

**GMR Lion Energy Limited**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

**GMR Lion Energy Limited**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**GMR Lion Energy Limited**  
**CORPORATE INFORMATION**

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**1.**

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	: Dr Nattawuth Udayasen	04-Apr-08	-
	Tummalapalli Srinivasa Subrahmanya	5-Oct-16	-
	Veerabhadra Lakshminarayana		
	Sharmanand Jhurreea	17-Feb-20	-
	Fatweena Bibi Ameen Uteene- Mahamod	17-Feb-20	-
<b>ADMINISTRATOR AND SECRETARY</b>	: IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324 Republic of Mauritius		
<b>REGISTERED OFFICE</b>	: C/o IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324 Republic of Mauritius		
<b>BANKER</b>	: Afrasia Bank Limited 3rd Floor Nexteracom Tower III Cybercity Ebene Republic of Mauritius		
<b>AUDITOR</b>	: RSM (Mauritius) LLP 109 Moka Business Centre Mount Ory Road, Bon Air, Moka Republic of Mauritius		

The directors present their commentary, together with the audited financial statements of GMR Lion Energy Limited (the "Company") for the year ended 31 December 2021.

### **PRINCIPAL ACTIVITY**

The Company was incorporated on 29 February 2008 and its main activity is to engage in investment holding activities.

### **RESULTS AND DIVIDENDS**

The Company's total comprehensive profit for the year ended 31 December 2021 is **USD 633,120** (2020: Loss USD 151,171).

The directors do not recommend the payment of any dividend for the year under review (2020: Nil).

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors are responsible for the preparation and presentation of the financial statements in accordance with the requirements of the Mauritius Companies Act 2001 applicable to a company holding a Category 1 Global Business Licence, as described in note 2 to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

### **AUDITOR**

The auditor, RSM (Mauritius) LLP, has expressed its willingness to continue in office and will be automatically reappointed at the next annual meeting of the Company.



**SECRETARY'S CERTIFICATE**

**UNDER SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001**

**3.**

We certify, to the best of our knowledge and belief, that **GMR LION ENERGY LIMITED** (the "Company") has filed with the Registrar of Companies for the year ended 31 December 2021, all such returns as are required of the Company under the Mauritius Companies Act

.....  
**For and on behalf of**  
**IQ EQ Corporate Services (Mauritius) Ltd**  
**SECRETARY**

Date: 14 April 2022

**IQ EQ Corporate Services (Mauritius) Ltd**, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius

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mauritius@iqeq.com  
www.iqeq.com

Regulated by the Financial Services Commission as holder of a management licence. Licence type – FS-3.1A Management Licence  
Incorporated in Mauritius No: BRN C09004928.

**Independent Auditor's Report  
To the Shareholder of GMR Lion Energy Limited****4**

This report is made solely to the shareholder of GMR Lion Energy Limited (the "Company"), in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an 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 shareholder for our audit work, for this report, or for the opinion we have formed.

**Opinion**

We have audited the financial statements of GMR Lion Energy Limited set out on pages 7 to 24, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of GMR Lion Energy Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with these requirements and to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and Certificate from the Secretary as required by the Mauritius Companies Act 2001. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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### Other Information (Continued)

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

### Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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.

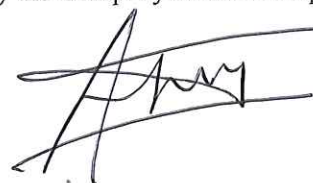
**Report on Other Legal and Regulatory Requirements**

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor;
- We have obtained all information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



**RSM**  
Chartered Accountants  
Moka, Mauritius



**Prashant Calcutteea, FCA**  
Licensed by FRC

Date: 15 APR 2022

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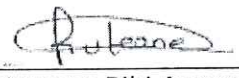
**GMR Lion Energy Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

**7.**

	Notes	31-Dec-21	31-Dec-20
		USD	USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	4	145,402	145,402
Advance towards investment	5	15,756,439	11,204,714
<b>Total non-current assets</b>		<b>15,901,841</b>	<b>11,350,116</b>
<b>Current assets</b>			
Other receivable and prepayments	6	1,085	1,085
Cash and cash equivalents		1,534	1,731
<b>Total current assets</b>		<b>2,619</b>	<b>2,816</b>
<b>Total assets</b>		<b>15,904,460</b>	<b>11,352,932</b>
<b>EQUITY AND LIABILITY</b>			
<b>Equity</b>			
Stated capital	7	2,942,117	2,942,117
Share application monies	8	14,873,009	10,955,709
Accumulated losses		(1,920,719)	(2,553,839)
<b>Total equity</b>		<b>15,894,407</b>	<b>11,343,987</b>
<b>Liability</b>			
<b>Current liability</b>			
Accruals		10,053	8,945
<b>Total liability</b>		<b>10,053</b>	<b>8,945</b>
<b>Total equity and liability</b>		<b>15,904,460</b>	<b>11,352,932</b>

