# KHOPOLI INVESTMENTS LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2018

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| | | Date of appointment | Date of resignation |
|---|---|---|---|
| DIRECTORS : | Fareed Soreefan | 6 January 2012 | |
| | Zakir Niamut | 16 September 2010 | |
| | Resmah Mandary | 18 May 2015 | |
| | Ramesh Subramanyam | 25 June 2014 | |
| | Anand Agarwal | 25 April 2016 | |
| | Nandakumar Tirumalai (Permanent alternate to Mr Ramesh Subramanyam) | 28 October 2016 | 31 May 2018 |

REGISTERED OFFICE : IFS Court
Bank Street
Twenty Eight Cybercity
Ebène 72201
Mauritius

SECRETARY, ADMINISTRATOR AND MAURITIAN TAX AGENT: SANNE MAURITIUS
IFS Court
Bank Street
Twenty Eight Cybercity
Ebène 72201
Mauritius

BANKER : HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
18 Cybercity
Ebène
Mauritius

Bank of Baroda
Baroda House
32 City Road
London, UK, EC1Y 2BD
United Kingdom

State Bank of India
15 King Street
London, EC2VC 8EA3
United Kingdom

Bank of America N.A
55F, Cheung Kong Centre
2 Queens Road Central, Central
Hong Kong

AUDITOR : Ernst & Young Mauritius
9th Floor, NeXTeracom Tower 1
Cybercity Ebene
Mauritius

The directors present the financial statements of Bhira Investments Limited (the "Company") for the year ended 31 March 2018.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding and ancillary services of collecting accounts receivable of its related parties, provision of loans to related parties and provision of management support services to related parties.

## RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

The Company had not declared and paid any dividend during the period under review (31 March 2017: Nil).

## DIRECTORS

The present membership of the Board is set out on page 2.

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

Company law requires the directors to prepare financial statements which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

## AUDITOR

The auditor, Ernst & Young, has indicated its willingness to continue in office until the next Annual Meeting.

## CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required for Khopoli Investments Limited under the Mauritius Companies Act 2001 during the financial year ended 31 March 2018.

.................................................................

for SANNE Mauritius
Secretary

Date: 6 July 2018

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# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF KHOPOLI INVESTMENTS LTD

## Report on the Audit of the Financial Statements

*Qualified Opinion*

We have audited the financial statements of Khopoli Investments Ltd (the "Company") set out on pages 8 to 41 which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, except for the effect on the financial statements of the matter referred to in the basis of qualified opinion paragraph, the financial statements on pages 8 to 41 give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

*Basis for Qualified Opinion*

As described in Note 25 of the financial statements, the Company accounts for the investments in joint ventures amounting to USD 49,107,316 (March 31, 2017 - USD 49,107,316) at cost as at balance sheet date. Under IFRS 11, the Company should have recognized its investment in a joint venture using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. Had the interest in the jointly controlled entity been recognized using the equity method, investments, retained earnings and profit for the year in the accompanying financial statements would have been materially affected. Accordingly, profit before tax for year ended March 31, 2018 would have been lower by USD 3,922,236 (March 31, 2017 - USD 8,715,340), retained earnings would have been lower by USD 32,731,237 (March 31, 2017 - USD 28,809,000), investments in joint venture would have been lower by USD 32,731,237 (March 31, 2017 - USD 28,809,000) as at balance sheet date.

The Company has also not complied with the disclosure requirements of IFRS 12 Disclosure of Interests in Other Entities relating to interests in joint arrangements.

The above matters are continuing matters from previous period on which the predecessor auditor had expressed an adverse opinion vide its report dated April 25, 2017.

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

*Other Information*

The directors are responsible for the other information. The other information comprises the Directors' Commentary and the Certificate from the Secretary as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF KHOPOLI INVESTMENTS LTD (CONTINUED)

## Report on the Audit of the Financial Statements

*Other Information (Continued)*

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

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

*Responsibilities of the Directors for the Financial Statements*

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF KHOPOLI INVESTMENTS LTD (CONTINUED)

## Report on the Audit of the Financial Statements

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

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

*Use of our report*

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## Report on Other Legal and Regulatory Requirements

*Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

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

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

ERNST & YOUNG
Ebène, Mauritius

DARYL CSIZMADIA, C.A. (S.A)
Licensed by FRC

Date: 06 JUL 2018

KHOPOLI INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018 

| | Notes | 2018 USD | 2017 USD |
|---|---|---|---|
| REVENUE | | | |
| Management fee income | 15 | 1,000,000 | 25,860,000 |
| Dividend income | | 3,388 | 747,793 |
| Other income | | 19,364 | 3,382,309 |
| | | 1,022,752 | 29,990,102 |
| OPERATING EXPENSES | | | |
| Other operating expenses | 19 | 459,193 | 822,995 |
| Management fee expense | | - | 12,600,000 |
| | | 459,193 | 13,422,995 |
| OPERATING PROFIT | | 563,559 | 16,567,107 |
| Finance income | 17 | 9,882,832 | 9,050,876 |
| Finance cost | 18 | 12,415,412 | 11,684,154 |
| (LOSS) / PROFIT BEFORE TAX AND EXCEPTIONAL ITEM | | (1,969,021) | 13,933,829 |
| Exceptional item | 16 | - | (10,978,147) |
| (LOSS) / PROFIT BEFORE TAX | | (1,969,021) | 2,955,682 |
| Taxation | 20 | (100,678) | 8,713 |
| (LOSS) / PROFIT FOR THE YEAR | | **(2,069,699)** | 2,946,969 |
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | - | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | - | - |
| TOTAL COMPREHENSIVE (LOSS) / INCOME NET OF TAX | | (2,069,699) | 2,946,969 |
| Earnings per share | | | |
| Basic | | (0.04) | 0.06 |
| Diluted | | - | - |

| | Notes | 2018<br>USD | 2017<br>USD |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current asset | | | |
| Investment in joint venture | 5 | 49,107,316 | 49,107,316 |
| Non current financial asset | 7 | 273,309,418 | 340,000,000 |
| | | 322,416,734 | 389,107,316 |
| Current assets | | | |
| Trade and other receivables | 9 | 106,558,015 | 115,024,249 |
| Cash and Short term deposits | 10 | 3,976,131 | 8,828,793 |
| Other current financial assets | 8 | 18,416,852 | 33,601,826 |
| Prepayments | | 4,749 | 4,950 |
| | | 128,955,747 | 157,459,818 |
| Assets classified as held for sale | 6 | 29,285 | 29,285 |
| **Total assets** | | **451,401,766** | **546,596,419** |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| Issued Capital | 11 | 47,007,350 | 47,007,350 |
| Accumulated losses | | (3,633,984) | (1,564,285) |
| **Total Equity** | | **43,373,366** | **45,443,065** |
| Non current liabilities | | | |
| Interest bearing loans and borrowings | 12 | - | 305,773,797 |
| | | - | 305,773,797 |
| Current liabilities | | | |
| Other payables | 13 | 2,109,430 | 66,540,346 |
| Interest bearing loans and borrowings | 12 | 405,918,970 | 100,672,789 |
| Other current financial liabilities | 14 | - | 28,166,422 |
| | | 408,028,400 | 195,379,557 |
| Total equity and liabilities | | 451,401,766 | 546,596,419 |

Approved by the Board of Directors and authorised for issue on 6 July 2018.

