# INDEPENDENT BRANCH AUDITORS' REPORT

To,
The Statutory Auditors,
**GMR Upper Karnali Hydropower Limited (Liaison Office in India)**
Nepal.

## Report on the Standalone Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of **GMR Upper Karnali Hydropower Limited (Liaison Office in India)**(the **"Company"**), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements for the year ended 31st March, 2023 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2023, it's loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rulesthereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibility of Management for Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act")with respect to the preparation of these financialstatements that give a true and fair view of the financial position,financial performanceincluding other comprehensive income / loss, changes in equity and cash flows of the Branch in accordancewith accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding of the assets of the Branch and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenanceof adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation ofthe financial statements that give a true and fair view and are freefrom material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Branch'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 SAswill always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are consideredmaterial if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions ofusers taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticismthroughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including thedisclosures, and whether the standalone financial statements represent the underlying transactions and events in amanner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing ofthe audit and significant audit findings, including any significant deficiencies in internal control that we identify duringour audit.

We also provide those charged with governance with a statement that we have complied with relevant ethicalrequirements regarding independence, and to communicate with them all relationships and other matters that mayreasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by Liaison Office of the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss including statement of Other Comprehensive Income, the Cash Flow Statement and the statement of changes in equity dealt with by this Reports are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the companies (Indian Accounting Standards) Rules, 2015 as amended,

(e) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a. As per information and explanation given to us the Liaison office of the company did not have any pending litigation against the Branch or by the Branch which would have impact on its financial position. - Refer Note 19 to the financial statements;

b. The Liaison Office of the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 20 to the financial statements;

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Note:** Reporting Requirements under Companies ( Auditors Report) Order, 2016 ( The Order) issued by the central Government of India in terms of sub section (11) of section 143 of the company's act,2013 ( The act) , are not applicable for this Liaison office of the company for the year ended 31.03.2023 as there is no paid up capital and its free Reserves and does not have outstanding loan exceeding Rs one Crores or more from any bank or Financial Institutions and does not have Turnover exceeding Rs 10 Crores.

*For* **GIRISH MURTHY & KUMAR**
*Chartered Accountants*
Firm's registration number: 000934S

ACHYUTHAVE NKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:07:07 +05'30'

**A.V.SATISH KUMAR**
*Partner*
Membership number: 26526

UDIN: 23026526BGXOAA3901

Place: Bangalore
Date: 04-05-2023

**GMR Upper Karnali Hydropower Limited**
**Balance sheet as at 31st March, 2023**

**Amount in Rs.'00**

| Particulars | Notes | 31-March-23 | 31-March-22 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, Plant & Equipment | 1 | 21,14,475 | 21,24,325 |
| Capital work-in-progress | 2 | 1,82,24,845 | 1,61,83,338 |
| Other Intangible assets | | | |
| Financial Assets | | | |
| Loans | | | |
| Other non current assets | 3 | 3,72,969 | 9,97,969 |
| | | **2,07,12,289** | **1,93,05,631** |
| **Current assets** | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 4 | 87,771 | 2,80,155 |
| Loans | 5 | 28,749 | 14,399 |
| Others | | | |
| Current Tax Assets (Net) | 6 | 146 | 16 |
| Other current assets | 7 | - | - |
| Advance Tax | | 3,450 | 4 |
| | | **1,20,116** | **2,94,573** |
| **Total Assets** | | **2,08,32,405** | **1,96,00,205** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity Share Capital | 8 | 93,750 | 93,750 |
| Other Equity | 9 | 1,08,42,816 | 98,43,375 |
| | | **1,09,36,566** | **99,37,125** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 10 | - | - |
| Provision | 11 | - | - |
| | | **-** | **-** |
| **Current liabilities** | | | |
| Financial Liabilties | | | |
| Other financial liabilties | 12 | 98,82,556 | 96,56,644 |
| Borrowings | 12a | - | - |
| Other current liabilities | 13 | 9,832 | 6,433 |
| Provisions for Tax | | 3,450 | 4 |
| | | **98,95,839** | **96,63,080** |
| **Total Equity and liabilities** | | **2,08,32,405** | **1,96,00,205** |

The accompanying notes form an integral part of the financial statements.

As per our report of even date

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

ACHYUTHAVENKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:27:04 +05'30'

**A.V.Satish Kumar**
Partner
Membership no.: 26526
Firm Reg No: 000934S
Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde
Digitally signed by Sanjay Narayan Barde
Date: 2023.05.04 17:15:16 +05'30'

**Sanjay Narayan Barde**
Director
DIN no: 03140784

Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
Digitally signed by MANOJ KUMAR DIXIT
Date: 2023.05.04 17:04:49 +05'30'

**Manoj Kumar Dixit**
Director
DIN no: 09355400

Place: New Delhi
Date: 04-05-2023

**GMR Upper Karnali Hydropower Limited**
**Statement of profit and loss for the period ended 31st March 2023**

**Amount in Rs.'00**

| Particulars | Notes | 31-March-23 | 31-March-22 |
|---|---|---|---|
| Other Income | | | |
| **Total Income** | | - | - |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | | | |
| Finance cost | | | |
| Depreciation | | | |
| Other expenses | 14 | 14,587 | 13,280 |
| **Total Expenses** | | **14,587** | **13,280** |
| | | | |
| **Profit / (Loss) before tax** | | **(14,587)** | **(13,280)** |
| **Tax expenses** | | | |
| Current tax | | 3450 | 4 |
| **Profit/(loss) for the period from continuing operations** | | **(18,037)** | **(13,284)** |
| **Profit/(loss) for the period** | | **(18,037)** | **(13,284)** |
| Other comprehensive income | | | - |
| **Total comprehensive income for the period** | | **(18,037)** | **(13,284)** |
| | | | |
| **Earnings per equity share (For continuing operations)** | | | |
| Basic | | **(12.02)** | **(8.86)** |
| Diluted | | **(12.02)** | **(8.86)** |

The accompanying notes form an integral part of the financial statements.
This is the statement of profit & Loss referred to our report of even date

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

ACHYUTHAVENKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:27:51 +05'30'

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

Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde
Digitally signed by Sanjay Narayan Barde
Date: 2023.05.04 17:15:37 +05'30'

**Sanjay Narayan Barde**
Director
DIN no: 03140784

Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
Digitally signed by MANOJ KUMAR DIXIT
Date: 2023.05.04 17:05:17 +05'30'

**Manoj Kumar Dixit**
Director
DIN no: 09355400

Place: New Delhi
Date: 04-05-2023

**GMR Upper Karnali Hydropower Limited**

**Statement of Change in Equity for the period ended March 31, 2023**

| | Share capital | Share Application Money | Retained Earning | Other Equity | Total Equity |
|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | | Rs. |
| **As at March 31, 2021** | 93,750 | 79,00,280 | (4,40,803) | 74,59,477 | **75,53,227** |
| Net Profit/(Loss) | - | 23,97,181 | (13,284) | 23,83,898 | 23,83,898 |
| **As at March 31, 2022** | 93,750 | 1,02,97,462 | (4,54,087) | 98,43,375 | **99,37,125** |
| Net Profit/(Loss) | - | 10,17,479 | (18,037) | 9,99,441 | 9,99,441 |
| **As at March 31, 2023** | 93,750 | 1,13,14,940 | (4,72,124) | 1,08,42,816 | **1,09,36,566** |

