INDEPENDENT AUDITOR'S REPORT

To the members of Karnali Transmission Company Private Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Karnali Transmission Company Private Limited**(the **"Company"**), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss , 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").

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the mater(s) prescribed in the basis for qualified opinion paragraph,* the said IND AS financial statements 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 March 31st , 2023 its losses including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Underlying Ind AS financial statements of the company for the financial year ended 31st March 2023 prepared in accordance with the applicable corporate laws of Nepal, have not been audited by us. We have relied upon such audited financial statements and statutory auditors' report for the year ended 31 March 2023 provided to us by the management, for the purpose of expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by the statutory auditors in the course of their audit. Our scope of audit is limited to conversion of audited Nepali Rupees (NPR) designated financial statements into INR based financial statements considering the applicable exchange rate and considering the applicable Ind AS (Indian Accounting Standards).

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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income / loss, changes in equity and cash flows of the Company in accordance with 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 Company 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 maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

ACHYUTHAVENKATA SATISH KUMAR
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Date: 2023.05.04 17:10:19 +05'30'

A.V.SATISH KUMAR
Partner
Membership number: 26526

UDIN: 23026526BGXOAB4059

Place: Bangalore
Date: 04-05-2023

Karnali Transmission Company Private 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	155	177
Capital work-in-progress	2	2,73,409	2,69,214
Other non current assets	3	-	-
		2,73,563	**2,69,390**
Current assets			
Financial Assets			
Loans	4	19	19
Cash and cash equivalents	5	14,062	18,783
Other current Assets	6	655	434
Advance Tax		94	-
		14,830	**19,236**
Total Assets		**2,88,393**	**2,88,626**
Equity and liabilities			
Equity			
Equity Share Capital	7	20,640	20,640
Other Equity	8	2,61,205	2,61,481
		2,81,845	**2,82,121**
Liabilities			
Non-current liabilities			
Current liabilities			
Financial Liabilities			
Trade Payable	9	5,437	5,401
Other financial liabilties	10	898	1,014
Other current liabilities	11	119	90
Provisions for Tax		94	
		6,548	**6,505**
Total Equity and liabilities		**2,88,393**	**2,88,626**

The accompanying notes are integral part of the financial statements.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
Firm Registration Number: 000934S
ACHYUTHAVENKATA SATISH KUMAR
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A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg Number: 000934S
Place: Bangalore
Date: 04-05-2023

For and on behalf of the Board of directors

Ashis Basu
Digitally signed by Ashis Basu Date: 2023.05.04 17:10:48 +05'30'
Ashis Basu
Director
DIN: '01872233
Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
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Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023

Karnali Transmission Company Private 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		931	-
Total Income		931	-
Expenses			
Other expenses	12	1,112	916
Total Expenses		**1,112**	**916**
Profit/(loss) before exceptional items and tax		**(181)**	**(916)**
Exceptional item			
Profit / (Loss) before tax		**(181)**	**(916)**
Tax expenses			
Current tax		**94**	-
Deferred tax			-
Profit/(loss) for the period from continuing operations		**(275)**	**(916)**
Profit/(loss) from discontinued operations			-
Profit/(loss) for the period		**(275)**	**(916)**
Other comprehensive income			-
Remeasurement of define employee benefit plans			
Total comprehensive income for the period		**(275)**	**(916)**
Earnings per equity share.			
Basic		**(0.83)**	**(2.77)**
Diluted		**(0.83)**	**(2.77)**

The accompanying notes are integral part of the financial statements.
As per our report of even date

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

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

For and on behalf of the Board of directors

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Ashis Basu
Director
DIN: '01872233
Place: New Delhi
Date: 04-05-2023

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Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023

Karnali Transmission Company Private 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	155	177
	Capital work in progress	2,73,409	2,69,214
	Deferred tax assets (net)		
	Other non-current assets		
		2,73,563	**2,69,390**
b)	**Current assets**		
	Financial assets		
	Loans and advances	19	19
	Cash and cash equivalents	14,062	18,783
	Other current assets	749	434
	Current tax assets (net)		
		14,830	**19,236**
	TOTAL ASSETS (a+b)	**2,88,393**	**2,88,626**
2	**EQUITY AND LIABILITIES**		
a)	**Equity**		
	Equity share capital	20,640	20,640
	Other equity	2,61,205	2,61,481
	Total equity	**2,81,845**	**2,82,121**
b)	**Non-current liabilities**		
	Financial liabilities		
	Provisions	-	-
		-	**-**
c)	**Current liabilities**		
	Financial liabilities		
	Trade payables	5,437	5,401
	Other financial liabilities	898	1,014
	Other current liabilities	119	90
	Provisions	94	-
	Current tax liabilities (net)		
		6,548	**6,505**
	TOTAL EQUITY AND LIABILITIES (a+b+c)	**2,88,393**	**2,88,626**