Director Director

The notes on pages 12 to 41 form an integral part of these financial statements.
The independent audit report is on pages 5 to 7

| | Issued Capital | Accumulated losses | Total |
|---|---|---|---|
| | USD | USD | USD |
| At 1 April 2016 | 47,007,350 | (4,511,254) | 42,496,096 |
| Profit for the year | - | 2,946,969 | 2,946,969 |
| Other comprehensive income for the year | - | - | - |
| At 31 March 2017 | 47,007,350 | (1,564,285) | 45,443,065 |
| At 1 April 2017 | 47,007,350 | (1,564,285) | 45,443,065 |
| Loss for the year | - | (2,069,699) | (2,069,699) |
| Other comprehensive income for the year | - | - | - |
| At 31 March 2018 | 47,007,350 | (3,633,984) | 43,373,366 |

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018



| | 2018 USD | 2017 USD |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit / (Loss) before tax | (1,969,021) | 2,955,682 |
| *Adjustments for:* | | |
| Bank interest income | (123,902) | (175,790) |
| Interest income on loan | (8,344,844) | (7,413,249) |
| Impairment | - | 10,978,147 |
| Interest expenses on loan from banks | 11,758,640 | 12,004,006 |
| Marked to market gain on derivatives | (374,729) | (1,463,616) |
| Gain on disposal of shares | - | (520,138) |
| Unrealised Foreign exchange gain | (1,414,392) | (1,454,905) |
| Dividend income | (3,388) | (747,793) |
| | (471,636) | 14,162,344 |
| Movement in working capital: | | |
| Decrease in other receivables | 8,414,397 | 12,313,485 |
| (Decrease) / Increase in other payables | (2,154,916) | 11,440,209 |
| | 6,259,481 | 23,753,694 |
| *Cash generated from operating activities* | 5,787,845 | 37,916,038 |
| Withholding tax paid | (100,678) | (1,347,232) |
| Tax refund received | 52,036 | - |
| ***Net cash generated from operating activities*** | **5,739,203** | **36,568,806** |
| Cash flows from investing activities | | |
| Dividend income | 3,388 | 747,793 |
| Bank interest received | 131,676 | 207,920 |
| Investments in joint ventures | - | (851,484) |
| Proceeds from disposal of investments | - | 4,916,800 |
| ***Net cash generated from investing activities*** | **135,064** | 5,021,029 |
| Cash flows from financing activities | | |
| Interest paid on loan from bank | (10,526,929) | (9,755,872) |
| Upfront fees | (200,000) | - |
| Interest received | - | 554,003 |
| Loan to related party | - | (8,822,105) |
| Loan repaid to bank | - | (35,000,000) |
| Loan repaid by related party | - | 15,500,000 |
| *Net cash generated from/(used in) financing activities* | (10,726,929) | (37,523,974) |
| Net (decrease) / increase in cash and cash equivalents | (4,852,662) | 4,065,861 |
| Cash and cash equivalents at beginning of the year | 8,828,793 | 4,762,932 |
| Cash and cash equivalents at end of year | 3,976,131 | 8,828,793 |

## 1. BACKGROUND INFORMATION

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 27 April 2007 as a domestic and private company with limited liability by shares and changed its legal regime to a Category 1 Global Business Company on 22 June 2007. It holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, Bank Street, TwentyEight Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is that of investment holding and ancillary services of collecting accounts receivable of its related parties, provision of loan to related parties and management support services to related parties.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Except for non-compliance with International Financial Reporting Standards ("IFRS") 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, the financial statements have been prepared in accordance with IFRS. The preparation of the financial statements in accordance with and in compliance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the important accounting policies, which have been applied consistently, is set out below.

### (a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The financial statements are presented in USD.

### (b) Investments in joint ventures

A joint venture is a type of joint arrangement whereby parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts its investments in Joint Ventures at cost less any impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income.

### (c) Non current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Current v/s non current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:
• Expected to be realised or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period Or
• 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:
• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### (e) Fair value measurement

The Company measures financial instruments such as derivatives and non-financial assets such as investment properties, 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:
• In the principal market for the asset or liability Or
• 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(f) Foreign currency translation

*Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment of the Company (the "functional currency"). The financial statements of the Company are presented in United States Dollars ("USD"), which is the Company's functional currency and presentation currency.

*Transactions and balances*

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

(g) Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Mauritian laws, a distribution is authorised when it is approved by the shareholders and the Company satisfies the solvency test prior and post the distribution. A corresponding amount is recognised directly in equity.

(i) Cash and short term deposits

Cash and short -term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a 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 overdraft as they are considered an integral part of the Company's cash management.

**(j) Financial instruments**

(i) Financial Assets

- Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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 Company commits to purchase or sell the asset.

Subsequent measurement

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

• Financial assets at fair value through profit or loss
• Loans and receivables
• Held-to-maturity investments
• AFS financial assets

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial liabilities

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent years.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When available for sale financial assets is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year.

For financial assets measured at amortised cost, if, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(ii) Financial liabilities

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(c) 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 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 Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. 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 statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

*Derivative financial instruments*

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. 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.
The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the statement of profit or loss as cost of sales.
Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other financial liabilities

Other financial liabilities, including borrowings and subordinated notes are initially measured at fair value, net of transaction costs. Transaction costs are defined as incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability. An incremental cost is one that would not have been incurred if the Company had not acquired, issued or disposed of the financial instrument.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(e) Derecognition of financial liabilities

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

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position 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.

(k) Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Services fee income, management fee income and other income are recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. They are also accounted on an accrual basis in the financial statements.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established which is generally when shareholders approve the dividend and is recognised gross of withholding tax.

(l) Expense recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on accrual basis

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation

Current tax

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 in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. 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.

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 profits will be available to allow all or part of the 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 liabilties and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(n) **Impairment of assets**

The Company's assets are assessed for indicators of impairment at each reporting date.

Assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced by the impairment loss directly for all assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent, recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. 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.

## 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for accounting periods beginning on 1 January 2017.

### 3.1 *Standards and Interpretations adopted with no effect on the financial statements*

The following new and revised Standards and Interpretations have been applied in these financial statements. Their application has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 7 Statement of cash flows - Disclosure initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The company has provided the information in note no 7, 8 and 12.

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. This amendment does not have any impact on the financial statements of the Company.

### 3.2 *New and Revised Standards and Interpretations in issue but not yet effective*

At the date of the authorisation of these financial statements, the following Standards and Interpretation were in issue but effective for annual periods beginning on or after the respective date as indicated:

IAS 39 Financial Instruments: Recognition and Measurement -Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective annual period begining 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective annual period begining 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective annual period beginning 1 January 2018)

IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective annual period begining 1 January 2018)

## 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - CONTINUED

### 3.2 *New and Revised Standards and Interpretations in issue but not yet effective (Continued)*

| | |
|---|---|
| IFRS 15 | Revenue from Contracts with Customers - Amendments which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers (effective annual period begining 1 January 2018) |
| IFRS 15 | Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective annual period begining 1 January 2018) |

The directors anticipate that these standards and interpretations will be applied in the financial statements on the above effective dates in future years. The directors have not yet had an opportunity to consider the potential impact of the application of those amendments.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant *accounting judgments in applying the Company's accounting policies*

In the process of applying the Company's accounting policies, which are described in Note 2, the management have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

*Determination of functional currency*

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

*Impairment of investments in joint ventures*

Determining whether investments in joint ventures are impaired requires an estimation of the value in use of the investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from that investment and a suitable discount rate in order to calculate present value.