**For Girish Murthy & Kumar**
Chartered Accountants
Firm Registration Number: 000934S
ACHYUTHAVENKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:28:28 +05'30'
**A.V.Satish Kumar**
Partner
Membership no.: 26526

Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde
Digitally signed by Sanjay Narayan Barde
Date: 2023.05.04 17:15:56 +05'30'
**Sanjay Narayan Barde**
Director
DIN no: 03140784

Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
Digitally signed by MANOJ KUMAR DIXIT
Date: 2023.05.04 17:05:34 +05'30'
**Manoj Kumar Dixit**
Director
DIN no: 09355400

Place: New Delhi
Date: 04-05-2023

**GMR Upper Karnali Hydropower Limited**
**Cash Flow Statement for the period ended 31st March, 2023**

Amount in Rs.'00

| Particulars | 31-March-23 | 31-March-22 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax from continuing operations | (14,587) | (13,280) |
| Profit before tax | **(14,587)** | **(13,280)** |
| Tax paid | (3,450) | (4) |
| **Operating profit before working capital changes** | **(18,037)** | **(13,284)** |
| Increase/(decrease) in other current liabilities | 3,399 | 1,813 |
| Increase/(decrease) from financial liabilities | 2,25,912 | (4,36,073) |
| Finance cost | - | - |
| (Increase)/decrease in loans and advances | (14,351) | (4,223) |
| (Increase)/decrease in Other Current Tax Asset | (130) | 2 |
| **Net cash flow from/ (used in) operating activities (A)** | **1,96,793** | **(4,51,764)** |
| | | |
| **Cash flows from investing activities** | | |
| Depreciation | 11,778 | 12,016 |
| (Increase)/ decrease in other current assets | - | - |
| Increase / (Decrease) in current borrowings | - | (20,000) |
| (Increase)/ decrease in other non current assets | 6,25,000 | (6,27,813) |
| (Increase)/ decrease in other non current Loan | - | - |
| Purchase/ Sale of FA, including CWIP and capital advances | (20,43,434) | (17,46,964) |
| **Net cash flow from/ (used in) investing activities (B)** | **(14,06,656)** | **(23,82,761)** |
| **Cash flows from financing activities** | | |
| Share application money received | 10,17,479 | - |
| Increase /(decrease) in Non Current Provision | - | (2,361) |
| Proceeds from Bridge Loan | - | - |
| Proceeds from Share Application Money | - | 23,97,178 |
| **Net cash flow from/ (used in) in financing activities (C)** | **10,17,479** | **23,94,817** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents (A + B + C)** | (1,92,384) | (4,39,705) |
| Cash and cash equivalents at the beginning of the period | 2,80,155 | 7,19,860 |
| **Cash and cash equivalents at the end of the period** | **87,771** | **2,80,155** |
| | | |
| **Components of cash and cash equivalents** | | |
| With banks- on current account | 87,738 | 2,80,033 |
| Cash in Hand | 32 | 122 |
| **Total cash and cash equivalents** | **87,771** | **2,80,155** |

**Notes:**

1. The above cash flow statement has been compiled from and is based on the balance sheet as at March 31st, 2023 and the related profit and loss account for the year ended on that date.

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

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

| Particulars | 01-Apr-22 | Cash flows | Non-Cash changes | 31-Mar-23 |
|---|---|---|---|---|
| | | | Fair value changes | |
| Short term Borrowings-Related party | - | - | - | - |
| Short term Borrowings-Bank | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |

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

ACHYUTHAVENKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:29:25 +05'30'

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

Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde
Digitally signed by Sanjay Narayan Barde
Date: 2023.05.04 17:16:16 +05'30'

**Sanjay Narayan Barde**
Director
DIN no: 03140784

Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
Digitally signed by MANOJ KUMAR DIXIT
Date: 2023.05.04 17:06:00 +05'30'

**Manoj Kumar Dixit**
Director
DIN no: 09355400

Place: New Delhi
Date: 04-05-2023

**GMR Upper Karnali Hydropower Limited**
**Statement of standalone assets and liabilities**

**Amount in Rs '00'**

| | | Particulars | 31-March-23 (Audited) | 31-March-22 (Audited) |
|---|---|---|---|---|
| 1 | | **ASSETS** | | |
| | a) | **Non-current assets** | | |
| | | Property, plant and equipment | 21,14,475 | 21,24,325 |
| | | Capital work in progress | 1,82,24,845 | 1,61,83,338 |
| | | Financial assets | | |
| | | Loans and advances | - | - |
| | | Other non-current assets | 3,72,969 | 9,97,969 |
| | | | **2,07,12,289** | **1,93,05,631** |
| | b) | **Current assets** | | |
| | | Financial assets | | |
| | | Loans and advances | 28,749 | 14,399 |
| | | Cash and cash equivalents | 87,771 | 2,80,155 |
| | | Current tax assets (net) | 146 | 16 |
| | | Other current assets | 3,450 | 4 |
| | | | **1,20,116** | **2,94,573** |
| | | TOTAL ASSETS (a+b) | **2,08,32,405** | **1,96,00,205** |
| 2 | | **EQUITY AND LIABILITIES** | | |
| | a) | **Equity** | | |
| | | Equity share capital | 93,750 | 93,750 |
| | | Other equity | 1,08,42,816 | 98,43,375 |
| | | **Total equity** | **1,09,36,566** | **99,37,125** |
| | b) | **Non-current liabilities** | | |
| | | Financial liabilities | | |
| | | Provisions | - | - |
| | | Other non-current liabilities | | |
| | | | **-** | **-** |
| | c) | **Current liabilities** | | |
| | | Financial liabilities | | |
| | | Borrowings | - | - |
| | | Other financial liabilities | 98,82,556 | 96,56,644 |
| | | Other current liabilities | 9,832 | 6,433 |
| | | | **98,95,839** | **96,63,080** |
| | | **TOTAL EQUITY AND LIABILITIES (a+b+c)** | **2,08,32,405** | **1,96,00,205** |

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

ACHYUTHAVENKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:30:09 +05'30'

**A.V.Satish Kumar**
Partner
Membership no.: 26526
Firm Reg No: 000934S
Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde
Digitally signed by Sanjay Narayan Barde
Date: 2023.05.04 17:16:36 +05'30'

**Sanjay Narayan Barde**
Director
DIN no: 03140784

Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
Digitally signed by MANOJ KUMAR DIXIT
Date: 2023.05.04 17:06:22 +05'30'

**Manoj Kumar Dixit**
Director
DIN no: 09355400

Place: New Delhi
Date: 04-05-2023

(In Rs Hundreds)