For Girish Murthy & Kumar
Chartered Accountants

ACHYUTHAVENKATA SATISH KUMAR Digitally signed by ACHYUTHAVENKATA SATISH KUMAR Date: 2023.05.04 17:36:44 +05'30'

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

For and on behalf of the Board of directors

Ashis Basu Digitally signed by Ashis Basu Date: 2023.05.04 17:11:44 +05'30'

Ashis Basu
Director
DIN: '01872233
Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT Digitally signed by MANOJ KUMAR DIXIT Date: 2023.05.04 17:08:52 +05'30'

Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023

(In Rs Hundreds)

	Statement of standalone financial results for quarter and Nine 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**					
	a) Revenue from operations					
	i) Sales/income from operations				930.87	-
	b) Other income					
	ii) Others	-	-	-	-	-
	Total revenue	**-**	**-**	**-**	**930.87**	**-**
2	**Expenses**					
	(h) Finance costs	-	-	-	-	-
	(i) Depreciation and amortisation expenses	-	-	-	-	-
	(j) Other expenses	86.39	330.73	141.25	1,111.89	915.50
	Total expenses	**86.39**	**330.73**	**141.25**	**1,111.89**	**915.50**
3	**Profit/(loss) from continuing operations before exceptional items and tax expense (3-4)**	**(86.39)**	**(330.73)**	**(141.25)**	**(181.03)**	**(915.50)**
4	Exceptional items	-	-	-	-	-
5	**Profit/(loss) from continuing operations before tax expenses (3 ± 4)**	**(86.39)**	**(330.73)**	**(141.25)**	**(181.03)**	**(915.50)**
6	**Tax expenses of continuing operations**					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-
7	**Profit/(loss) after tax from continuing operations (5 ± 6)**	**(86.39)**	**(330.73)**	**(141.25)**	**(181.03)**	**(915.50)**
B	**Discontinued Operations**					
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)**	**(86.39)**	**(330.73)**	**(141.25)**	**(181.03)**	**(915.50)**
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)**	**(86.39)**	**(330.73)**	**(141.25)**	**(181.03)**	**(915.50)**
15	Paid-up equity share capital (face value Rs 10 per share)	20,64,000	20,64,000	20,64,000	20,64,000	20,64,000
	Weighted average number of shares used in computing Earnings per share	**33,024**	**33,024**	**33,024**	**33,024**	**33,024**
16	**Earnings per equity share**					
	i) Basic & diluted EPS	(0.26)	(1.00)	(0.43)	(0.55)	(2.77)
	ii) Basic & diluted EPS from continuing operations	(0.26)	(1.00)	(0.43)	(0.55)	(2.77)

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

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

For and on behalf of the Board of

Ashis Basu
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Ashis Basu
Director
DIN: '01872233
Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
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Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023

Karnali Transmission Company Private Limited
Statement of Change in Equity for the period ended 31st march 2023

Amount in Rs.'00

		Attributable to the equity holders of the parent			Total equity
			Reserves and surplus		
	Equity share capital	Share application money	Retained earnings	Total	
At 31 March 2021	**20,640**	**2,72,655**	**(10,259)**	**2,62,396**	**2,83,036**
Additions to Share Appication Money	-	-	-	-	-
Profit for the period	-	-	(916)	**(916)**	(916)
At 31 March 2022	**20,640**	**2,72,655**	**(11,175)**	**2,61,481**	**2,82,121**
Profit for the period	-	-	(275)	**(275)**	(275)
At 31st March 2023	**20,640**	**2,72,655**	**(11,450)**	**2,61,205**	**2,81,845**

For Girish Murthy & Kumar
Chartered Accountants
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A.V.Satish Kumar
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Membership no.: 26526
Firm Reg Number: 000934S
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Date: 04-05-2023

For and on behalf of the Board of directors

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Director
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Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023

