GMR HOLDINGS (OVERSEAS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

GMR HOLDINGS (OVERSEAS) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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GMR HOLDINGS (OVERSEAS) LIMITED

COMPANY INFORMATION

		Date of appointment	Date of resignation
DIRECTORS:	Nousrath Begum Bhugeloo	06 August 2008	-
	Venkatesen Saminada Chetty (Alternate director to Nousrath Begum Bhugeloo)	08 August 2008	06 December 2016
	Govinda Sachidanand Payandee (Alternate director to Nousrath Begum Bhugeloo)	07 October 2011	06 December 2016
	Kunisetty Sreemannarayana	05 July 2012	28 September 2016
	Devananda Naraidoo	20 March 2013	-
	Grandhi, Butchi Raju	28 September 2016	-
	Batoosam Rishikesh (Alternate to Nousrath Begum Bhugeloo)	06 December 2016	-
	Batoosam Rishikesh (Alternate to Devananda Naraidoo)	06 December 2016	-

ADMINISTRATOR AND SECRETARY:
Abax Corporate Services Ltd
6th Floor, Tower A
1 CyberCity
Ebene
Mauritius

REGISTERED OFFICE:
c/o Abax Corporate Services Ltd
6th Floor, Tower A
1 CyberCity
Ebene
Mauritius

AUDITORS:
VBS Business Services
1st Floor, Hennessy Court
Pope Henessy Street
Port Louis
Mauritius

BANKERS:
AfrAsia Bank Limited
Bowen Square
10, Dr. Ferrière Street
Port Louis
Mauritius

GMR HOLDINGS (OVERSEAS) LIMITED

COMMENTARY OF THE DIRECTORS

The directors have the pleasure in submitting their commentary together with the audited financial statements of GMR Holdings (Overseas) Limited (the "Company") for the year ended 31 March 2017.

ACTIVITIES

The activities of the Company are that of investments holding and to market expertise gained in the power and infrastructure business.

RESULTS AND DIVIDENDS

The Company's loss for the financial year ended 31 March 2017 amounted to **USD 66,792** (2016: USD 318,765).

The directors do not recommend the payment of a dividend for the year under review (2016: USD Nil).

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards as modified by the Mauritius Companies Act 2001 have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the 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.

AUDITORS

The auditors, **VBS Business Services**, have indicated their willingness to remain in office and will be automatically re-appointed at the next Annual Meeting.

NISHA PROAG-DOOKUN
FOR
ABAX CORPORATE SERVICES LTD
13 SEP 2017

Abax Corporate Services Ltd
6th Floor, Tower A,
1 CyberCity, Ebene, Mauritius
T + 230 403 6000 F + 230 403 6060
E officeoftheceo@abaxservices.com
www.abaxservices.com

ABAX
Adding value to global business

SECRETARY'S CERTIFICATE
GMR HOLDINGS (OVERSEAS) LIMITED

UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We confirm, as secretary of the Company, that based on records and information made available to us by the Directors and Sole Shareholder of the Company, the Company has filed with the Registrar of Companies, for the year ended 31 March 2017, all such returns as are required of the Company under the Mauritian Companies Act 2001.

NISHA PROAG-DOOKUN
FOR
ABAX CORPORATE SERVICES LTD

ABAX CORPORATE SERVICES LTD
COMPANY SECRETARY

13 SEP 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GMR HOLDINGS (OVERSEAS) LIMITED

Report on the Audit of Financial Statements

We have audited the financial statements of GMR Holdings (Overseas) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 25.

In our opinion, these financial statements give a true and fair view of the financial position of GMR Holdings (Overseas) Limited as at 31 March 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for Companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 13 to the financial statements which indicates that the Company has incurred a loss of USD 66,792 for the year ended 31 March 2017 and as that date, the Company's total liabilities exceeded its total assets by USD 16,717,712. The note also indicates why in these circumstances, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

Other Information

The directors are responsible for the other information. The other information comprises of the commentary of the Directors and Secretary's Certificate.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GMR HOLDINGS (OVERSEAS) LIMITED (CONTINUED)

Report on the Audit of Financial Statements (continued)

Directors' Responsibilities for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GMR HOLDINGS (OVERSEAS) LIMITED (CONTINUED)

Report on the Audit of Financial Statements (continued)