These financial statements have been authorised for issue by the board of directors on  
14 April 2022 and signed on its behalf by:

  
Sharmanand Jhurreea  
Director

  
Fatweena Bibi Ameen Uteene-  
Mahamod  
Director

Independent auditor's report is on pages 4 to 6.  
The notes on pages 11 to 24 form an integral part of these financial statements.

**GMR Lion Energy Limited****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021****8.**

	Notes	31-Dec-21	31-Dec-20
		USD	USD
<b>Income</b>			
Reversal of impairment		646,730	-
Other income		-	3,220
		<b>646,730</b>	<b>3,220</b>
<b>Expenses</b>			
Impairment of advance towards investment	5	-	140,051
Licence fees		2,625	2,255
Secretarial fees		1,500	1,750
Bank charges		940	1,120
Accounting fees		3,200	3,600
Audit fees		2,645	2,645
Professional fees		2,600	2,970
Disbursements		100	-
		<b>13,610</b>	<b>154,391</b>
<b>Profit/(Loss) before tax</b>		<b>633,120</b>	<b>(151,171)</b>
Income tax	9	-	-
<b>Profit/ (Loss) for the year</b>		<b>633,120</b>	<b>(151,171)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>633,120</b>	<b>(151,171)</b>

Independent auditor's report is on pages 4 to 6.

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**GMR Lion Energy Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

9.

	Stated capital	Share application monies	Accumulated losses	Total equity
	USD	USD	USD	USD
At 01 January 2020	2,942,117	7,751,709	(2,402,668)	8,291,158
Advances towards equity	-	3,204,000	-	3,204,000
Loss for the year	-	-	(151,171)	(151,171)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(151,171)	(151,171)
<b>At 31 December 2020</b>	<b>2,942,117</b>	<b>10,955,709</b>	<b>(2,553,839)</b>	<b>11,343,987</b>
Advances towards equity	-	3,917,300	-	3,917,300
Profit for the year	-	-	633,120	633,120
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	633,120	633,120
<b>At 31 December 2021</b>	<b>2,942,117</b>	<b>14,873,009</b>	<b>(1,920,719)</b>	<b>15,894,407</b>

Independent auditor's report is on pages 4 to 6.

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**GMR Lion Energy Limited**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10.**

	Notes	31-Dec-21	31-Dec-20
		USD	USD
<b>Cash flows from operating activities</b>			
Loss before tax		<b>633,120</b>	(151,171)
<i>Adjustments for:</i>			
Impairment of advance towards investment	5	-	140,051
Reversal of impairment		<b>(646,730)</b>	-
<i>Working capital adjustment:</i>			
Decrease in other receivable and prepayments		-	3,775
Increase/(Decrease) in accruals		<b>1,108</b>	(1,020)
<b>Net cash used in operating activities</b>		<b>(12,502)</b>	(8,365)
<b>Cash flows from investing activity</b>			
Advance towards investment	5	<b>(3,904,995)</b>	(3,194,300)
<b>Net cash used in investing activity</b>		<b>(3,904,995)</b>	(3,194,300)
<b>Cash flows from financing activity</b>			
Share application monies	8	<b>3,917,300</b>	3,204,000
<b>Net cash generated from financing activity</b>		<b>3,917,300</b>	3,204,000
<b>Net movement in cash and cash equivalents</b>		<b>(197)</b>	1,335
Cash and cash equivalents at beginning		<b>1,731</b>	396
<b>Cash and cash equivalents at end of year</b>		<b>1,534</b>	1,731

Independent auditor's report is on pages 4 to 6.

The notes on pages 11 to 24 form an integral part of these financial statements.

## **1. CORPORATE INFORMATION**

GMR Lion Energy Limited was incorporated on 29 February 2008 under the Mauritius Companies Act 2001, as a private company limited by shares. The Company holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission ("FSC"). The Company's registered office is C/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius.

### **Regulatory**

The FSC issued a Category 1 Global Business Licence ("GBL1") to the Company on 24 March 2008. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL1 as from 1 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the Company satisfies certain conditions. The Company will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

The financial statements are prepared on the historical cost basis and are denominated in United States Dollar ("USD").