Karnali Transmission Company Private Limited
Cash Flow Statement as at 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	(275)	(916)
Profit before tax from discontinuing operations	-	-
Profit before tax	(275)	(916)
Non-cash adjustment to reconcile profit before tax to net cash flows	-	
Operating profit before working capital changes	**(275)**	**(916)**
Net cash flow from/ (used in) operating activities (A)	**(275)**	**(916)**
Cash flows from investing activities		
Decrease / (Increase) other non current assets	-	20,000
Decrease / (Increase) other current assets	(221)	120
Decrease / (increase) financial assets	-	-
Proceeds from other financial liabilities	(116)	1,014
Decrease / (Increase) in other trade Payables	35	
Decrease / (Increase) in other Current liabilities	29	7
Purchase/ Sale of FA, including CWIP and capital advances	(4,173)	(4,125)
Net cash flow from/ (used in) investing activities (B)	**(4,446)**	**17,017**
Cash flows from financing activities		
Proceeds from Share Application Money	0	-
Increase / (Decrease) in long term provisions	-	-
Earnings per equity share (For discontinued operations)	-	-
Net cash flow from/ (used in) in financing activities (C)	**0**	**-**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(4,721)	16,101
Cash and cash equivalents at the beginning of the period	18,783	2,682
Cash and cash equivalents at the end of the period	**14,062**	**18,783**
Components of cash and cash equivalents		
With banks- on current account	13,921	18,775
Cash in Hand	141	8
Total cash and cash equivalents (note 7)	**14,062**	**18,783**

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 period ended on that date.

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

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

Particulars	01-Apr-23	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

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Date: 2023.05.04 17:39:03 +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

Ashis Basu
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Date: 2023.05.04 17:12:53 +05'30'

Ashis Basu
Director
DIN: '01872233
Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT
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Date: 2023.05.04 17:09:45 +05'30'

Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023

1 **Property, Plant & Equipment**

Amount in Rs.'00

Balance Sheet as at 31st March 2023	**Plant & Machinery**	**Total**
Cost or Valuation		
As at 31st March 2021	331	**331**
Additions	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2022	**331**	**331**
Additions	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2023	**331**	**331**
Depreciation and impairment		
As at 31st March 2021	**132**	**132**
Depreciation for the year	22	22
Impairment	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2022	**154**	**154**
Depreciation for the year	22	22
Impairment	-	-
Disposals	-	-
Exchange Differences	-	-
As at 31st March 2023	**176**	176
Net Book Value		
As at 31st March 2021	**177**	**177**
As at 31st March 2022	**177**	**177**
As at 31st March 2023	**155**	**155**

Amount in Rs.'00

2 **Capital Work in Progress**	**31-March-23**	**31-March-22**
Salaries, allowances and benefits to employees	13,100	13,100
Contribution to provident fund and others	979	979
Staff welfare expenses	389	389
Rent	19,827	18,740
Rates and Taxes	45,000	45,000
Bank/ other finance charges	182	182
Depreciation	262	240
Consultancy & Professional Charges	1,87,210	1,84,133
Travelling and conveyance	4,354	4,354
Communication Expenses	453	453
Printing & Stationery	695	695
Insurance	118	108
Misc. exp	295	295
Exchange loss/(Gain)	544	544
	2,73,409	**2,69,214**

3 **Other non current assets**	**Non Current**	
	31-March-23	**31-March-22**
Non-current bank balances	-	-
Advances recoverable in cash or kind	-	-
	-	**-**

Amount in Rs.'00

4 **Financial Assets**	**Non Current**		**Current**	
Loans	**31-March-23**	**31-March-22**	**31-March-23**	**31-March-22**
Advances recoverable in cash or kind		-	19	19
Loan Receivables – considered good - secured				
Loan Receivables – considered good - unsecured			-	-
Loan Receivables which have significant increase in credit risk				
Loan Receivables – credit impaired				
	-	**-**	**19**	**19**

Amount in Rs.'00

6 **Financial Assets**	**Non Current**		**Current**	
Loans	**31-March-23**	**31-March-22**	**31-March-23**	**31-March-22**
Deposit Others	-	-	655	434
	-	**-**	**655**	**434**

Amount in Rs.'00

	Current	
5 **Cash and cash equivalents**	**31-March-23**	**31-March-22**
Cash on hand	141	8
Balances with bank in current accounts	13,921	18,775
	14,062	**18,783**

7 **Share capital**

Authorized Share Capital	**Equity Shares** No's	INR
Equity shares, face value of Rs.62.50 each		
As at 31st March 2021	1,05,00,000	65,62,50,000
Increase/(decrease)during the year	-	-
As at 31st March 2022	1,05,00,000	65,62,50,000
Increase/(decrease)during the year	-	-
As at 31st March 2023	**1,05,00,000**	**65,62,50,000**

