,426,304</u> |

Deposit on shares represent amount advanced to subsidiaries pending allotment of shares to the Company. During the year ended 31 December 2020, the directors had assessed the recoverable amounts of the above deposits and are of the opinion that the deposit on shares are subject to an impairment amounting to USD **151,171** and USD **19,700** for GMR Lion Energy Limited and Karnali Transmission Company Private Limited respectively. (2019: GMR Lion Energy Limited USD 1,331,405).

8. NON FINANCIAL ASSETS

| | <u>2020</u> | <u>2019</u> |
|----------------|--------------|--------------|
| | USD | USD |
| Prepayments | 1,725 | 1,725 |
| Rental deposit | <u>627</u> | <u>627</u> |
| | <u>2,352</u> | <u>2,352</u> |

The Company has entered into rental agreement with The Business Exchange (Mauritius) Limited ("TBEML"), whereby TBEML has accepted to rent the premises to the Company. As per the rental agreement, the rental deposit is of USD 460. Also as per the quotation, there is a fees of USD 166.67 which is refundable.

9. ASSET CLASSIFIED AS HELD FOR SALE

| | <u>2020</u> | <u>2019</u> |
|----------------------------------------------------------------------|-----------------|------------------|
| | USD | USD |
| At start of the year | 13,500 | - |
| Investment in Marsyangdi Transmission Company Private Limited | - | 45,200 |
| Deposit on shares in Marsyangdi Transmission Company Private Limited | - | 404,800 |
| Funds received during the year | <u>(13,500)</u> | <u>(436,500)</u> |
| | <u>-</u> | <u>13,500</u> |

During the year 2019, the Company has received USD 436,500 out of which capital gain tax of USD 15,457, professional fees of USD 2,098 and escrow fees of USD 2,232 were incurred. During the year 2020, the Company has disposed the remaining 3% stake for a consideration of USD 13,500.

10. STATED CAPITAL

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------------------------------------------------|-------------|-------------|
| | USD | USD |
| Issued and fully paid up 100 (2019: 100) ordinary shares of no par value | <u>103</u> | <u>103</u> |

Rights of the ordinary shares

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

11. SUBSCRIPTION MONIES

| | 2020 | 2019 |
|---------------------------------|--------------------|-----------|
| | USD | USD |
| At start of the year | - | - |
| Received during the year | 3,310,000 | 550,000 |
| Shares allotted during the year | (1,952,000) | (550,000) |
| At end of the year | 1,358,000 | - |

Share application monies represent advances received from the Company's shareholder which have not yet been converted into share capital at year end.

12. REDEEMABLE PREFERENCE SHARES

| | 2020 | 2019 | 2020 | 2019 |
|---------------------------------------------|-------------------|------------|-------------------|------------|
| | Number | Number | USD | USD |
| <i>Redeemable Class A Preference Shares</i> | | | | |
| At start of year | 11,331,900 | 10,781,900 | 11,331,900 | 10,781,900 |
| Shares allotted during the year | 1,952,000 | 550,000 | 1,952,000 | 550,000 |
| At end of the year (Note 14 (ii)) | 13,283,900 | 11,331,900 | 13,283,900 | 11,331,900 |

During the year under review the shares were allotted.

The rights of the redeemable preference shares are as follows:

Dividends

The holder of a Redeemable Preference Share shall be entitled to non-cumulative dividends at a rate of 1% of the nominal value and provided further, that the shares are fully paid.

Voting rights

Each Redeemable Preference Share shall entitle its holder to receive notice of and to attend any annual and special meetings of the Company. The holder of a Preference Share shall not be entitled to any voting rights except as provided under Section 114 of the Companies Act 2001.

Winding up

On winding up, each holder of a Redeemable Preference Share shall have priority to repayment of capital.

Distribution of surplus assets

The holder of a Redeemable Preference Share shall not be entitled to any surplus assets which might exist after the paid up capital of the Company on ordinary shares has been repaid.

12. REDEEMABLE PREFERENCE SHARES(CONTINUED)

Redemption

Each Redeemable Preference Share shall be redeemable at the option of the holder of the share.

13. OTHER PAYABLES AND ACCRUALS

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------------|----------------------|----------------------|
| | USD | USD |
| Accruals | 6,470 | 6,353 |
| Amount due to affiliate (Note 14 (iii)) | <u>5,000</u> | <u>85,056</u> |
| | <u><u>11,470</u></u> | <u><u>91,409</u></u> |

The amount due to affiliate is interest, unsecured and repayable on demand.

14. RELATED PARTY DISCLOSURES

During the year ended 31 December 2020, the Company carried out transactions with related parties as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| | USD | USD |
| <i>(i) Fees paid to management entity of the Company – Ocorian Corporate Services (Mauritius) Limited</i> | | |
| Expenses including directors fees incurred by the Company | <u>14,420</u> | <u>13,730</u> |
| Outstanding balance | <u>3,421</u> | <u>3,420</u> |
| <i>(ii) Redeemable Preference Shares- GMR Energy Limited</i> | | |
| At start of the year | 11,331,900 | 10,781,900 |
| Shares allotted during the year | <u>1,952,000</u> | <u>550,000</u> |
| At end of the year (Note 12) | <u><u>13,283,900</u></u> | <u><u>11,331,900</u></u> |

14. RELATED PARTY DISCLOSURES (CONTINUED)

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------------------------------------------------------|-----------------|-----------------|
| | USD | USD |
| <i>(iii) Amount due to affiliates- GMR Energy Projects (Mauritius) Limited</i> | | |
| At start of the year | 85,056 | 39,000 |
| Amount advance during the year | 5,000 | 86,056 |
| Repaid during the year | <u>(85,056)</u> | <u>(40,000)</u> |
| At end of the year (Note 13) | <u>5,000</u> | <u>85,056</u> |
| <i>(iv) Amount due from affiliates- (GMR Infrastructure (Mauritius) Limited</i> | | |
| At start of the year | - | - |
| Amount advance during the year | - | 1,265 |
| Repaid during the year | <u>-</u> | <u>(1,265)</u> |
| At end of the year | <u>-</u> | <u>-</u> |

15 NOTES TO STATEMENT OF CASH FLOWS

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

Reconciliation of liabilities arising from financing activities:

| For the year ended 31 December 2020 | Cash changes | | |
|--------------------------------------------------|------------------------|-----------------------------|-------------------------|
| | 01 January 2020 | Financing cash flows | 31 December 2020 |
| | USD | USD | USD |
| Advance received/(repaid) from affiliates | <u>85,056</u> | <u>(80,056)</u> | <u>5,000</u> |
| | | | |
| For the year ended 31 December 2019 | | | |
| Advance received from affiliates | <u>39,000</u> | <u>46,056</u> | <u>85,056</u> |

16. IMMEDIATE AND ULTIMATE PARENT

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

17. GOING CONCERN

The Company has incurred a loss amounting to **USD 201,468** (2019: loss of USD 1,373,831) for the year ended 31 December 2020 and as at that date, its total liabilities exceeded its total assets by **USD 1,932,811** (2019: USD 3,089,343). 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.

18. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date requiring amendments in or disclosure to these financial statements for the year ended 31 December 2020.