The Company is a holder of a Category 1 Global Business Licence and has a subsidiary. The Company has elected, in accordance with the Fourteenth Schedule of the Mauritius Companies Act 2001, Section 12, not to prepare group financial statements in accordance with Section 211 of the Mauritius Companies Act 2001 "Contents and form of financial statements".

The basis of preparation of these financial statements complies with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"). Instead of presenting consolidated financial statements of the Group, the Company only presents separate financial statements as would have been required under IAS 27 - Separate Financial Statements, had the Company complied with IFRS.

### **2.1 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 USD which is the Company's functional currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company as the investments are made in USD and the performance of the company is evaluated in USD.

##### *(ii) Transactions and balances*

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

## **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(b) Investments in subsidiaries**

Subsidiaries are those entities (including special purpose entities) over which the Company has control. The Company controls an entity when it is exposed to or the rights to variables returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

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

### **(c) Consolidated financial statements**

The financial statements contain information about GMR Lion Energy Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company owns 73% of the issued share capital of GMR Upper Karnali Hydropower Limited. The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a 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 (referred to as "Ind AS").

### **(d) Financial instruments**

#### **(i) Financial assets**

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Financial instruments (Continued)

#### (i) Financial assets (Continued)

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets include cash and cash equivalents and other receivable.

##### ***Financial assets at amortised cost***

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents and other receivable.

##### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

## 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Financial instruments (Continued)

#### (i) Financial assets (Continued)

##### *Derecognition (Continued)*

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *Impairment of financial assets*

The Company holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its receivables.

The Company's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### (ii) Financial liabilities

##### *Classification and subsequent measurement*

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company's financial liability consist of accruals.

##### *Payables*

Payables are stated at their nominal value.

## 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Financial instruments (Continued)

#### (ii) Financial liabilities (Continued)

##### *Derecognition*

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

### (e) Offsetting financial instruments

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

### (f) Current and deferred income tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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

## 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Expenses

Expenses are accounted for in the statement of profit or loss on an accrual basis.

### (h) Related parties

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

### (i) Stated capital

Ordinary shares are classified as equity.

### (j) Share application monies

Share application monies relate to capital contribution received from the shareholder, being either cash or non-monetary assets, which are non-reciprocal (i.e. no financial or non-financial obligation exists). Share application monies are classified as equity.

### (k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

## 2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### ***Standards, Amendments to published Standards and Interpretations effective in the reporting period***

<b>Interest Rate Benchmark Reform - Phase 2</b>	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 01 January 2021)
<b>Covid-19-Related Rent Concessions</b>	Covid-19-Related Rent Concessions (effective 01 June 2020)

The amendments have no impact on the Company's financial statements.

### ***Standards, Amendments to published Standards and Interpretations issued but not yet effective***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2022 or later periods, but which the Company has not early adopted.

## 2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

### *Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)*

<b>IFRS 1</b>	First-time Adoption of International Financial Reporting Standards - Annual Improvements to IFRS Standards 2018-2020 (effective 01 January 2022)
<b>IFRS 3</b>	Business combinations - Amendments to Conceptual framework (effective 01 January 2022)
<b>IFRS 9</b>	Financial Instruments - Annual Improvements to IFRS Standards 2018-2020 (effective 01 January 2022)
<b>IAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts-Cost of Fulfilling a Contract (effective 01 January 2022)
<b>IAS 16</b>	Property, plant and equipment - Proceeds before intended use (effective 01 January 2022)
<b>IAS 41</b>	Agriculture - Annual Improvements to IFRS Standards 2018-2020 (effective 01 January 2022)
<b>IFRS 17</b>	Insurance Contracts - Original issue (effective 01 January 2023)
<b>IAS 1</b>	Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent (effective 01 January 2023)
<b>IAS 1</b>	Presentation of Financial Statements - Disclosure of Accounting Policies (effective 01 January 2023)
<b>IAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors (effective 01 January 2023)
<b>IAS 12</b>	Income Taxes (effective 01 January 2023)
<b>IFRS 10</b>	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (effective 01 January 2023)

The directors anticipate that these amendments will be applied in the Company's financial statements at the above effective date in future period. The directors have not yet assessed the potential impact of the application of the amendments.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements require directors to make judgments, estimates, and assumptions that affect the reported amount of expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment of the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

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

*Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. In light of the COVID-19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be a going concern.

*Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 2.1 (a), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

*Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, and over the recognition of deferred taxes. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. No deferred tax is recognized in the financial statements.