**Statement of standalone financial results for quarter and Twelve months ended March 31, 2023**

| | Particulars | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|---|
| | | 31-Mar-23 | 31-Dec-22 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| | | **Unaudited** | **Unaudited** | **Unaudited** | **Audited** | **Audited** |
| **A** | **Continuing Operations** | | | | | |
| **1** | **Revenue** | | | | | |
| | **b) Other income** | | | | | |
| | i) Foreign exchange fluctations (net) | - | - | - | - | - |
| | **Total revenue** | **-** | **-** | **-** | **-** | **-** |
| **2** | **Expenses** | | | | | |
| | (i) Other expenses | 1,741.27 | **5,342.95** | **5,782.41** | 14,587.18 | 13,280.02 |
| | **Total expenses** | **1,741.27** | **5,342.95** | **5,782.41** | **14,587.18** | **13,280.02** |
| **3** | **Profit/(loss) from continuing operations before exceptional items and tax expense (3-4)** | **(1,741.27)** | **(5,342.95)** | **(5,782.41)** | **(14,587.18)** | **(13,280.02)** |
| **4** | Exceptional items | - | - | - | - | - |
| **5** | **Profit/(loss) from continuing operations before tax expenses (3 ± 4)** | **(1,741.27)** | **(5,342.95)** | **(5,782.41)** | **(14,587.18)** | **(13,280.02)** |
| **6** | **Tax expenses of continuing operations** | | | | | |
| | (a) Current tax | 0.01 | **(0.01)** | - | 3,450.23 | 3.57 |
| | (b) Deferred tax | - | - | - | - | - |
| **7** | **Profit/(loss) after tax from continuing operations (5 ± 6)** | **(1,741.28)** | **(5,342.95)** | **(5,782.41)** | **(18,037.41)** | **(13,283.59)** |
| **B** | **Discontinued Operations** | | | | | |
| **8** | **Profit/(loss) from discontinued operations before tax expenses** | - | - | - | - | - |
| **9** | **Tax expenses of discontined operations** | | | | | |
| | (a) Current tax | - | - | - | - | - |
| | (b) Deferred tax | - | - | - | - | - |
| **10** | **Profit/(loss) after tax from discontinued operations (8 ± 9)** | **-** | **-** | **-** | **-** | **-** |
| **11** | **Profit/(loss) after tax for respective periods (7 + 10)** | **(1,741.28)** | **(5,342.95)** | **(5,782.41)** | **(18,037.41)** | **(13,283.59)** |
| **12** | **Other Comprehensive Income** | | | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - | - |
| | (B) (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| **13** | **Total other comprehensive income, net of tax for the respective periods** | **-** | **-** | **-** | **-** | **-** |
| **14** | **Total comprehensive income for the respective periods (11 ± 13)** | **(1,741.28)** | **(5,342.95)** | **(5,782.41)** | **(18,037.41)** | **(13,283.59)** |
| **15** | Paid-up equity share capital (face value Rs 10 per share) | 1,50,000.00 | 1,50,000.00 | 1,50,000.00 | 1,50,000.00 | 1,50,000.00 |
| **16** | **Earnings per equity share** | | | | | |
| | i) Basic & diluted EPS | (1.16) | (3.56) | (3.85) | (12.02) | (8.86) |
| | ii) Basic & diluted EPS from continuing operations | (1.16) | (3.56) | (3.85) | (12.02) | (8.86) |

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

ACHYUTHAVENKATA SATISH KUMAR Digitally signed by ACHYUTHAVENKATA SATISH KUMAR Date: 2023.05.04 17:31:54 +05'30'

**A.V. Satish Kumar**
Partner
Membership no.: 26526
Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde Digitally signed by Sanjay Narayan Barde Date: 2023.05.04 17:17:00 +05'30'

**Sanjay Narayan Barde**
Director
DIN no: 03140784
Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT Digitally signed by MANOJ KUMAR DIXIT Date: 2023.05.04 17:06:42 +05'30'

**Manoj Kumar Dixit**
Director
DIN no: 09355400
Place: New Delhi
Date: 04-05-2023

**GMR Upper Karnali Hydropower Limited**

## 1. Property, Plant & Equipment

**Amount in Rs.'00**

| Particulars | Land | Building | Plant & Machinery | Furniture & Fixtures | Vehicles | Office Equipment | Computers | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | | |
| **As at 31st March 2021** | **13,03,418** | **3,36,638** | **35,034** | **33,598** | **876** | **51,916** | **9,089** | **17,70,568** |
| Additions | **4,32,892** | | - | | | | 813 | 4,33,704 |
| Disposals | - | - | - | - | - | - | - | **-** |
| Exchange Differences | - | - | - | - | - | - | - | - |
| **As at 31st March 2022** | **17,36,309** | **3,36,638** | **35,034** | **33,598** | **876** | **51,916** | **9,902** | **22,04,272** |
| Additions | **0 -** | **0 -** | **0 -** | **0** | **159** | **1,194** | **575** | 1,928 |
| Disposals | | | | | | | | |
| **As at 31st March 2023** | **17,36,309** | **3,36,638** | **35,034** | **33,598** | **1,035** | **53,110** | **10,477** | **22,06,200** |
| | | | | | | | | |
| **Depreciation and impairment** | | | | | | | | |
| **As at 31st March 2021** | - | **12,966** | **17,514** | **11,695** | **674** | **18,126** | **6,957** | **67,932** |
| Depreciation for the year | - | 5,487 | 1,709 | 1,856 | 0 | 2,456 | 508 | **12,016** |
| Impairment | - | - | - | - | - | - | - | **-** |
| Disposals | - | - | - | - | - | - | - | **-** |
| **As at 31st March 2022** | **-** | **18,453** | **19,224** | **13,550** | **674** | **20,582** | **7,465** | **79,948** |
| Depreciation for the Period | **-** | 5,487 | 1,389 | 1,856 | 9 | 2,477 | 561 | **11,778** |
| Impairment | | | | | | | | |
| Disposals | | | | | | | | |
| **As at 31st March 2023** | **-** | **23,941** | **20,612** | **15,406** | **683** | **23,059** | **8,026** | **91,726** |
| | | | | | | | | |
| **Net Book Value** | | | | | | | | |
| **As at 31st March 2021** | 13,03,418 | 3,23,672 | 17,519 | 21,903 | 202 | 33,790 | 2,133 | **17,02,635** |
| **As at 31st March 2022** | **17,36,309** | **3,18,184** | **15,810** | **20,047** | **202** | **31,334** | **2,437** | **21,24,325** |
| **As at 31st March 2023** | **17,36,309** | **3,12,698** | **14,421** | **18,192** | **352** | **30,051** | **2,451** | **21,14,475** |

| 2 | Capital Work in Progress | 31-March-23 | 31-March-22 |
|---|---|---|---|
| | | | Amount in Rs.'00 |
| | Civil works | 3,37,701 | 3,37,701 |
| | Salaries, allowances and benefits to employees | 6,97,822 | 6,42,570 |
| | Contribution to provident fund and others | 33,864 | 29,978 |
| | Staff welfare expenses | 96,669 | 91,581 |
| | Rent | 5,57,380 | 4,98,920 |
| | Rates and Taxes | 7,34,320 | 3,59,320 |
| | Bank/ other finance charges | 3,37,168 | 2,74,798 |
| | Repairs & Maintenance - Others | 9,87,496 | 9,11,791 |
| | Consultancy & Professional Charges | 64,40,323 | 63,33,697 |
| | Electricity charges | 15,698 | 15,402 |
| | Meetings & Seminars | 50,775 | 43,850 |
| | Travelling and conveyance | 6,09,919 | 5,71,888 |
| | Comunication Expenses | 49,272 | 46,730 |
| | Insurance | 20,367 | 17,380 |
| | Depreciation | 91,726 | 79,948 |
| | Gift and compliment | 27 | 27 |
| | Guest House Maintainance | 70,139 | 61,969 |
| | Printing & Stationery | 22,348 | 21,300 |
| | Membership & Subscription | 5,654 | 5,185 |
| | Miscellaneous Expenses | 4,30,914 | 4,15,766 |
| | Advertisement Expenses | 5,995 | 5,995 |
| | Miscellaneous Income | - 18,222 | - 4,382 |
| | Interest Others | 63,77,462 | 52,12,767 |
| | Exchange Rate Gain | - 15,520 | - 15,520 |
| | Project Development Expenses | 2,85,547 | 2,24,673 |
| | | **1,82,24,845** | **1,61,83,338** |