*Fair value of derivative financial assets*

The Company had entered into derivative financial instruments to manage its exposure to interest rate including interest rate caps and swaps. The interest rate caps and swaps have been designated as financial assets at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The fair value of the derivative is worked out by Australia and New Zealand Banking Corporation which uses the Proprietary model as their valuation methodology.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*Fair value of derivative financial liabilities*

The Company had entered into a variety of derivative financial instruments to manage its exposure to interest rate including interest rate caps and swaps. The interest rate caps and swaps have been designated as financial liabilities at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The fair value of the derivative is worked out by Australia and New Zealand Banking Corporation which uses the Proprietary model as their valuation methodology.

## 5. INVESTMENT IN JOINT VENTURES

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Opening balance | 49,107,316 | 59,233,979 |
| Additions during the year | - | 851,484 |
| Impairment | - | (10,978,147) |
| Closing balance | 49,107,316 | 49,107,316 |

Details of investment in joint ventures are as follows:

| Name of joint venture | Country of incorporation | Number and type of shares | % holding | 2018 Cost | 2017 Cost |
|---|---|---|---|---|---|
| | | | | USD | USD |
| Cennergi (Proprietary) Limited | South Africa | 86 ordinary shares | 50% | 49,107,316 | 49,107,316 |

The shares held in Cennergi (Proprietary) Limited carry voting rights. Cennergi (Proprietary) Limited, is a company focussed on renewable energy projects in South Africa. The joint venture ("JV") in the future will examine the feasibility, development, ownership, operation, maintenance, acquisition and management of electricity generation projects in South Africa, Botswana and Namibia. The JV has already been awarded bids for 2 wind power projects, Amakhala Emoyeni Wind Farm and Tsitsikama Community Wind Farm and financial closure has been achieved for these projects. As at 31 March 2018, the directors believe that no impairment is required to be made.

## 6. ASSET CLASSIFIED AS HELD FOR SALE

| Name of company | Country of incorporation | Number and type of shares | % Holding | 2018 Cost USD | 2017 Cost USD |
|---|---|---|---|---|---|
| PT Sumber Energi Andalan Tbk | Indonesia | 2,280,000 ordinary shares | 0.3% | 29,285 | 29,285 |
| | | | | 29,285 | 29,285 |

## 6. ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

The Board resolved to purchase a 0.3% stake in PT Sumber Energi Andalan Tbk ("PT Sumber") on 17 February 2014. PT Sumber is a company listed on the Indonesian Stock Exchange ("IDX") and is involved in investment holding, consultancy in energy and power sector in Indonesia. At a Board meeting of the Company held on 20 October 2016, it was approved that the investment held in PT Sumber be disposed to RWOOD Resources Limited for a consideration of USD544,823 as per the "Agreement for the sale and purchase of shares in PT Sumber Energi Andalan TBK" dated 29 November 2016 . In this respect, the investments in PT Sumber has been classified as current assets as at 31 March 2018.

## 7. NON CURRENT FINANCIAL ASSETS

**Long term loans -**

| (a) Bhira Investments Limited | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Opening balance | 340,000,000 | 340,000,000 |
| Netting off of loan balance | (66,690,582) | - |
| Closing balance | 273,309,418 | 340,000,000 |

The loan from related party is unsecured, repayable on 31 December 2021 and carries interest at the rate of LIBOR plus margin as agreed between the parties on the basis of 360 days a year. The effective rate of interest ranges from 1.95% to 2.87% per annum. The loan of USD340,000,000 was adjusted with the payable balances with Bhira Investments Limited existing with effect from 1 January 2018 as approved by the Board on 9 March 2018. The loan balance of USD273,309,418 bears interest at a rate of LIBOR + 1.31% with effect from 1 January 2018.

## 8. OTHER CURRENT FINANCIAL ASSETS

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Financial Assets (Refer to note (a) below) | 17,778,403 | 32,871,141 |
| Derivative Financial Assets | 638,449 | 730,685 |
| | 18,416,852 | 33,601,826 |

| (a) Financial Asset at amortised cost | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Loans (Refer details below) | 15,707,358 | 14,292,967 |
| Interest on loan to related parties | 2,065,078 | 18,564,433 |
| Interest receivable on short term deposits | 5,967 | 13,741 |
| | 17,778,403 | 32,871,141 |

8. OTHER CURRENT FINANCIAL ASSETS (CONTINUED)

Loans:

i. Cennergi (Proprietary) Limited

| | | |
|---|---|---|
| Opening balance | 14,292,967 | 4,015,957 |
| Additons during the year | - | 8,822,105 |
| Unrealised foreign exchange gain | 1,414,391 | 1,454,905 |
| Closing balance | 15,707,358 | 14,292,967 |

The loan to Cennergi (Proprietary) Limited is unsecured, interest free and is repayable on demand.

**(b) Derivative not designated as hedging instrument**

Derivative financial assets

The Company had purchased interest rate swaps for the long term loan of USD305 million to mitigate the risk of adverse fluctuation in LIBOR. Hence, if the LIBOR is higher, the Company receives the applicable LIBOR on the notional value and pays only the fixed rate agreed on the outstanding notional value.

The derivative financial instruments which had been designated as derivative financial assets at fair value through profit or loss have been classified as derivative financial liabilities pursuant to the marked to market value as at the reporting date.

9. TRADE AND OTHER RECEIVABLES

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Management fee receivable | 7,500,000 | 15,860,000 |
| Other receivables | 99,112,211 | 99,164,249 |
| Provision for doubtful debts | (54,196) | - |
| | 106,558,015 | 115,024,249 |

Management fees receivable from PT Arutmin Indonesia ("Arutmin") ( PY: from Arutmin and Tata Power International Pte Limited ("TPIPL") is unsecured and carry no interest, and will be recalled for payment as and when required. Receivable from Arutmin is old, however, Arutmin is in the process of settling the same. Receivable from TPIPL was as per the Deed of Novation dated 29 March 2016, entered between PT Kaltim Prima Coal ("KPC"), TPIPL and the Company and the Service Agreement entered between TPIPL and the Company. As per the agreement, management fees of USD2,500,000 are receivable from TPIPL on a monthly basis. The monthly management fees was revised from USD2,500,000 to USD2,780,000 per month as per the Addendum for revision of compensation dated 13 January 2017 wef 1st January 2016. Pursuant to the Deed of Novation dated 28 February 2017 entered between Bhira, TPIPL and the Company, the monthly management fees income received by the Company from TPIPL has been novated in favour of Bhira wef 1st January 2017.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

In determining the recoverability of the management fees receivable, the Company considers any change in the credit quality of the receivable from the date the credit was initially granted up to the reporting date.

The concentration of credit risk is limited given that Arutmin is liquid entity based on its latest available results. Accordingly, the directors believe that there is no need for allowance for doubtful debts.

Other receivables represent amounts due from Tata Power International Pte Ltd ("TPIPL") ( PY : TPIPL and Tata Africa Holdings SA Proprietary Limited ("Tata Africa") ). Receivables from TPIPL for USD99,058,015 was towards the disposal of the shares held by the Company in PT Baramulti Suksessarana ("BSSR") to the latter and same is expected to be received by 31 August 2018 which is unsecured, interest free, carry no fixed term of repayment and will be recalled for payment as and when required. During the year, the Company has provided for the receivables from Tata Africa.