**Estimates and assumptions**

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Impairment of subsidiary*

The investee company is engaged in the development of a 900 MW Karnali Hydropower project in Nepal for sale of power to buyers in Bangladesh, India and Nepal. The power generated by the project would be exported through a cross border transmission system. The project calculations use cash flow projections based on the business plan of the Karnali Hydropower project in Nepal. Cash flows are based on the duration of the projects and also on potential buyers or potential strategic investors to invest in the project.

As at 31 December 2021, the equity value of GMR Upper Karnali Hydropower Limited (GUKHL) in the valuation report is INR 1,623.2 million considering a discount rate of 17.8%. Following an impairment assessment taking into consideration the share application monies of the Company held in GUKHL, the carrying value of the investment is less than its recoverable amount.

Management believe that the investment has increased in value and is of opinion to reverse the impairment on the advance towards investment by USD 646,730 for the year ended 31 December 2021 (2020: impairment loss of USD 140,051). The conclusion is based on the valuation report as at 31 December 2021.

#### **4. INVESTMENT IN SUBSIDIARY**

Details of the investment held in subsidiary incorporated in Nepal are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Type of shares held</b>	<b>Number of shares held</b>	<b>2021 &amp; 2020</b>	<b>2021 &amp; 2020</b>
				<b>% Holding</b>	<b>Amount</b>
					<b>USD</b>
GMR Upper Karnali Hydropower Limited ('GUKHL')	Nepal	Ordinary	1,095,000	73	145,402

The investee company is engaged in the development of a 900 MW Upper Karnali Hydropower project in Nepal for sale of power to buyers in Bangladesh, India and Nepal. The power generated by the project would be exported through a cross border transmission system. In this regard, an MoU has been signed with Bangladesh Power Development Board ('BPDB'), Govt. of Bangladesh on in April 2018 for a minimum of 500 MW power. Negotiations and discussions for signing of the Power Purchase Agreements ('PPA') are in very advanced stage and expected to be concluded soon. Additionally, some of the Indian states have also shown strong interest in procuring power from the project. Further, a Deed of Agreement for taking possession of the Forest Land admeasuring 252 Ha has been executed. The acquisition of private land is also progressing well. As at 31 December 2021, the equity value of GUKHL in the valuation report is INR 1,623.2 million considering a discount rate of 17.8%. Following an impairment assessment taking into consideration the share application monies of the Company held in GUKHL, the carrying value of the investment is more than its recoverable amount.

#### **5. ADVANCE TOWARDS INVESTMENT**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>USD</b>	<b>USD</b>
At 01 January	<b>11,204,714</b>	8,150,465
Advance made during the year	<b>3,904,995</b>	3,194,300
Impairment during the year	-	(140,051)
Reversal of impairment	<b>646,730</b>	-
At 31 December	<b>15,756,439</b>	11,204,714

Advance towards investment represent advances made to the Company's subsidiary GMR Upper Karnali Hydropower Limited, pending allotment of shares. As stated above, the directors are of the opinion that the investment has increased in value. Therefore a reversal of impairment in value of USD 646,730 (2020: impairment USD 140,051) as at 31 December 2021 has been recognised.

#### **6. OTHER RECEIVABLE AND PREPAYMENTS**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>USD</b>	<b>USD</b>
Other receivables	<b>109</b>	109
Prepayments	<b>976</b>	976
	<b>1,085</b>	1,085

## 7. STATED CAPITAL

	31-Dec-21	31-Dec-20
	USD	USD
Issued and fully paid		
2,942,117 ordinary shares of USD 1 each	<u>2,942,117</u>	<u>2,942,117</u>

## 8. SHARE APPLICATION MONIES

	31-Dec-21	31-Dec-20
	USD	USD
At 01 January	10,955,709	7,751,709
Advance towards equity during the year	<u>3,917,300</u>	<u>3,204,000</u>
At 31 December	<u>14,873,009</u>	<u>10,955,709</u>

This represents funds received from the parent, GMR Energy (Mauritius) Limited, pending allotment of shares.

## 9. INCOME TAX

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15% (2020: 15%). The Company has received its Category 1 Global Business Licence ("GBL1") on or 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 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.

The deemed amount of foreign tax is based on 80% (2020: 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.

At 31 December 2021, the Company had accumulated tax losses of **USD 234,821** (2020: USD 357,644).