Amount in Rs.'00

Issued Equity Capital	No's	INR
Equity shares of Rs.62.50 each issued, subscribed & fully paid		
As at 31st March 2021	33,024	20,640
Increase/(decrease)during the year	-	-
As at 31st March 2022	33,024	20,640
Increase/(decrease)during the year	-	-
As at 31st March 2023	**33,024**	**20,640**

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	33,024	20,640	33,024	**20,640**
Issued during the year	-	-		
Outstanding at the end of the year	**33,024**	**20,640**	**33,024**	**20,640**

B. Terms/Rights Attached to equity Shares

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

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

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

Amount in Rs.'00

Name of Shareholder	**31-March-23**		**31-March-22**	
	No. of Shares held	**Amount**	**No. of Shares held**	**Amount**
Holding Company - GMR Energy (Mauritius) Limited				
33024 equity shares of Rs. 62.5 each fully paid up	33,024	20,640	33,024	20,640

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

Amount in Rs.'00

Name of Shareholder	**31-March-23**		**31-March-22**	
	No	**% holding in Class**	**No**	**% holding in Class**
Equity shares of Rs. 62.5 each fully paid				
GMR Energy (Mauritius) Limited	33024	100%	33024	100%

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

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

F. Shares reserved for issue under options

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

8 **Other Equity**

Amount in Rs.'00

Particulars	**31-March-23**	**31-March-22**
Surplus in the statement of profit and loss	**(11,175)**	**(10,259)**
Balance as per last financial statements		
Add: Net profit for the year	**(275)**	**(916)**
Net surplus in the statement of profit and loss	**(11,450)**	(11,175)
Share application money pending allotment	2,72,655	2,72,655
Total reserves and surplus	**2,61,205**	**2,61,481**

Financial Liabilities	**Non Current**		**Current**	
9 **Trade Payable**	**31-March-23**	**31-March-22**	**31-March-23**	**31-March-22**
Provision for o/s expenses	-	-	706	671
Retention Money	-	-	4,730	4,730
Total other financial liabilities	-	**-**	**5,437**	**5,401**

Amount in Rs.'00

10 **Other financial liabilities**	**Non Current**		**Current**	
	31-March-23	**31-March-22**	**31-March-23**	**31-March-22**
Provision for gratuity	-	-	-	
Non trade payables	-	-	89,827	1,014
	-			
	-	-	**89,827**	**1,014**

Amount in Rs.'00

	Non Current		**Current**	
11 **Other current liabilities**	**31-March-23**	**31-March-22**	**31-March-23**	**31-March-22**
TDS Payable	-	-	119	90
	-	-	**119**	**90**

Karnali Transmission Company Private Limited

Notes to statement of profit and loss for the period ended 31st March 2023

Amount in Rs.'00

12	**Other expenses**	**31-March-23**	**31-March-22**
	Rates & Taxes	194	75
	Audit fee	918	840
		1,112	**916**

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2023

1. Corporate Information:

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

2. 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, 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.

j. 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.

k. 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).

l. 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 Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

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

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

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

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

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

This note 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)

m. 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.

n. 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.

o. 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.

p. Earnings per share

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

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

q. 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.

r. Taxes

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

Contingencies

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

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-as at 31st March 2023 is NIL, 31st March 2022: NIL

16. Capital commitments/ Other commitments:

Amount in '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	4195	4147	4852	260215	273409
Total	4195	4147	4852	260215	273409

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	4147	4852	6017	254198	269214
Total	4147	4852	6017	254198	269214

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR Nil as on 31st March 2023.

17. Employee Benefits:

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 '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	33,024	33,024
Total No. of Equity Shares outstanding at the end of the Period/Year	33,024	33,024
Weighted average No. of Equity shares for Basic earnings per Share	33,024	33,024
Profit as per Profit and loss Account	(275)	(916)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(275)	(916)
Earnings per Share (EPS)	(0.83)	(2.77)