As at 31 March 2018, the ageing analysis of Trade receivables is as follows:

| | Total | < 30 days | 31-60 days | 61-90 days | 91-120 days | >120 days |
|---|---|---|---|---|---|---|
| | USD | USD | USD | USD | USD | USD |
| 31-Mar-18 | 7,500,000 | - | - | - | - | 7,500,000 |

10. CASH AND SHORT TERM DEPOSITS

For the purpose of the statement of cash flows, the cash and cash equivalents comprise of the following:

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Cash at bank | 83,907 | 52,712 |
| Short term bank deposits | 3,892,224 | 8,776,081 |
| | 3,976,131 | 8,828,793 |

The interest rate on short term deposits ranges from 1.25% to 1.95% for the year under review. The term deposits are less than 3 months.

11. ISSUED CAPITAL

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Ordinary shares of USD 1 each. | 47,007,350 | 47,007,350 |
| | 47,007,350 | 47,007,350 |

47,007,350 fully paid ordinary shares carry one vote per share and carry the right to dividends have been issued. The Company does not have authorised share capital.

## 12. INTEREST BEARING LOANS AND BORROWINGS

(a) Loan of USD305 million from SMBC

The bank loan of USD305 million is unsecured and carries interest at an all-in rate of LIBOR plus Margin of 1.26% (with an upfront fee 1%). The total principal, is payable on the final maturity date, 31 August 2018. The loan is recognized at amortised cost. Tata Power Company Limited, the holding company stands as guarantor to an amount at all times equal to 105% of the principal amount of the loan then outstanding.

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Opening Balance | 305,773,797 | 303,624,225 |
| Loan amortization | 7,812,618 | 8,233,375 |
| Loan interest paid | (7,669,540) | (6,083,803) |
| Closing Balance | 305,916,875 | 305,773,797 |
| Non current | - | 305,773,797 |
| Current | 305,916,875 | - |
| **Total** | 305,916,875 | 305,773,797 |

(b) Loan of USD135 million from SMBC
Pursuant to a Term Facility Agreement dated 23 April 2015, 50% of the USD270 million loan from SMBC was refinanced by a consortium of banks comprising of Bank of America, N.A. ("BOA") and Sumitomo Mitsui Banking Corporation ("SMBC") on 23 April 2015. The bank loan of USD135 million is unsecured and carries interest at the rate of LIBOR plus 1.2%. The total principal, is payable after 24 months from the utilisation date of 23 April 2015. The loan is recognized at amortised cost. Tata Power Company Limited, the holding company stands as guarantor to an amount at all times equal to 105% of the principal amount of the loan then outstanding.

(c) Loan of USD100 million from SMBC
Pursuant to a Term Facility Agreement dated 26 April 2017, USD100 million loan from SMBC as mentioned under (b) above was refinanced by a consortium of banks comprising of Bank of America, N.A. ("BOA") and Sumitomo Mitsui Banking Corporation ("SMBC"). The bank loan of USD100 million is unsecured and carries interest at the rate of LIBOR plus 0.90%. The total principal, is payable after 12 months from the utilisation date of 28 April 2017. The loan is recognized at amortised cost. Tata Power Company Limited, the holding company stands as guarantor to an amount at all times equal to 105% of the principal amount of the loan then outstanding.

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Opening Balance | 100,672,789 | 135,378,513 |
| Set up cost | (200,000) | - |
| Loan amortization | 2,097,795 | 2,952,690 |
| Loan repaid | - | (35,000,000) |
| Loan interest paid | (2,568,489) | (2,658,414) |
| Floating rate borrowing | 100,002,095 | 100,672,789 |

## 13. OTHER PAYABLES

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Accruals | 67,652 | 60,451 |
| Other payables to shareholders | 291,706 | 357,807 |
| Other payables to related party | 71,984 | 66,122,088 |
| Interest payable on loan | 1,678,088 | - |
| | 2,109,430 | 66,540,346 |

## 14. OTHER CURRENT FINANCIAL LIABILITIES

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| (i) Financial liabilities at fair value through profit or loss (Refer note below) | - | 27,580,693 |
| (ii) Derivative not designated as hedging instruments | - | 585,729 |
| | - | 28,166,422 |

| | 2018 | 2017 |
|---|---|---|
| (i) Short term loans | USD | USD |
| Bhira Investments Limited | - | 27,580,693 |
| | - | 27,580,693 |

The loan of USD27,580,693 from Bhira Investments Limited has been netted off against loan to Bhira as approved at the meeting of the Board of directors on 9 March 2018.

## 15. MANAGEMENT FEE INCOME

Pursuant to a Deed of Novation dated 1 August 2012 entered between the Company, Bhivpuri Investments Limited, PT Kaltim Prima Coal ("KPC") and PT Arutmin Indonesia ("Arutmin"), the Company provides management support services to KPC and Arutmin. As per the Deed of Novation dated 29 March 2016, entered between KPC, Tata Power International Pte Limited ("TPIPL") and the Company, management fees of USD2,500,000 are receivable from TPIPL on a monthly basis. The monthly management fees was revised from USD2,500,000 to USD2,780,000 per month as per the Addendum for revision of compensation dated 13 January 2017 with effect from 1 January 2016. Subsequently, at a meeting of the Board of directors of the Company held on 25 January 2017, it was resolved that the monthly management fees from TPIPL be novated in favour of Bhira Investments Limited as from 1 January 2017. The Company has issued waiver letter in respect of the waiver of management fee income from Arutmin for the period from 1 July 2013 to 31 December 2018. During the year, the Company has received management fee from KPC for the previous period for which the same had been been paid at a reduced rate pending final rate agreement.

## 16. EXCEPTIONAL ITEM

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Impairment (refer to Note 5) | - | 10,978,147 |
| | | 10,978,147 |

## 17. FINANCE INCOME

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Bank interest income | 123,903 | 175,790 |
| Interest income on loan from related parties | 8,344,844 | 7,413,249 |
| Foreign exchange gain | 1,414,085 | 1,461,837 |
| | 9,882,832 | 9,050,876 |

Foreign exchange gain relates to reallignment gain of loan to Cennergi.

## 18. FINANCE COST

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Interest on loan from banks | 11,758,641 | 12,004,006 |
| Guarantee commission (Note a below) | 1,031,500 | 1,143,764 |
| Marked to market gain on derivatives | (374,729) | (1,463,616) |
| | 12,415,412 | 11,684,154 |

Note (a) GUARANTEE COMMISSION

Guarantee commission represent arm's length fees payable to the holding company for providing corporate guarantees to the bank loans of USD100 Million and USD305 Million (Note 12) ( PY bank loans USD135 million & USD 305 Million). This explains the lower guarantee commission for the year ended 31 March 2018 of USD1,031,500 (2017: USD1,143,764).

## 19. OTHER OPERATING EXPENSES

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Audit fees | 17,960 | 31,298 |
| Other expenses | 61,704 | 12,098 |
| Legal and professional fees | 181,731 | 381,699 |
| Service fee expenses (Note a below) | 197,798 | 397,900 |
| | 459,193 | 822,995 |

Note (a) SERVICE FEE EXPENSE

The Company has entered into a Procurement Services Agreement dated 1 September 2012 with its holding Company, The Tata Power Company Limited. ("Tata Power"), for the provision of expert services to the Company in relation to investment opportunity evaluation and capital raising. The Company pays service fee expense to Tata Power in exchange of its services. The service fee expense for the year ended 31 March 2018 was USD197,978 (2017: USD397,900).

## 20. TAXATION

The Company is liable to income tax on its chargeable income at the rate of 15% (2016: 15%) As a holder of a Category 1 Global Business Licence, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3%.