Amount in Rs.'00

| 3 | Other non current assets | Non Current | |
|---|---|---|---|
| | | 31-March-23 | 31-March-22 |
| | Margin Deposit | 3,72,968.75 | 3,72,969 |
| | Capital Advances | - | |
| | BANK DEPOSITS | - | 6,25,000 |
| | | **3,72,969** | **9,97,969** |

Amount in Rs.'00

| 4 | Cash and cash equivalents | Current | |
|---|---|---|---|
| | | 31-March-23 | 31-March-22 |
| | Cash in Hand | 32 | 121.59 |
| | Balances with bank in current accounts | 87,738 | 2,80,033.26 |
| | | **87,771** | **2,80,155** |

Amount in Rs.'00

| | Financial Assets | Non Current | | Current | |
|---|---|---|---|---|---|
| 5 | Loans | 31-March-23 | 31-March-22 | 31-March-23 | 31-March-22 |
| | Advances recoverable in cash or kind | - | - | 28,749 | 14,399 |
| | Loan and advances to related parties | - | - | - | - |
| | | **-** | **-** | **28,749** | **14,399** |

Amount in Rs.'00

| 6 | Current Tax Assets (Net) | 31-March-23 | 31-March-22 |
|---|---|---|---|
| | Advance income-tax (net of provision for taxation) | 146 | 16 |
| | | **146** | **16** |

Amount in Rs.'00

| 7 | Other Current Assets | 31-March-23 | 31-March-22 |
|---|---|---|---|
| | Interest accrued on Call account | - | - |
| | Advance recoverable | | - |
| | Interest Accrued on Fixed Deposits | | - |
| | | **-** | **-** |

**8 Share capital**

Amount in Rs.'00

| Authorised Share Capital | Equity Shares No.s | INR |
|---|---|---|
| Equity shares, face value of Rs.62.50 each | | |
| **As at March 31, 2021** | 1,90,00,000 | 1,18,75,000 |
| Increase/(decrease)during the year | - | - |
| **As at March 31, 2022** | 1,90,00,000 | 1,18,75,000 |
| Increase/(decrease)during the year | **-** | **-** |
| **As at March 31, 2022** | **1,90,00,000** | **1,18,75,000** |

| Issued Equity Capital | No.s | INR |
|---|---|---|
| Equity shares of Rs.62.50 each issued, subscribed & Rs 6.25 paid | | |
| **As at March 31, 2021** | 15,00,000 | 93,750 |
| Increase/(decrease)during the year | - | - |
| **As at March 31, 2022** | 15,00,000 | 93,750 |
| Increase/(decrease)during the year | **-** | **-** |
| **As at March 31, 2022** | **15,00,000** | **93,750** |

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

Amount in Rs.'00

| **Equity Shares** | 31-March-23 | | 31-March-22 | |
|---|---|---|---|---|
| | No. | Amounts in INR | No. | Amounts in INR |
| At the beginning of the year | 15,00,000 | 9,37,500 | 15,00,000 | 9,37,500 |
| Issued during the year | - | - | - | - |
| **Outstanding at the end of the year** | **15,00,000** | **9,37,500** | **15,00,000** | **9,37,500** |

**B) Terms/ rights attached to equity shares**

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

C)Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought backduring the period of five years immediately preceding the reporting date:

| | 31-March-23 | 31-March-22 |
|---|---|---|
| shares held by holding/ultimate holding company and/ or their subsidiaries/associates | No.of shares | No.of shares |
| Equity shares allotted for consederation other than cash (Issued on May 02, 2008) | 405000 | 405000 |
| (Shares of NPR 100 (Paid up NPR 10) each issued other than cash to Nepal Electricity Autority LTD.) | | |

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

| Particulars | 31-March-23 | 31-March-22 |
|---|---|---|
| Shares held by GMR Lion Energy Limited(Holding Company) | 10,95,000 | 10,95,000 |

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

| | 31-March-23 | | 31-March-22 | |
|---|---|---|---|---|
| **Particulars** | No | % holding in | No | % holding in |
| Shares held by GMR Lion Energy Limited(Holding Company) | 1095000 | 73% | 1095000 | 73% |
| Shares held by Nepal Electricity Authority | 405000 | 27% | 405000 | 27% |

As per records of the Company, including its regester of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Amount in Rs.'00

| 9 | | Reserves & Surplus | | Total |
|---|---|---|---|---|
| | **Other Equity** | money pending allotment | Retained Earning | |
| | As at March 31, 2021 | 7900280.42 | -440803.42 | 7459477.00 |
| | Profit/(loss for the period) | 2397181.28 | -13283.60 | 2383897.68 |
| | As at March 31, 2022 | 10297461.70 | -454087.02 | 9843374.68 |
| | Profit/(loss for the period) | 1017478.75 | -18037.41 | 999441.34 |
| | As at September 30, 2022 | 11314940.45 | -472124.43 | 10842816.02 |

| | | Non Current | | Current | |
|---|---|---|---|---|---|
| 10 | **Financial Liability -Borrowings** | 31-March-23 | 31-March-22 | 31-March-23 | 31-March-22 |
| | **Term loans** | | | | |
| | Nepal rupee term loan from banks (secured) | - | - | - | - |
| | | | | | |
| | Disclosed under the Current maturities of Long term borrowings in Other financial liabilities Note no.12. | | | - | - |

* (Secured by mortgage of Fixed Assets (Land and Building etc.) existing or to be created in future owned by the company in favor of Nepal Investment Bank Ltd. Further secured by way of Letter of Comfoft in favor of Nepal Investment Bank Ltd. from GMR Energy Ltd. Further secured by way of acknowledgment letter from Government of Nepal through Investment Board of the Government of Nepal, as per Section 14.1 of Project Development Agreement, of company's assignment/transfer of company's rights or benefits. Further secured by way of assignment of rights and benefits as per Seciion 14.1 of Project Development Agreement. Further secured by way of hypothecation of entire Work in Progress. The Bridge Gap Loan is for three years from the flrst disbursement date (i.e. 22nd Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @ 11.90 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually.

Amount in Rs.'00

| | | Non Current | | Current | |
|---|---|---|---|---|---|
| 11 | **Provisions** | 31-March-23 | 31-March-22 | 31-March-23 | 31-March-22 |
| | Provision for gratuity | - | 2,361 | | - |
| | Others (Provision for Tax net of Advance Tax) | | | | - |
| | | **-** | **2,361** | | **-** |

Amount in Rs.'00

| 12 | **Other financial liabilties** | 31-March-23 | 31-March-22 |
|---|---|---|---|
| | Current maturities of Long term borrowings* | 93,74,744 | 93,74,744 |
| | Interest accrued but not due on borrowings | 4,67,956 | 2,13,621 |
| | Retention Money | 2,232 | 2,232 |
| | Non trade payables-Group Companies | | - |
| | Non trade payables-Others | 37,625 | 66,047 |
| | | **98,82,556** | **96,56,644** |

* (Secured by mortgage of Fixed Assets (Land and Building etc.) existing or to be created in future owned by the company in favor of Nepal Investment Bank Ltd. Further secured by way of Letter of Comfoft in favor of Nepal Investment Bank Ltd. from GMR Energy Ltd. Further secured by way of acknowledgment letter from Government of Nepal through Investment Board of the Government of Nepal, as per Section 14.1 of Project Development Agreement, of company's assignment/transfer of company's rights or benefits. Further secured by way of assignment of rights and benefits as per Seciion 14.1 of Project Development Agreement. Further secured by way of hypothecation of entire Work in Progress. The Bridge Gap Loan is for three years from the flrst disbursement date (i.e. 22nd Dec 2014 and 11th Feb 2016) or till three months after financial closure whichever is earlier. The loan carries interest rate @11.90 % p.a. Interest will be paid on each financial quarter ending as per Nepal Financial Year. The interest rate shall be reviewed semi annually.