19. Related Party Disclosures

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2023

Names of related parties and related party relationship

Enterprises that control the Company	GMR Energy Limited (Holding Company) GMR Energy (Mauritius) Limited GMR Infrastructure Limited (GIL) GMR Enterprises Private Limited
Ultimate Holding Company	GMR Enterprises Private Limited
Fellow Subsidiary Companies	GMR Infrastructure Limited GMR Sports Private Limited GMR League Games Private Limited GMR Infratech Private Limited Cadence Enterprises Private Limited PHL Infrastructure Finance Company Private Limited Vijay Nivas Real Estates Private Limited Fabcity Properties Private Limited Kondampeta Properties Private Limited Hyderabad Jabilli Properties Private Limited Leora Real Estates Private Limited Pashupati Artex Agencies Private Limited Ravivarma Realty Private Limited GMR Solar Energy Private Limited Rajam Enterprises Private Limited Grandhi Enterprises Private Limited Ideaspace Solutions Private Limited National SEZ Infra Services Private Limited Kakinada Refinery and Petrochemicals Private Limited Corporate Infrastructure Services Private Limited GMR Bannerghatta Properties Private Limited Kirthi Timbers Private Limited AMG Healthcare Destination Private Limited GMR Holding (Malta) Limited GMR Infrastructure (Malta) Limited GMR Holdings (Overseas) Limited GMR Holdings (Mauritius) Limited Crossridge Investments Limited Interzone Capital Limited GMR Holdings Overseas (Singapore) Pte Limited GMR Business & Consultancy LLP GMR Energy Limited (GEL) GMR Power Corporation Limited (GPCL) GMR Vemagiri Power Generation Limited (GVPGL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) GMR Mining & Energy Private Limited (GMEL) GMR Kamalanga Energy Limited (GKEL) Himtal Hydro Power Company Private Limited (HHPPL)

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

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

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

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the year ending 31st March 2023 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 "00")

Particulars	31st March 2023	31st March 2022
Equity Share capital – GEML	20,640	20,640
Share Application money received – GEML	2,72,655	2,72,655
Loan & Advances- GUK	Nil	20,000

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.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2023

As at March 31, 2023

(Amount in ''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	-	-	673	673	673
(ii) Cash and cash equivalents	-	-	14062	14062	14062
Total	**-**	**-**	**14,736**	**14,736**	**14,736**
Financial liabilities					
Trade Payables & Other financial liabilities	-	-	6454	6454	6454
Total	**-**	**-**	**6,454**	**6,454**	**6,454**

As at March 31, 2022

(Amount in '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	-	-	452	452	452
(ii) Cash and cash equivalents	-	-	18783	18783	18783
Total	**-**	**-**	**19,236**	**19,236**	**19,236**
Financial liabilities					
Trade Payables & Other financial liabilities	-	-	6505	6505	6505
Total	**-**	**-**	**6,505**	**6,505**	**6,505**

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.

Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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.

Karnali Transmission Company Private Limited

Notes to financial statements for the Period ended 31st March 2023

Liquidity Risk

Maturity profile of the Group's financial liabilities based on contractual undiscounted payments as on 31st March 2023

(Amount in "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 31st March 2023						
Trade Payables & Other financial liabilities		6454		-		6454
Total		**6,454**	**-**	**-**	**-**	**6,454**

Maturity profile of the Company's financial liabilities based on contractual undiscounted payments as on 31st March 2022

(Amount in "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 31st March 2022						
Trade Payables & Other financial liabilities		6505				6505
Total		**6,505**	**-**	**-**	**-**	**6,505**

21. Capital management

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

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

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

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

(Amount in “00”)

Particulars	March 31, 2023	March 31, 2022
Borrowings other than convertible preference shares (refer notes 19 and 24)	-	-
Total debt (i)	-	-
Capital components		
Equity share capital	20640	20640
Other equity	272655	272655
Non-controlling interests	-	-
Convertible preference shares (refer note 19)	-	-
Total Capital (ii)	293295	293295
Capital and borrowings (iii = i + ii)	**2,93,295**	**2,93,295**
Gearing ratio (%) (i / iii)	**0.00%**	**0.00%**

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

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

22. 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 “00”)

Particulars	For year ended 31st March 2023	For year ended 31st March 2022
Lease Rentals under cancelable leases	1,087	1,033