The Company had a tax charge of USD 100,678 (31 March 2017: USD8,713) during the year under review. The tax charge pertains to withholding tax suffered on dividend income received from PT Sumber and management fee income from PT Kaltim Prima Coal.

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| (Loss) / Profit before taxation | (1,969,021) | 2,955,682 |
| Tax at the applicable rate of 15% | (295,353) | 443,352 |
| Tax effect of: | | |
| Other allowable expenses | (1,543,728) | (1,313,164) |
| Items outside scope of taxation | 1,469,106 | 2,619,307 |
| Non allowable expenses | 14,548 | 7,388 |
| Exempt income | - | (78,021) |
| Withholding tax suffered | (100,678) | (333,333) |
| Foreign tax credit | - | (1,343,090) |
| Deferred tax asset not recognised | 355,427 | 6,274 |
| Tax loss / Tax Charge | (100,678) | 8,713 |

## 21. RELATED PARTY TRANSACTIONS

For the year under review, the Company transacted with related parties. Details of the nature, volume of transactions and the balances with the related parties are as follows:

| | | Amount USD |
|---|---|---|
| *(a) (i)The Tata Power Co Ltd (Holding Company)* | | |
| Guarantee commission | 2018 | (1,031,500) |
| | 2017 | (1,143,764) |
| Service fees | 2018 | (197,798) |
| | 2017 | (397,900) |
| Guarantee commission payable | 2018 | (254,342) |
| | 2017 | (270,905) |

## 21. RELATED PARTY TRANSACTIONS (CONTINUED)

*(a) (i)The Tata Power Co Ltd (Holding Company) - Continued*

| | | |
|---|---|---|
| Service fees payable | 2018 | (37,364) |
| | 2017 | (86,902) |

*(a) (ii) Bhira Investments Limited ("Bhira")(fellow subsidiary)*

| | | |
|---|---|---|
| - Loan receivable | 2018 | 273,309,418 |
| | 2017 | 340,000,000 |
| - Loan payable | 2018 | - |
| | 2017 | (27,580,693) |
| - Interest Receivable | 2018 | 2,065,078 |
| | 2017 | 18,564,433 |
| - Management fees payable | 2018 | - |
| | 2017 | (60,247,969) |
| - Hedging cost payable | 2018 | (71,984) |
| | 2017 | (50,713) |
| - Other payable | 2018 | - |
| | 2017 | (5,874,120) |
| - Interest income | 2018 | 8,344,844 |
| | 2017 | 7,413,249 |
| - Management fee expenses | 2018 | - |
| | 2017 | (12,600,000) |

*(a) (iii) Cennergi (Proprietary) Limited*

| | | |
|---|---|---|
| - Loan receivable | 2018 | 15,707,358 |
| | 2017 | 14,292,967 |
| - Expenses payable | 2018 | 46,398 |
| | 2017 | 80,110 |
| -Unrealised foreign exchange gain | 2018 | 1,414,392 |
| | 2017 | 1,454,905 |

*(a) (iv) PT Kaltim Prima Coal*

| | | |
|---|---|---|
| - Management Service fee income | 2018 | 1,000,000 |
| | 2017 | - |

*(a) (v) PT Sumber Energi Andalan Tbk*

| | | |
|---|---|---|
| -Dividend income | 2018 | 3,388 |
| | 2017 | 747,793 |

## 21. RELATED PARTY TRANSACTIONS (CONTINUED)

*(a) (vi) Tata Power International Pte Ltd*

| | | |
|---|---|---|
| -Management fee income | 2018 | - |
| | 2017 | 25,860,000 |
| -Management fee income receivable | 2018 | - |
| | 2017 | 8,360,000 |
| -Other receivable | 2018 | 99,058,015 |
| | 2017 | 99,058,015 |

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of 31st March 2018 are unsecured and settlement occurs in cash. Guarantee is outstanding from The Tata Power Company Limited on USD100 million and USD305 million loan as at 31 March 2018 (31 March 2017: USD440million). For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

### 22.1 Financial assets

| | 2018 | 2017 |
|---|---|---|
| **Derivatives not designated as hedging instruments** | | |
| Derivative Financial Assets - interest rate swaps | 638,449 | 730,685 |
| Total Derivative Financial Asset | 638,449 | 730,685 |
| Financial Assets at amortised cost | | |
| Trade and Other receivables | 106,558,015 | 115,024,249 |
| Cash and Short term deposits | 3,976,131 | 8,828,793 |
| Loans given to related parties | 289,016,776 | 354,292,967 |
| Interest on short term deposits and on loan to related parties | 2,071,045 | 18,578,174 |
| Total Financial Assets at amortised cost | 401,621,967 | 496,724,183 |
| Total Financial Assets | 402,260,416 | 497,454,868 |
| Total Current Financial Assets | 128,950,998 | 157,454,868 |
| Total Non Current Financial Assets | 273,309,418 | 340,000,000 |

## 22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

### 22.1 Financial assets (Continued)

Derivatives not designated as hedging instruments reflect the positive change in fair value of those derivative financial assets-interest rate swaps that are not designated in hedge relationships, but are purchased for the long term loan of USD305 million to mitigate the risk of adverse fluctuation in LIBOR.

Loans and receivables are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

### 22.2 Financial liabilities

| Interest-bearing loans and borrowings | Interest rate | Maturity | 2018 | 2017 |
|---|---|---|---|---|
| **Current interest-bearing loans and borrowings** | | | | |
| USD 135 M Loan from Bank | LIBOR + 1.2% | 23-Apr-17 | | 100,672,789 |
| USD 100 M Loan from Bank | LIBOR + 0.9% | 28-Apr-18 | 100,002,095 | |
| USD 305 M Loan from Bank | LIBOR + 1.26% | 31-Aug-18 | 305,916,875 | - |
| **Total current interest-bearing loans and borrowings** | | | **405,918,970** | **100,672,789** |
| **Non-current interest-bearing loans and borrowings** | | | | |
| USD 305 M Loan from Bank | LIBOR + 1.26% | 31-Aug-18 | - | 305,773,797 |
| **Total non-current interest-bearing loans and borrowings** | | | - | **305,773,797** |
| **Total interest-bearing loans and borrowings** | | | **405,918,970** | **406,446,586** |
| **Other financial liabilities** | | | | |
| Derivatives not designated as hedging instruments | | | - | 585,729 |
| Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings | | | 2,109,430 | 94,121,039 |
| **Total Other financial liabilities** | | | 2,109,430 | **94,706,768** |
| **Total Financial Liabilities** | | | 408,028,400 | 501,153,354 |
| **Total Current Financial Liabilities** | | | 408,028,400 | 195,379,557 |
| **Total Non Current Financial Liabilities** | | | - | 305,773,797 |

## 22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

### 22.3 Derivatives not designated as hedging instruments

The Company had purchased interest rate swaps for the long term loan of USD305 million to mitigate the risk of adverse fluctuation in LIBOR. Hence, if the LIBOR is higher, the Company receives the applicable LIBOR on the notional value and pays only the fixed rate agreed on the outstanding notional value.

The Company does not use hedge accounting to account for the derivatives.