Amount in Rs.'00

| 13 | **Other current liabilities** | 31-March-23 | 31-March-22 |
|---|---|---|---|
| | TDS Payable | 5,026 | 4,175 |
| | Other statutory dues | - | - |
| | Others | 4,806 | 2,258 |
| | | **9,832** | **6,433** |

**GMR Upper Karnali Hydropower Limited**
**Notes to Statement of profit and loss for the period ended 31st March 2023**

Amount in Rs.'00

| 14 **Other expenses** | **31-March-23** | **31-March-22** |
|---|---|---|
| Donation | - | - |
| Business Promotion | 6,176 | 7,057 |
| Audit Fees | 3,555 | 3,742 |
| Advertisment | 4,008 | 2,405 |
| Misc Exp-Others | - | - |
| | | - |
| Rates & Taxes | 848 | 75 |
| | **14,587** | **13,280** |

**Payment to auditor**

| | **31-March-23** | **31-March-22** |
|---|---|---|
| As auditor: | | |
| Audit fee | - | - |
| Other services (certification fees) | - | - |
| | **-** | **-** |

## GMR Upper Karnali Hydropower Limited

**Notes to financial statements for the year ended 31st March 2023**

1. **Corporate Information:**

GMR Upper Karnali Hydropower Limited, incorporated in Nepal on May 2, 2008 under Companies Act, is promoted by GMR Lion Energy Limited (incorporated in Mauritius), the Holding Company, to develop and operate 900MW Hydro based power project in Karnali River, Aachham and Dailekh District. The registered address of the company is P O Box: 148, Chakupat-10, Lalitpur, Nepal. The company is in the process of setting up of the project.

The company has applied for the Generation license on 15.05.2013. The Company has executed Project Development Agreement with the Government of Nepal on 19th September 2014 which authorizes the Company for development and implementation of the Project. The Company has signed the Joint Development Agreement with IFC Infra ventures (World Bank Group) on 22nd December 2014.

Information on other related party relationships of the Company is provided in Note no 21.

2. **Summary of Significant Accounting Policies**

a. **Basis of Preparation:**

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

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

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

b. **Current versus non-current classification**

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

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

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

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

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

**c. Property, plant and equipment**

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment as at 31 March 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2015.

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

**Recognition:**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a. it is probable that future economic benefits associated with the item will flow to the entity; and
b. the cost of the item can be measured reliably.

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

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

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized.

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

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.
Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress and the related advances are shown as Loans and advances.

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

**Intangible assets**

Intangible assets comprise technical know-how and computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The above periods also represent the management estimated economic useful life of the respective intangible assets.

**Depreciation**

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

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

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

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

**d. Foreign currency translation**

**Functional and presentation currency**

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

**Transaction and balances**

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

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

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

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

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

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

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

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

**Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after 1 April 2015:**

The exchange differences pertaining to long term foreign currency working capital loans obtained or re-financed on or after 1 April 2015 is charged off or credited to profit & loss account under Ind AS.

**Forward Exchange Contracts not intended for trading or speculations purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.

**e. Borrowing cost**

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

**f. Impairment of non-financial assets**

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

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

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

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

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

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

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

**g. Provisions, Contingent liabilities, Contingent assets, and Commitments**

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

**Contingent liability is disclosed in the case of:**

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

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

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

**h. Retirement and other Employee Benefits**

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

i. The date of the plan amendment or curtailment, and
ii. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
ii. Net interest expense or income.

**Short term employee benefits**

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

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

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

**Defined benefit plans**

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

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

Past service costs are recognised in profit or loss on the earlier of:

a. The date of the plan amendment or curtailment, and
b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b. Net interest expense or income

**Long term employee benefits**

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

**i. Financial Instruments**

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

**Financial assets**

**Initial recognition and measurement**

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

**Subsequent measurement**

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

a. Debt instruments at amortised cost
b. Debt instruments at fair value through other comprehensive income (FVTOCI)
c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b. The asset's contractual cash flows represent SPPI.

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

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

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

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's 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**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, Margin deposits, trade receivables and bank balance

b. Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;

a. Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.
ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**Financial liabilities**

**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 trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

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

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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

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

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**Reclassification of financial assets**

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

**Offsetting of financial instruments**

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

**Derivative financial instruments**

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

**e. Cash and Cash Equivalent**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**f. Foreign currencies**

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

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

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

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

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

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

**g. Fair value measurement**

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

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

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

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

**h. Revenue recognition**

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA), after Commercial Operation Date and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.

The Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance.

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

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

**i. Interest income:**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

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

**j. Taxes on income**

**Current income tax**

**Tax expense comprises current and deferred tax.**

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

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

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

**Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

b. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

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

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

**k. Earnings per share**

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

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

**l. Significant accounting judgments, estimates and assumptions:**

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

**Estimates and assumptions**

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

**m. Taxes**

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

**n. Contingencies**

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

**o. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**15. Contingent Liability-**

**(Amount in Rs "00")**

| Particulars | 31st March, 2023 | 31st March, 2022 |
|---|---|---|
| **Contingent Liability** | | |
| Bank Guarantees to Investment Board of Nepal. | 2,81,250 | 2,81,250 |
| Bank Guarantees to Bangladesh Power Development Board | 41,10,500 | 37,95,500 |

**BG to BPDB is USD 5,000,000/-, Spot Exchange Rate is Used as on 31st March 2023: 82.21 INR = 1 USD and as on 31st March 2022: 75.91 INR = 1 USD respectively for Conversion.**

**16. Capital commitments/ Other commitments:**

**(Amount in Rs "00")**

| **Schedule for Ageing of CWIP as on 31 Mar 2023:** | | | | | |
|---|---|---|---|---|---|
| | **Amount in CWIP/IAUD for a period of** | | | | |
| **Particulars** | **Less than 1 year** | **1 - 2 years** | **2 - 3 years** | **More than 3 years** | **Total** |
| **Project in progress** | 20,41,507 | 13,13,260 | 14,49,207 | 1,34,20,871 | 1,82,24,845 |
| | | | | | |
| **Total** | **20,41,507** | **13,13,260** | **14,49,207** | **1,34,20,871** | **1,82,24,845** |

| **Schedule for Ageing of CWIP as on 31 Mar 2022:** | | | | | |
|---|---|---|---|---|---|
| | **Amount in CWIP/IAUD for a period of** | | | | |
| **Particulars** | **Less than 1 year** | **1 - 2 years** | **2 - 3 years** | **More than 3 years** | **Total** |
| **Project in progress** | 13,13,260 | 14,49,207 | 12,84,596 | 1,21,36,275 | 1,61,83,338 |
| | | | | | |
| **Total** | **13,13,260** | **14,49,207** | **12,84,596** | **1,21,36,275** | **1,61,83,338** |

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR ("00') 1,32,281 /- as on 31st March 2023.