23. Expenditure in Foreign Currency – Nil

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

25. Pending Litigations: Pending litigations which would impact its financial position.

S.No	Parties	Court	Litigation Details	Current Update
1.	**Ratan Bhandari vs. Office of PM, Nepal & Others**	SUPREME COURT OF NEPAL	The Petitioner has filed this Writ Petition against Nepal govt. and other govt. departments of Nepal, including Investment Board of Nepal, KTCPL, GUKHPL challenging the execution of Project Development Agreement between GMR and IBN on 19.09.2014 on the grounds that Draft of PDA was required be published, Initial tender was for 300 MW but now agreement is for 900 MW, 4180 MW power can be generated which is now reduced to produce only 900 MW and that 88% of the power of 900 MW will be exported to India and load shedding problem of Nepal will not be reduced.	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.
2.	**Janmdev Jaisi (Second) & Others vs. Govt. of Nepal & Others**	SUPREME COURT OF NEPAL	The Petitioners have filed this Writ Petition against Nepal govt. and other govt. departments of Nepal, including Investment Board of Nepal, GMR-ITD Consortium, KTCPL, GUKHPL challenging the extension given up to Sept. 2018, for Financial Closure (FC) of the project GMR Upper Karnali Hydro Power Ltd. under the Project Development Agreement (PDA) dated 19.09.2014 executed with Investment Board of Nepal (IBN) on the grounds that FC was to be achieved in two years from PDA date, extendable by one year for valid reason only But GMR could not prove the cause of its failure of FC due to situation beyond its control, the ground of Earthquake which occurred in April, 2015 and GMR could	We have replied that extraneous circumstances beyond the control of the company and the efforts made to achieve FC within time stipulated, have been explained in the application submitted before IBN and the decision of IBN in granting extension is justified. Further that , all issues raised are of a contractual nature. Contractual matters do not come under the writ jurisdiction. Also keeping in view the legal position already settled by Hon'ble Supreme Court of Nepal, that courts will not interfere in policy matters regarding classification, selection or implementation of power projects, the writ petition is liable to be dismissed.

			not mention that what function was performed in the time of seven months between PDA and the earthquake for project review, short-list of creditors and potential contractors and the ground of Blockade occurred only after one year from the date of PDA only after proclamation of the Constitution on September 20, 2015.	
3.	**Ratan Bhandari vs. Govt. of Nepal, Investment board of Nepal & others**	SUPREME COURT OF NEPAL	The petitioner has, filed this petition against GoN, IBN & others, inter-alia, challenging 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 committee headed by Vice Chairman of the Planning Commission of Nepal. Further that, all issues raised are of a contractual nature. Contractual matters do not come under the writ jurisdiction. Also keeping in view, the legal position already settled by Hon'ble Supreme Court of Nepal, that courts will not interfere in policy matters regarding classification, selection or implementation of power projects, the writ petition is liable to be dismissed. In the matter, 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. GoN, IBN as well as the company filed the applications for vacation of said interim stay. During hearing held on 29.12.2022, it was decided by Hon'ble Supreme Court that all the petitions themselves would be decided on priority. However, during hearing held on 02.01.2023, the matter , inter-alia, as to whether the agreement for power generation

				with foreign investors is of the nature of treaty regarding natural resources which needs to be ratified by the Parliament in accordance with Article 156 (2) (d) of the interim constitution of Nepal, 2007 and Article 279 (2) (d) of the Constitution of Nepal-2015 or not , has now been referred to the Constitution Bench of Supreme Court of Nepal vide order dated 02.01.2023. Since the issue already stands decided by a Three Judges Special Bench of Supreme Court of Nepal in *Adv. Madhav Kumar Basnet's case (NKP 2072 vol 6, decision no. 9412) & other cases, the reference is liable to be returned and this writ petition is also liable to be dismissed on merits.*

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

27. 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 2023 and 31st March 2022. 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.

28. Effective Tax Reconciliation (ETR)

Effective Tax Reconciliation for the year ended March 31, 2023 **[Amount in "00.)**

Income tax	**Year ended 31-Mar-23**	**Year ended 31-Mar-22**
Accounting profit before tax	**(275)**	**(916)**
Tax rate	25.75	25.75
Tax at the applicable tax rate %	**-**	**-**
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	**-**	**-**

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

30. 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.

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 17:09:02 +05'30'
A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Reg Number: 000934S
Place: Bangalore
Date: 04-05-2023

For and on behalf of the Board of directors

Ashis Basu Digitally signed by Ashis Basu Date: 2023.05.04 14:49:04 +05'30'
Ashis Basu
Director
DIN: 01872233
Place: New Delhi
Date: 04-05-2023

MANOJ KUMAR DIXIT Digitally signed by MANOJ KUMAR DIXIT Date: 2023.05.04 14:51:09 +05'30'
Manoj Kumar Dixit
Director
DIN: 09355400
Place: New Delhi
Date: 04-05-2023