### 22.4 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | USD | USD | USD | USD |
| **Financial Assets** | | | | |
| Derivative Financial Assets- interest rate swaps designated as hedging instruments | 638,449 | 638,449 | 730,685 | 730,685 |
| Trade and Other receivables | 106,558,015 | 106,558,015 | 115,024,249 | 115,024,249 |
| Cash and Short term deposits | 3,976,131 | 3,976,131 | 8,828,793 | 8,828,793 |
| Loans given to related parties | 15,707,358 | 15,707,358 | 14,292,967 | 14,292,967 |
| Interest on short term deposits and on loan to related parties | 2,071,045 | 2,071,045 | 18,578,174 | 18,578,174 |
| Non current financial asset | 273,309,418 | 273,309,418 | 340,000,000 | 340,000,000 |
| **Total Financial Assets** | 402,260,416 | 402,260,416 | 497,454,868 | 497,454,868 |
| Financial Liabilities | | | | |
| Interest-bearing loans and borrowings | 305,916,875 | 305,916,875 | 406,446,586 | 406,446,586 |
| Derivatives not designated as hedging instruments | | | 585,729 | 585,729 |
| Other financial liabilities | 2,109,430 | 2,109,430 | 94,121,039 | 94,121,039 |
| Total Financial Liabilities | 308,026,305 | 308,026,305 | 501,153,354 | 501,153,354 |

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables, loans and other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
Except for derivatives which are included in level 2, the carrying amounts of other financial assets and financial liabilities approximate their fair values.

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

## 22.4 Fair values (Continued)

The fair values of financial assets and financial liabilities are determined as follows:
• The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid market, is determined with reference to quoted market prices.

• The fair value of other financial asset and financial liability is determined in accordance with generally accepted pricing model, based on discounted cash flow analysis using prices from observable current market transactions and dealer quote for similar instruments.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1- Quoted prices (unadjusted) in active market for identical assets and liabilities:
Level 2- Input other than quoted prices included within level 1 that are observable for the asset and liability either directly (that is as prices) or indirectly (that is derived from prices); and
Level 3- For the asset or liability that are not based on observable market data (unobservable inputs).

The following table detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

| | Average contracted fixed interest rate | | Notional principal amount | | Fair value assets (liabilities) | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | % | % | USD | USD | USD | USD |
| Less than 1 year | - | 1.18% | - | 100,000,000 | - | (122,739) |
| Less than 1 year | - | 2.79% | - | 302,500,000 | - | 300,727 |
| Less than 1 year | 1.25% | - | 75,000,000 | - | 417,439 | - |
| Less than 1 year | 1.59% | - | 75,000,000 | - | 221,009 | - |
| | | | 150,000,000 | 402,500,000 | 638,448 | 177,988 |

## 22.5 Financial instruments risk management objectives and policies

In its ordinary operations, the Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests. The following is a summary of the main risks

## 22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

### 22.5 Financial instruments risk management objectives and policies (Continued)

**(i) Market Risk**

Market risk is the risk that changes in market prices, such as (i) foreign exchange rates (currency risk) and (ii) interest rates (interest rate risk) will affect the Company's income or the value of its holdings of financial instruments. The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The objective of market risk management is to manage and control maket risk exposures within acceptable parameters, while optimising the return.

**(ii) Currency risk**

The Company is exposed to volatility in the South African Rand (ZAR) on its loan to Cennergi (Proprietary) Limited (Note 8) and is thus exposed to foreign currency risk relative to the ZAR.

The following table indicates the approximate change in the Company's profit and loss in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date. The sensitivity analysis is based on the carrying amount of the loan at the reporting date.

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Increase/ (decrease) In USD Against ZAR | Effect on Profit and Loss | Increase/ (decrease) In USD Against ZAR | Effect on Profit and Loss |
| | % | USD | % | USD |
| Loan to related party (ZAR) | 10% | -1,427,942 | 10% | -1,229,361 |
| | -10% | 1,745,262 | -10% | 1,588,107 |

**(iii) 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 financial assets and liabilities are interest-bearing. As such, the Company is subject to significant risk due to fluctuations in the prevailing levels of the market interest rates.

Interest on loan to/from related parties may fluctuate in amount, in particular due to changes in the LIBOR rate.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting year.

The impact of a 5% fluctuation in the interest rates on various loans taken by the Company would be as follows:

| | 5% increase 2018 | 5% decrease 2018 | 5% increase 2017 | 5% decrease 2017 |
|---|---|---|---|---|
| | USD | USD | USD | USD |
| Interest expense on loan | 587,932 | (587,932) | 600,200 | (600,200) |
| Effect on profit before tax | (587,932) | 587,932 | (600,200) | 600,200 |

## 22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

### 22.5 Financial instruments risk management objectives and policies (Continued)

#### (iii) Interest rate risk (Continued)

Bank interest income may fluctuate in amount, in particular due to changes in the interest rate. The impact of a 5% fluctuation in the interest rates on bank interest income would be as follows:

| | 5% increase<br>10-Jul-05<br>USD | 5% decrease<br>10-Jul-05<br>USD | 5% increase<br>9-Jul-05<br>USD | 5% decrease<br>9-Jul-05<br>USD |
|---|---|---|---|---|
| Bank interest income | 6,195 | (6,195) | 8,790 | (8,790) |
| Effect on profit before tax | 6,195 | (6,195) | 8,790 | (8,790) |

Interest income from related party may fluctuate in amount, in particular due to changes in the LIBOR Rate. The impact of a 5% fluctuation in the interest rates on loan to related parties would be as follows:

| | 5% increase<br>2018<br>USD | 5% decrease<br>2018<br>USD | 5% increase<br>2017<br>USD | 5% decrease<br>2017<br>USD |
|---|---|---|---|---|
| Interest income on loan | 417,242 | (417,242) | 370,662 | (370,662) |
| Effect on profit before tax | 417,242 | (417,242) | 370,662 | (370,662) |

#### (iv) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

| *Carrying Amount* | 2018<br>USD | 2017<br>USD |
|---|---|---|
| Loan receivable | 289,016,776 | 354,292,967 |
| Interest receivable on loan from related parties | 2,065,078 | 18,564,433 |
| Trade & Other Receivables | 106,558,015 | 115,024,249 |
| | 397,639,869 | 487,881,649 |

#### (v) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors and in managing the Company's short, medium and long term funding and liquidity requirements, the Board of Directors is guided by similar practices adopted by its holding company. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## 22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

### 22.5 Financial instruments risk management objectives and policies (Continued)

(v) Liquidity risk management (Continued)

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can receive or be required to pay. The table includes both interest and principal cash flows.

| 2018 | On demand | Less than 1 Year | More than 1 Year | Total |
|---|---|---|---|---|
| | USD | USD | USD | USD |
| Financial assets | | | | |
| Interest-bearing loans to related parties and short term deposits | - | 3,892,224 | 273,309,418 | 277,201,642 |
| Non-interest bearing loans to related parties | 15,707,358 | - | - | 15,707,358 |
| Cash at Bank | 83,907 | - | - | 83,907 |
| Other Financial Assets | - | 2,071,045 | - | 2,071,045 |
| Trade and Other receivables | 106,558,015 | | - | 106,558,015 |
| Derivative Financial Assets-Interest rate swaps | - | 638,449 | - | 638,449 |
| | 122,349,280 | 6,601,718 | 273,309,418 | 402,260,416 |

| | USD | USD | USD | USD |
|---|---|---|---|---|
| Financial liabilities | | | | |
| Interest-bearing loans and borrowings | - | 405,918,970 | | 405,918,970 |
| Non-interest bearing loans and borrowings | | | | |
| Derivatives not designated as hedging instruments | - | - | - | - |
| Other financial liabilities | 2,109,430 | | - | 2,109,430 |
| | 2,109,430 | 405,918,970 | | 408,028,400 |