## 17. Employee Benefits:

The company has determined the liability for gratuity and long term compensated absences in accordance with revised AS 15.

Disclosures as envisaged in revised AS 15 in respect of Gratuity and leave encashment are given below:

**Gratuity and Leave Encashment:**

Defined Benefit Plan - As per Actuarial Valuation as at 31 March 2023 - Liability towards Leave Encashment and Gratuity – NA

## 18. Earnings Per Share

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

**(Amount in Rs "00")**

| Particulars | 31st March 2023 | 31st March 2022 |
|---|---|---|
| Nominal value of Equity Shares(INR Per share) | INR 62.5 | INR 62.5 |
| Total No. of Equity Shares outstanding at the beginning of the Period/Year | 1,500,000 | 1,500,000 |
| Total No. of Equity Shares outstanding at the end of the Period/Year | 1,500,000 | 1,500,000 |
| Weighted average No. of Equity shares for Basic earnings per Share | 1500,000 | 1500,000 |
| Profit as per Profit and loss Account | (18,037) | (13,284) |
| Less: Dividend on Preference shares (including tax thereon) | - | - |
| Profit/ (Loss) for Earning per share | (18,037) | (13,284) |
| Earnings per Share (EPS) | (1.2) | (0.89) |

## GMR Upper Karnali Hydropower Limited

**Notes to financial statements for the year ended 31st March 2023**

### 19. Related Party Disclosures

**Names of related parties and related party relationship**

| GMR Upper Karnali Hydropower Limited - Related Parties as on 31 March 2023 | | |
|---|---|---|
| (i) | Enterprises that control the Company | GMR Enterprises Limited<br>GMR Infrastructure Limited<br>GMR Energy Limited<br>GMR Energy (Mauritius) Limited<br>GMR Lion Energy Limited (GLEL) |
| (ii) | Ultimate Holding Company | GMR Enterprises Private Limited |
| (iii) | Fellow Subsidiary Companies | GMR Infrastructure Limited<br>GMR Sports Private Limited<br>GMR League Games Private Limited<br>GMR Infratech Private Limited<br>Cadence Enterprises Private Limited<br>PHL Infrastructure Finance Company Private Limited<br>Vijay Nivas Real Estates Private Limited<br>Fabcity Properties Private Limited<br>Kondampeta Properties Private Limited<br>Hyderabad Jabilli Properties Private Limited<br>Leora Real Estates Private Limited<br>Pashupati Artex Agencies Private Limited<br>Ravivarma Realty Private Limited<br>GMR Solar Energy Private Limited<br>Rajam Enterprises Private Limited<br>Grandhi Enterprises Private Limited<br>Ideaspace Solutions Private Limited<br>National SEZ Infra Services Private Limited<br>Kakinada Refinery and Petrochemicals Private Limited<br>Corporate Infrastructure Services Private Limited<br>GMR Bannerghatta Properties Private Limited<br>Kirthi Timbers Private Limited<br>AMG Healthcare Destination Private Limited<br>GMR Holding (Malta) Limited<br>GMR Infrastructure (Malta) Limited<br>GMR Holdings (Overseas) Limited<br>GMR Holdings (Mauritius) Limited<br>Crossridge Investments Limited<br>Interzone Capital Limited<br>GMR Holdings Overseas (Singapore) Pte Limited<br>GMR Business & Consultancy LLP<br>GMR Energy Limited (GEL)<br>GMR Power Corporation Limited (GPCL) |

| | | | |
|---|---|---|---|
| | | | GMR Vemagiri Power Generation Limited (GVPGL)<br>GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)<br>GMR Mining & Energy Private Limited (GMEL)<br>GMR Kamalanga Energy Limited (GKEL)<br>GMR Energy (Mauritius) Limited (GEML)<br>GMR Lion Energy Limited (GLEL)<br>GMR Upper Karnali Hydropower Limited (GUKPL)<br>GMR Energy Trading Limited (GETL)<br>GMR Consulting Services Private Limited (GCSPL)<br>GMR Coastal Energy Private Limited (GCEPL)<br>GMR Bajoli Holi Hydropower Private Limited (GBHHPL)<br>GMR Londa Hydropower Private Limited (GLHPPL)<br>GMR Kakinada Energy Private Limited (GKEPL)<br>GMR Energy (Cyprus) Limited (GECL)<br>GMR Energy (Netherlands) B.V. (GENBV)<br>PT Dwikarya Sejati Utma (PTDSU)<br>PT Duta Sarana Internusa (PTDSI)<br>PT Barasentosa Lestari (PTBSL)<br>SJK Powergen Limited (SJK)<br>PT Unsoco (PT)<br>GMR Warora Energy Limited (Formerly EMCO Energy Limited)<br>Indo Tausch Trading DMCC (ITTD)<br>GMR Maharashtra Energy Limited (GMAEL)<br>GMR Bundelkhand Energy Private Limited (GBEPL)<br>GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL)<br>GMR Hosur Energy Limited (GHOEL)<br>GMR Gujarat Solar Power Private Limited (GGSPPL)<br>Karnali Transmission Company Private Limited (KTCPL)<br>Marsyangdi Transmission Company Private Limited (MTCPL)<br>GMR Indo-Nepal Energy Links Limited (GINELL)<br>GMR Indo-Nepal Power Corridors Limited (GINPCL)<br>GMR Generation Assets Limited (formerly known as GMR Renewable Energy Limited (GREEL))<br>GMR Energy Projects (Mauritius) Limited (GEPML)<br>GMR Infrastructure (Singapore) Pte Limited (GISPL)<br>GMR Coal Resources Pte Limited (GCRPL)<br>GMR Power Infra Limited (GPIL)<br>GMR Highways Limited (GMRHL)<br>GMR Tambaram Tindivanam Expressways Limited (GTTEPL)<br>GMR Tuni Anakapalli Expressways Limited (GTAEPL)<br>GMR Ambala Chandigarh Expressways Private Limited (GACEPL)<br>GMR Pochanpalli Expressways Limited (GPEPL)<br>GMR Hyderabad Vijayawada Expressways Private Limited |