The directors have not recognised a deferred tax asset amounting to **USD 35,223** at 31 December 2021 (2020: USD 53,647), as they may not be used to offset taxable profit. The loss of **USD 136,433** carried forward up to 31 December 2021 (2020: USD 215,143) has been lapsed. The deferred tax asset arises from the accumulated tax losses.

The accumulated tax losses are available for set-off against future taxable income up as follows:

	USD
Up to year ending	
31 March 2022	162,207
31 December 2023	32,104
31 December 2024	15,780
31 December 2025	11,120
31 December 2026	<u>13,610</u>
	<u>234,821</u>

## **9. INCOME TAX (CONTINUED)**

The actual income tax rate differs from the theoretical amount that would arise using the applicable income tax rate as follows:

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>USD</b>	<b>USD</b>
Loss before tax	<b>633,120</b>	(151,171)
Add disallowed expense	-	140,051
Less exempt income	<b>(646,730)</b>	-
	<b>(13,610)</b>	(11,120)
Loss lapsed	<b>136,433</b>	215,143
Loss brought forward	<b>(357,644)</b>	(561,667)
Loss carried forward	<b>(234,821)</b>	(357,644)

## **10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

In its ordinary operations, the Company is exposed to various financial risks. Details of those are risks set out below:

### **Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), concentration risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### **Market risk**

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

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk as it has no interest bearing financial assets and liabilities.

### *Foreign currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company has no significant exposure to foreign exchange risk as it does not have any financial assets or liabilities which are denominated in a currency other than the USD, the Company's functional currency.

### **Concentration risk**

The Company holds investment in Nepal, which involves certain consideration and risks not typically associated with investment in other more developed countries. Future economic and political development in Nepal could affect the operation of the investee Company.

**10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Credit risk***

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of bank balances. Cash and cash equivalents are held in reputable financial institutions. Accordingly, the Company has no significant concentration of credit risk. The maximum exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>Carrying amount 31-Dec-21</b>	Carrying amount 31-Dec-20
	<b>USD</b>	USD
Other receivable	<b>109</b>	109
Cash and cash equivalents	<b>1,534</b>	1,731
	<b>1,643</b>	1,840

The financial assets are neither past due nor impaired at the reporting date. The cash and cash equivalents are maintained with reputable bank.

***Liquidity risk***

Liquidity is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of related party loans. However liquidity risk, if any, is managed through the financial support of the shareholder.

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

	<b>Less than one year 31-Dec-21</b>	31-Dec-20
	<b>USD</b>	USD
Accruals	<b>10,053</b>	8,945

***Fair Values***

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

## **11. RELATED PARTY DISCLOSURES**

During the year under review, the Company had the following transactions with related parties.

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>USD</b>	<b>USD</b>
<u>Immediate parent</u>		
(i) Advance against Equity from GMR Energy (Mauritius) Limited		
At 01 January	<b>10,955,709</b>	7,751,709
Share application monies	<b>3,917,300</b>	3,204,000
At 31 December	<b>14,873,009</b>	10,955,709
<u>Subsidiary</u>		
(iii) GMR Upper Karnali Hydropower Limited		
At 01 January	<b>11,204,714</b>	8,150,465
Impairment	-	(140,051)
Reversal of impairment	<b>646,730</b>	-
Advance towards investment	<b>3,904,995</b>	3,194,300
At 31 December	<b>15,756,439</b>	11,204,714
<u>Company Administrator</u>		
(iv) Receivable from IQ EQ Corporate Services (Mauritius) Ltd		
At 31 December	<b>109</b>	109

### *Fees paid to key management personnel*

No compensation to key management personnel was paid during the year ended 31 December 2020.

During the year under review, the Company has incurred expenses amounting to **USD 7,400** (2020: USD 7,100) for administrative services provided by IQ EQ Corporate Services (Mauritius) Ltd, the Management Company and Company Secretary.

## **12. 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 shareholder and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The capital structure of the Company consists of equity attributable to the parent comprising stated capital, share application monies and accumulated losses.

**13. IMMEDIATE AND ULTIMATE PARENT**

GMR Energy (Mauritius) Limited, a company registered in Mauritius is regarded as the immediate parent. GMR Power and Urban Infra Limited, a company incorporated in India is regarded as the ultimate parent.

**14. IMPACT OF COVID-19**

As at the date of approval of these financial statements, the COVID-19 crisis is still un-folding and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. The Directors has made an assessment of the Company as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these annual financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Hence, it is considered that there is no material adverse impact of COVID-19 on the financial statements.

**15. EVENTS AFTER THE REPORTING DATE**

There are no events after the reporting date which require disclosures or amendments to these financial statements.