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

**(v) Liquidity risk management (Continued)**

**Liquidity and interest risk tables (Continued)**

| 2017 | On demand USD | Less than 1 Year USD | More than 1 Year USD | Total USD |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Interest-bearing loans to related parties and short term deposits | - | 8,776,081 | 340,000,000 | 348,776,081 |
| Non interest-bearing loans to related parties | 14,292,967 | | - | 14,292,967 |
| Cash at Bank | 52,712 | - | - | 52,712 |
| Other Financial Assets | - | 18,578,174 | - | 18,578,174 |
| Trade and Other receivables | 115,024,249 | | - | 115,024,249 |
| Derivative Financial Assets-Interest rate swaps | - | 730,685 | | 730,685 |
| | 129,369,928 | 28,084,940 | 340,000,000 | 497,454,868 |
| **Financial liabilities** | | | | |
| Interest-bearing loans and borrowings | - | 100,672,789 | 305,773,797 | 406,446,586 |
| Non interest-bearing loans and borrowings | - | 27,580,693 | - | 27,580,693 |
| Derivatives not designated as hedging instruments | - | 585,729 | - | 585,729 |
| Other financial liabilities | 66,540,346 | - | - | 66,540,346 |
| | 66,540,346 | 128,839,211 | 305,773,797 | 501,153,354 |

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Capital Structure

The capital structure of the Company consists of net debt, stated capital and accumulated losses.

23. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY

The company regards The Tata Power Company Limited as the immediate holding and ultimate holding company. The Tata Power Company Limited is incorporated in India and listed on BSE Limited and National Stock Exchange of India Limited

24. NON COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 11 INTERESTS IN JOINT ARRANGEMENTS AND IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 11 requires a parent company that holds investments in joint ventures to apply the equity method for accounting its investments. However, the Company has not applied the equity method for accounting its joint ventures.

The Company accounts for the investments in joint ventures amounting to USD 49,107,316 (31 March 2017 USD -49,107,316) at cost as at balance sheet date. Under IFRS 11, if the Company had recognized its investment in a joint venture using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures profit before tax for year ended March 31, 2018 would have been lower by USD 3,922,236 (31 March 2017 - USD 8,715,340), retained earnings would have been lower by USD 32,731,237 (31 March 2017 - USD 28,809,000), investments in joint venture would have been lower by USD 32,731,237 (31 March 2017 - USD 28,809,000) as at balance sheet date.

IFRS 12 Disclosure of Interests in Other Entities requires the parent company to make additional disclosures on its joint ventures. In addition to the information disclosed for each joint venture, the Company should give a summarized financial information including current assets, non-current assets, revenue, other comprehensive income among others and a reconciliation of the summarized financial information to the carrying amount of its interest in the joint venture.

The Company has not applied IFRS 11 and IFRS 12 given the fact that the same is done at the parent (The Tata Power Company limited) level as at 31 March 2018.

25 SEGMENT INFORMANTION

The Company has only one segment of operation which has as objective of to hold investments.

26 CONTINGENCIES AND COMMITMENT

*Contingencies*

*As at the reporting year, the Company did not have any contingency with respect to its investments in the joint ventures*

*Commitments*

*As at the reporting year, the Company did not have any commitments with respect to its investments in the joint ventures*

**KHOPOLI INVESTMENTS LIMITED**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Year ended March, 2018 | Exchange Rate | Amount | Year ended March, 2017 | Exchange Rate | Amount |
|---|---|---|---|---|---|---|
| | USD | | ₹ | USD | | ₹ |
| **REVENUE** | | | | | | |
| Management fee income | 10,00,000 | 64.45 | 644,47,400 | 258,60,000 | 67.09 | 17349,37,056 |
| Dividend income | 3,388 | 64.45 | 2,18,348 | 7,47,793 | 67.09 | 501,69,133 |
| Other income | 19,364 | 64.45 | 12,47,959 | 33,82,309 | 67.09 | 2269,17,758 |
| | 10,22,752 | 64.45 | 659,13,707 | 299,90,102 | 67.09 | 20120,23,947 |
| **OPERATING EXPENSES** | | | | | | |
| Other operating expenses | 4,59,193 | 64.45 | 295,93,795 | 8,22,995 | 67.09 | 552,14,403 |
| Management fee expense | - | 64.45 | - | 126,00,000 | 67.09 | 8453,28,960 |
| | 4,59,193 | 64.45 | 295,93,795 | 134,22,995 | 67.09 | 9005,43,363 |
| **OPERATING PROFIT** | **5,63,559** | **64.45** | **363,19,912** | **165,67,107** | **67.09** | **11114,80,584** |
| Finance Income | 98,82,832 | 64.45 | 6369,22,827 | 90,50,876 | 67.09 | 6072,19,650 |
| Finance cost | 124,15,412 | 64.45 | 8001,41,023 | 116,84,154 | 67.09 | 7838,85,218 |
| **(LOSS) / PROFIT BEFORE TAX AND EXCEPTIONAL ITEM** | (19,69,021) | 67.09 | (1268,98,284) | 139,33,829 | 67.09 | 9348,15,016 |
| Exceptional item | - | 64.45 | - | (109,78,147) | 67.09 | (7365,19,491) |
| **(LOSS) / PROFIT BEFORE TAX** | (19,69,021) | 64.45 | (1268,98,284) | 29,55,682 | 67.09 | 1982,95,525 |
| Tax expense | 1,00,678 | 64.45 | 64,88,435 | 8,713 | 67.09 | 5,84,552 |
| **PROFIT / (LOSS) AND OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR** | **(20,69,699)** | **64.45** | **(1333,86,719)** | **29,46,969** | **67.09** | **1977,10,973** |

**KHOPOLI INVESTMENTS LIMITED**
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

| | As at March, 2018 USD | Exchange Rate | Amount ₹ | As at March, 2017 USD | Exchange Rate | Amount ₹ |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Non current assets | | | | | | |
| Investment in joint ventures | 491,07,316 | 65.18 | 32006,92,089 | 491,07,316 | 64.85 | 31846,09,443 |
| Non current financial assets | 2733,09,418 | 65.18 | 178136,24,592 | 3400,00,000 | 64.85 | 220490,00,000 |
| | 3224,16,734 | 65.18 | 210143,16,681 | 3891,07,316 | 64.85 | 252336,09,443 |
| Current assets | | | | | | |
| Trade and other receivables | 1065,58,015 | 65.18 | 69451,85,023 | 1150,24,249 | 64.85 | 74593,22,548 |
| Cash and Short term deposits | 39,76,131 | 65.18 | 2591,54,278 | 88,28,793 | 64.85 | 5725,47,226 |
| Other current financial Assets | 184,16,852 | 65.18 | 12003,64,371 | 336,01,826 | 64.85 | 21790,78,416 |
| Prepayments | 4,749 | 65.18 | 3,09,528 | 4,950 | 64.85 | 3,21,007 |
| | 1289,55,747 | 65.18 | 84050,13,200 | 1574,59,818 | 64.85 | 102112,69,197 |
| Assets classified as held for sale | 29,285 | 65.18 | 19,08,723 | 29,285 | 64.85 | 18,99,132 |
| **Total assets** | **4514,01,766** | **65.18** | **294212,38,604** | **5465,96,419** | **64.85** | **354467,77,772** |
| **EQUITY AND LIABILITIES** | | | | | | |
| Capital and reserves | | | | | | |
| Issued Capital | 470,07,350 | 54.29 | 25519,32,526 | 470,07,350 | 54.29 | 25519,32,526 |
| Accumulated losses | (36,33,984) | 91.85 | (3337,67,527) | (15,64,285) | 128.10 | (2003,80,808) |
| Exchange fluctuation reserve | - | | 6088,02,564 | - | | 5954,31,047 |
| **Total Equity** | 433,73,366 | 65.18 | 28269,67,563 | 454,43,065 | 64.85 | 29469,82,765 |
| Non current liabilities | | | | | | |
| Interest bearing loans and borrowings | - | 65.18 | - | 3057,73,797 | 64.85 | 198294,30,735 |
| | - | 65.18 | - | 3057,73,797 | 64.85 | 198294,30,735 |
| Current liabilities | | | | | | |
| Other payables | 21,09,430 | 65.18 | 1374,87,374 | 665,40,346 | 64.85 | 43151,41,438 |
| Interest bearing loans and borrowings | 4059,18,970 | 65.18 | 264567,83,667 | 1006,72,789 | 64.85 | 65286,30,367 |
| Other current financial liabilities | - | 65.18 | - | 281,66,422 | 64.85 | 18265,92,467 |
| | 4080,28,400 | 65.18 | 265942,71,041 | 1953,79,557 | 64.85 | 126703,64,272 |
| **Total equity and liabilities** | **4514,01,766** | **65.18** | **294212,38,604** | **5465,96,419** | **64.85** | **354467,77,772** |