| | | |
|---|---|---|
| | | (GHVEPL)<br>GMR Chennai Outer Ring Road Private Limited (GCORRPL)<br>GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL)<br>GMR Highways Projects Private Limited (GHPPL)<br>GMR Hyderabad International Airport Limited (GHIAL)<br>Gateways for India Airports Private Limited (GFIAL)<br>Hyderabad Airport Security Services Limited (HASSL)<br>GMR Hyderabad Airport Resource Management Limited (GHARML)<br>GMR Hyderabad Aerotropolis Limited (HAPL)<br>GMR Hyderabad Aviation SEZ Limited (GHASL)<br>GMR Aerospace Engineering Limited (GAEL) (formerly known as MAS GMR Aerospace Engineering Company Limited)<br>GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited (MGATL))<br>Hyderabad Duty Free Retail Limited (HDFRL)<br>GMR Airport Developers Limited (GADL)<br>GADL International Limited (GADLIL)<br>GADL (Mauritius) Limited (GADLML)<br>GMR Hotels and Resorts Limited (GHRL)<br>GMR Hyderabad Airport Power Distribution Limited (GHAPDL)<br>Delhi International Airport Private Limited (DIAL)<br>Delhi Aerotropolis Private Limited (DAPL)<br>Delhi Duty Free Services Private Limited (DDFS)<br>Delhi Airport Parking Services Private Limited (DAPSL)<br>GMR Airports Limited (GAL)<br>GMR Airport Global Limited (GAGL)<br>GMR Airports (Mauritius) Limited (GALM)<br>GMR Aviation Private Limited (GAPL)<br>Raxa Security Services Limited (Raxa)<br>GMR Krishnagiri SEZ Limited (GKSEZ)<br>Advika Properties Private Limited (APPL)<br>Aklima Properties Private Limited (AKPPL)<br>Amartya Properties Private Limited (AMPPL)<br>Baruni Properties Private Limited (BPPL)<br>Bougainvillea Properties Private Limited (BOPPL)<br>Camelia Properties Private Limited (CPPL)<br>Deepesh Properties Private Limited (DPPL)<br>Eila Properties Private Limited (EPPL)<br>Gerbera Properties Private Limited (GPL)<br>Lakshmi Priya Properties Private Limited (LPPPL)<br>Honeysuckle Properties Private Limited (HPPL)<br>Idika Properties Private Limited (IPPL)<br>Krishnapriya Properties Private Limited (KPPL)<br>Larkspur Properties Private Limited (LAPPL) |

| | | |
|---|---|---|
| | | Nadira Properties Private Limited (NPPL)<br>Padmapriya Properties Private Limited (PAPPL)<br>Prakalpa Properties Private Limited (PPPL)<br>Purnachandra Properties Private Limited (PUPPL)<br>Shreyadita Properties Private Limited (SPPL)<br>Pranesh Properties Private Limited (PRPPL)<br>Sreepa Properties Private Limited (SRPPL)<br>Radhapriya Properties Private Limited (RPPL)<br>Asteria Real Estates Private Limited (AREPL)<br>GMR Hosur Industrial City Private Limited (GHICL)<br>Namitha Real Estates Private Limited (NREPL)<br>Honey Flower Estates Private Limited (HFEPL)<br>GMR Hosur EMC Limited (GHEMCL)<br>GMR SEZ and Port Holdings Limited (GSPHL)<br>East Godavari Power Distribution Company Private Limited (EGPDCPL)<br>Suzone Properties Private Limited (SUPPL)<br>GMR Utilities Private Limited (GUPL)<br>Lilliam Properties Private Limited (LPPL)<br>GMR Corporate Affairs Private Limited (GCAPL)<br>Dhruvi Securities Private Limited (DSPL)<br>Kakinada SEZ Limited (KSL)<br>GMR Business Process and Services Private Limited (GBPSPL)<br>GMR Infrastructure (Mauritius) Limited (GIML) |
| (iv) | Enterprises where significant influence exists | Nil |
| (v) | Enterprises where key management personnel and their relative exercise significant influence | None |
| (vi) | Key Management Personnel | Mr. Ashis Basu<br>Mr. Sanjay Narayan Barde<br>Mr. Ashis Basu<br>Mr. Manoj Kumar Dixit<br>Mr. Kulman Ghising<br>Mr Amrinder Kumar Maggu<br>Mr. Virat Kongmaneerat (With effect from 09 September 2022) |

**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties during the year ending 31st March 2023 and 31st March 2022 and the closing balance as on 31st March 2023 and 31st March 2022.

a) No transactions with related parties have been entered during the year.

b) Closing balances with the above related parties is:

**(Amount in Rs."00")**

| Name of the company | 31 March 2023 | 31 March 2022 |
|---|---|---|
| i. Share Capital - Equity Share capital Enterprises that control the company-GLEL | 9,3750 | 9,3750 |
| ii. Share Application money<br>Enterprises that control the company-GLEL | 1,13,14,940 | 1,02,97,462 |
| ii. Other Liabilities<br>Fellow Subsidiary Companies – GMR Consult.<br>Fellow Subsidiary Companies – KTCPL | <br>Nil<br>Nil | <br>Nil<br>Nil |

No compensation has been provided to key management personnel.

## 20. Disclosures on Financial instruments

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

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

### a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2023 and March 31, 2022.

## GMR Upper Karnali Hydropower Limited

**Notes to financial statements for the year ended 31st March 2023**

**As at March 31, 2023**

**(Amount in Rs"00")**

| Particulars | Fair value through consolidated statement of profit or loss | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| (i) Loans | - | - | 28,895 | 28,895 | 28,895 |
| (ii) Cash and cash equivalents | - | - | 87,771 | 2,80,155 | 3,67,926 |
| **Total** | - | - | **1,16,666** | **3,09,050** | **3,96,821** |
| **Financial liabilities** | | | | | |
| Other financial liabilities | - | - | 98,90,746 | 98,90,746 | 98,90,746 |
| **Total** | **-** | **-** | **98,90,746** | **98,90,746** | **98,90,746** |

**As at March 31, 2022**

**(Amount in Rs "00")**

| Particulars | Fair value through consolidated statement of profit or loss | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| (i) Loans | - | - | 14,415 | 14,415 | 14,415 |
| (ii) Cash and cash equivalents | - | - | 2,80,155 | 2,80,155 | 2,80,155 |
| **Total** | - | - | **2,94,570** | **2,94,570** | **2,94,570** |
| **Financial liabilities** | | | | | |
| Other financial liabilities | - | - | 96,56,644 | 96,56,644 | 96,56,644 |
| **Total** | **-** | **-** | **96,56,644** | **96,56,644** | **96,56,644** |

**Financial risk management objectives and policies**

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

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

**Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**Credit Risk:**

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

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

**Liquidity risk**

The Company monitors its risk of a shortage of funds using a liquidity planning tool.
The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans.

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

## GMR Upper Karnali Hydropower Limited

**Notes to financial statements for the year ended 31st March 2023**

**(Amount in Rs "00")**

| **Particulars** | **On demand** | **Less than 3 months** | **3 to 12 months** | **1 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|---|
| | INR | INR | INR | INR | INR | INR |
| **Year Ended on 31/03/2023** | | | | | | |
| Borrowings | | | | | | |
| Other financial liabilities | 98,90,746 | | | | | 98,90,746 |
| **Total** | **98,90,746** | | | | | **98,90,746** |
| | | | | | | |
| **Year Ended on 31/03/2022** | | | | | | |
| Borrowings | | | | | | |
| Other financial liabilities | 96,56,644 | | | | | 96,56,644 |
| **Total** | **96,56,644** | | | | | **96,56,644** |

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

**(Amount in Rs "00")**

| **Particulars** | **For year ended 31st March 2023** | **For year ended 31st March 2022** |
|---|---|---|
| Lease Rentals under cancelable leases | 58,460 | 54,199 |
| Lease Rentals under non-cancelable leases | **-** | **-** |

**22.** Expenditure in Foreign Currency – Nil

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

**24. Trade Payable Aeging**

| **Ageing of Trade Payable as on 31 Mar 2023:** | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Outstanding for following periods from due date of payment** | | | | |
| | **Less than 1 year** | **1 - 2 years** | **2 - 3 years** | **More than 3 years** | **Total** |
| **Total outstanding dues of micro enterprises and small enterprises** | - | - | - | - | - |
| **Total outstanding dues of creditors other than micro enterprises and small enterprises** | **2,25,912** | **-** | **3,35,425** | **93,21,219** | **98,82,556** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total** | | **2,25,912** | **-** | **3,35,425** | **93,21,219** | **98,82,556** |

| **Ageing of Trade Payable as on 31 Mar 2022:** | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Outstanding for following periods from due date of payment** | | | | |
| | **Less than 1 year** | **1 - 2 years** | **2 - 3 years** | **More than 3 years** | **Total** |
| **Total outstanding dues of micro enterprises and small enterprises** | - | - | - | - | - |
| **Total outstanding dues of creditors other than micro enterprises and small enterprises** | **-** | **3,35,425** | **8,69,603** | **84,51,616** | **96,56,644** |
| **Total** | | **3,35,425** | **8,69,603** | **84,51,616** | **96,56,644** |

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

26. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31st March 2021 and 31st March 2020. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

27. **Segment Reporting**

The company is engaged primarily in the business of setting and running of Power Plants. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly, separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (Ind AS-108) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

28. **Fair Value**

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair value.

29. **Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

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

**(Amount in Rs"00")**

| Particulars | At 31 March 2023 | At 31 March 2022 |
|---|---|---|
| **Borrowings** | **93,74,744** | **93,74,744** |
| | | |
| **Total debts** | **93,74,744** | **93,74,744** |
| | | |
| **Capital Components** | | |
| Share Capital | 93,750 | 93,750 |
| Equity | 1,13,14,940 | 1,02,97,462 |
| **Total Capital** | **1,14,08,690** | **1,14,08,690** |
| **Capital and net debt** | **2,07,83,434** | **2,07,83,434** |
| | | |
| **Gearing ratio（%)** | **45%** | **47%** |

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

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

| S. No | Parties | Court | Litigation Details | Current Update |
|---|---|---|---|---|
| 1 | Chandra Kumari Thani & Ors. vs. Govt. of Nepal, Investment board of Nepal | SUPREME COURT OF NEPAL | Challenging enhancement of project capacity from 300 MW to 900 MW and other non-compliance of legal procedures. | Since PDA has been signed on 19.09.2014 between GMR and IBN, the Writ has become infructuous. |

| | | | | |
|---|---|---|---|---|
| 2 | Sharad Singh Bhandari vs. Govt. of Nepal & ors. | SUPREME COURT OF NEPAL | Seeking declaration that the project development agreement dated September 19, 2014 executed with Investment Board, Government of Nepal is against the interest of Nepal and its people and also amongst others, is against the provisions of Investment Board Act, 2011, Environment Protection Act, 1997, Water Resources Act, 1992 and the same should be declared null and void. | We have replied that PDA has been executed in most transparent manner and in compliance of all Constitutional provisions and other prevailing laws and hence the same is legal & biding on the parties. |
| 3 | Ratan Bhandari vs. Govt. of Nepal, Investment board of Nepal | SUPREME COURT OF NEPAL | Seeking declaration that the project development agreement dated September 19, 2014 executed with Investment Board, Government of Nepal is against the interest of Nepal and its people and also amongst others, is against the provisions of Investment Board Act, 2011, Environment Protection Act, 1997, Water Resources Act, 1992 and the same should be declared null and void. | We have replied that PDA has been executed in most transparent manner and in compliance of all Constitutional provisions and other prevailing laws and hence the same is legal & biding on the parties. |
| 4 | Janmadev Jaisi vs. Govt. of Nepal, Investment board of Nepal | SUPREME COURT OF NEPAL | Seeking declaration that additional time of one year i.e. up to Sept 2017 granted by IBN to GMR for achieving Financial Closure if not in the interest of Nepali Public and is against the interest of Nepal. | We have replied that all the efforts made to achieve FC within time stipulated, have been explained in the application and the decision of IBN in granting extension is justified and as per the terms of PDA. |
| 5 | Janmadev Jaisi (Second) vs. Govt. of Nepal, Investment board of Nepal | SUPREME COURT OF NEPAL | Seeking declaration that additional time of one year i.e. up to Sept 2018 granted by IBN to GMR for achieving Financial Closure if not in the interest of Nepali Public and is against the interest of Nepal. | We have replied that all the efforts made to achieve FC within time stipulated, have been explained in the application and the decision of IBN in granting extension is justified and as per the terms of PDA. |

| | | | | |
|---|---|---|---|---|
| 6 | Ratan Bhandari vs. Govt. of Nepal, Investment board of Nepal & others | SUPREME COURT OF NEPAL | The petitioner has, inter-alia, challenged the decision of the Council of Ministers dated 15th July 2022 whereby two years extension of time w.e.f. the said date has been granted to the company for achieving the Financial Closure. | The said extension of time for achieving financial closure has been duly granted by GoN in accordance with clause 3.4.1 of PDA, necessitated due to the extraneous circumstances beyond control of the company, after detailed examination of the application of the company by the high-level Expert committee headed by Hon'ble Vice Chairman of the Planning Commission of Nepal. An interim stay against the implementation of the said decision dated 15.07.2022 of Govt. of Nepal regarding extension of time was granted by the Single Judge Bench of the Hon'ble Supreme Court on 03.11.2022. The GoN, IBN as well as the company filed the applications for vacation of said interim stay and replies on merits also , establishing that the PILs are baseless and are liable to be dismissed.<br><br>Presently, the Constitution Bench of Hon'ble Supreme Court of Nepal is hearing these PILs which have been clubbed together. |

## 30. Effective Tax Reconciliation (ETR)

**Effective Tax Reconciliation for the year ended March 31, 2022** **(Amount in Rs.)**

| **Income tax** | **Year ended 31-Mar-22** | **Year ended 31-Mar-22** |
|---|---|---|
| **Accounting profit before tax** | **(14,587)** | **(13,280)** |
| Tax rate | 20.00% | 20.00% |
| **Tax at the applicable tax rate of 20% (March 31, 2020: 20%)** | **-** | **-** |
| Deferred tax | NA | NA |
| **Tax effect of expenses that are not deductible in determining taxable profit:** | | |
| Other non-deductible expenses | - | - |
| **At the effective income tax rate** | **-** | **-** |
| **Total tax expense reported in the statement of profit and loss** | **-** | **-** |

## 31. New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 and permits two possible methods of transition:

retrospectively to each prior reporting period presented in accordance with Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

**Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective**

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

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.
Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

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

**33. Recent accounting pronouncements**.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies and include corresponding amendments to IND AS 107 and IND AS 34. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Also there is corresponding amendment to IND AS 101. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

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

ACHYUTHAVENKATA SATISH KUMAR
Digitally signed by ACHYUTHAVENKATA SATISH KUMAR
Date: 2023.05.04 17:05:37 +05'30'

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

Place: Bangalore
Date: 04-05-2023

**For and on behalf of the Board of directors**

Sanjay Narayan Barde
Digitally signed by Sanjay Narayan Barde
Date: 2023.05.04 12:36:14 +05'30'

**Sanjay Narayan Barde**
Director
DIN no: 03140784

Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
Digitally signed by MANOJ KUMAR DIXIT
Date: 2023.05.04 12:52:46 +05'30'

**Manoj Kumar Dixit**
Director
DIN no: 09355400

Place: New Delhi
Date: 04-05-2023