**KHOPOLI INVESTMENTS LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Stated capital | Exchange Rate | Amount | (Accumulated losses) / Retained Earnings | Exchange Rate | Amount | Total | Exchange Rate | Amount |
|---|---|---|---|---|---|---|---|---|---|
| | USD | | ₹ | USD | | ₹ | USD | | ₹ |
| At 1 April, 2016 | **470,07,350** | **54.29** | **25519,32,526** | **(45,11,254)** | **88.24** | **(3980,91,781)** | **424,96,096** | **50.68** | **21538,40,745** |
| Profit and total comprehensive income for the year | | | | 29,46,969 | 67.09 | 1977,10,973 | 29,46,969 | 67.09 | 1977,10,973 |
| **At 31 March 2017** | **470,07,350** | **54.29** | **25519,32,526** | **(15,64,285)** | **128.10** | **(2003,80,808)** | **454,43,065** | **51.75** | **23515,51,718** |
| Loss and total comprehensive Loss for the year | | | | (20,69,699) | 64.45 | (1333,86,719) | (20,69,699) | 64.45 | (1333,86,719) |
| **At 31 March 2018** | **470,07,350** | **54.29** | **25519,32,526** | **(36,33,984)** | 91.85 | **(3337,67,527)** | **433,73,366** | 51.14 | **22181,64,999** |

**KHOPOLI INVESTMENTS LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Year ended March, 2018 | Exchange Rate | Amount | Year ended March, 2017 | Exchange Rate | Amount |
|---|---|---|---|---|---|---|
| | | | ₹ | USD | | ₹ |
| **Cash flows from operating activities** | | | | | | |
| Profit / (Loss) before tax | (19,69,021) | 64.45 | (1268,98,284) | 29,55,682 | 67.09 | 1982,95,525 |
| *Adjustments for:* | | | | | | |
| Bank interest income | (1,23,902) | 64.45 | (79,85,162) | (1,75,790) | 67.09 | (117,93,681) |
| Interest income on loan | (83,44,844) | 64.45 | (5378,03,499) | (74,13,249) | 67.09 | (4973,51,910) |
| Impairment | - | 64.45 | - | 109,78,147 | 67.09 | 7365,19,491 |
| Interest expenses on loan from banks | 117,58,640 | 64.45 | 7578,13,776 | 120,04,006 | 67.09 | 8053,43,961 |
| Marked to market gain on derivatives | (3,74,729) | 64.45 | (241,50,310) | (14,63,616) | 67.09 | (981,93,412) |
| Gain on disposal of shares | - | 64.45 | - | (5,20,138) | 67.09 | (348,95,850) |
| Unrealised Foreign exchange gain | (14,14,392) | 64.45 | (911,53,887) | (14,54,905) | 67.09 | (976,08,994) |
| Dividend income | (3,388) | 64.45 | (2,18,348) | (7,47,793) | 67.09 | (501,69,133) |
| | (4,71,636) | 64.45 | (303,95,714) | 141,62,344 | 67.09 | 9501,45,997 |
| *Movement in working capital:* | | | | | | |
| Decrease in other receivables | 84,14,397 | 64.45 | 5422,86,009 | 123,13,485 | 67.09 | 8261,06,782 |
| (Decrease) / Increase in other payables | (21,54,916) | 64.45 | (1388,78,724) | 114,40,209 | 67.09 | 7675,19,046 |
| **Cash generated from operating activities** | 57,87,845 | 64.45 | 3730,11,571 | 379,16,038 | 67.09 | 25437,71,825 |
| Withholding tax paid | (1,00,678) | 64.45 | (64,88,435) | (13,47,232) | 67.09 | (903,85,256) |
| Tax refund received | 52,036 | 64.45 | 33,53,585 | - | 67.09 | - |
| **Net cash generated from operating activities** | **57,39,203** | **64.45** | **3698,76,721** | **365,68,806** | **67.09** | **24533,86,569** |
| **Cash flows from investing activities** | | | | | | |
| Dividend income | 3,388 | 64.45 | 2,18,348 | 7,47,793 | 67.09 | 501,69,133 |
| Bank interest received | 1,31,676 | 64.45 | 84,86,176 | 2,07,920 | 67.09 | 139,49,270 |
| Investments in joint ventures | - | 64.45 | - | (8,51,484) | 67.09 | (571,25,721) |
| Proceeds from disposal of investments | - | 64.45 | - | 49,16,800 | 67.09 | 3298,66,145 |
| **Net cash generated from / (used in) investing activities** | **1,35,064** | **64.45** | **87,04,524** | **50,21,029** | **67.09** | **3368,58,827** |
| **Cash flows from financing activities** | | | | | | |
| Interest paid on loan from bank | (105,26,929) | 64.45 | (6784,33,204) | (97,55,872) | 67.09 | (6545,17,550) |
| Upfront fees | (2,00,000) | 64.45 | (128,89,480) | - | 67.09 | - |
| Interest received | - | 64.45 | - | 5,54,003 | 67.09 | 371,67,840 |
| Loan to related party | - | 64.45 | - | (88,22,105) | 67.09 | (5918,71,497) |
| Loan repaid to bank | - | 64.45 | - | (350,00,000) | 67.09 | (23481,36,000) |
| Loan repaid by related party | - | 64.45 | - | 155,00,000 | 67.09 | 10398,88,800 |
| **Net cash used in financing activities** | **(107,26,929)** | **64.45** | **(6913,22,684)** | **(375,23,974)** | **67.09** | **(25174,68,407)** |
| **Net increase / (decrease) in cash and cash equivalents** | **(48,52,662)** | **64.45** | **(3127,41,439)** | **40,65,861** | **67.09** | **2727,76,989** |
| Cash and cash equivalents at beginning of year | 88,28,793 | 64.85 | 5725,47,226 | 47,62,932 | 66.25 | 3155,32,338 |
| Effect of exchange fluctuation on cash and cash equivalents | | | (6,51,509) | | | (157,62,101) |
| **Cash and cash equivalents at end of year** | **39,76,131** | **65.18** | **2591,54,278** | **88,28,793** | **64.85** | **5725,47,226** |