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

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

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

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

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

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

VBS Business Services
Chartered Certified Accountants

Port Louis, Mauritius

Date: 13 SEP 2017

Khemraz Boodhoo, FCCA
Licensed by FRC

GMR HOLDINGS (OVERSEAS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 USD	2016 USD
INCOME		-	-
EXPENSES			
Interest on loan	12 (iv)	**39,457**	292,176
Secretarial and administration fees		**12,600**	10,345
Directors' fees		**4,000**	4,000
Audit fees		**3,738**	3,853
Accountancy fees		**3,000**	3,000
Licence fees		**2,050**	2,050
Tax fees		**1,600**	1,600
Bank charges		**347**	170
Loss on disposal of investment in subsidiary		-	1,571
		66,792	318,765
LOSS BEFORE INCOME TAX		**(66,792)**	(318,765)
Income tax expense	11	-	-
LOSS FOR THE YEAR		**(66,792)**	(318,765)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(66,792)**	(318,765)

The notes on pages 12 to 25 form an integral part of these financial statements.

GMR HOLDINGS (OVERSEAS) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	**2017 USD**	2016 USD
ASSETS			
Non-current assets			
Investments in subsidiary	6	**1**	1
Current assets			
Accounts receivable	7	**3,564**	1,813
Cash and cash equivalents		**15,568**	6,806
Total current assets		**19,132**	8,619
TOTAL ASSETS		**19,133**	8,620
EQUITY AND LIABILITIES			
Equity			
Stated capital	8	**25,000**	25,000
Accumulated losses		**(16,742,712)**	(16,675,920)
Total equity		**(16,717,712)**	(16,650,920)
Liabilities			
Current liabilities			
Loan from related party	9	**15,783,000**	15,783,000
Accounts payable	10	**953,845**	876,540
Total current liabilities		**16,736,845**	16,659,540
TOTAL EQUITY AND LIABILITIES		**19,133**	8,620

Authorised for issue by the Board of directors on 13 SEP 2017
and signed on its behalf by:

Director

Director

The notes on pages 12 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 USD	2016 USD
ASSETS			
Non-current assets			
Investments in subsidiary	6	**1**	1
Current assets			
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Authorised for issue by the Board of directors on ....
and signed on its behalf by:

Director

Director

The notes on pages 12 to 25 form an integral part of these financial statements.

GMR HOLDINGS (OVERSEAS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital USD	Accumulated losses USD	Total USD
At 01 April 2014	25,000	(16,357,155)	(16,332,155)
Total comprehensive income for the year	-	(318,765)	(318,765)
At 31 March 2016	25,000	(16,675,920)	(16,650,920)
Total comprehensive income for the year	-	**(66,792)**	**(66,792)**
At 31 March 2017	**25,000**	**(16,742,712)**	**(16,717,712)**

The notes on pages 12 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 USD	2016 USD
Cash flows from operating activities		
Loss before income tax	**(66,792)**	(318,765)
Adjustments for:		
Loss on disposal of investment in subsidiary	-	1,571
Expenses paid on behalf of the Company	-	25,658
Interest on loan	**39,457**	292,176
Operating (loss)/ profit before working capital changes	**(27,335)**	640
Change in accounts receivable	**(1,751)**	-
Change in accounts payable	**7,748**	(784)
Net cash used in operating activities	**(21,338)**	(144)
Cash flow from financing activity		
Amount received from sister company	**30,100**	-
Net cash from financing activity	**30,100**	-
Net movement in cash and cash equivalents	**8,762**	(144)
Cash and cash equivalents at beginning of year	**6,806**	6,950
Cash and cash equivalents at end of year	**15,568**	6,806

The notes on pages 12 to 25 form an integral part of these financial statements.

1 LEGAL STATUS AND BUSINESS ACTIVITY

GMR Holdings (Overseas) Limited (the "Company") is a private company limited by shares, incorporated in the Republic of Mauritius on 06 August 2008 in accordance with the Mauritius Companies Act. The Company holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission. The registered office of the Company is c/o Abax Corporate Services Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene, Mauritius.

The activities of the Company are that of investments holding and to market expertise gained in the power and infrastructure business.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licenced Companies. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS as modified by the Mauritius Companies Act 2001 requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal to related results.

Changes in accounting policies and standards

New and amended standards adopted by the Company.

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 April 2016.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment relevant to the Company are described below:

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

• The materiality requirements in IAS 1 - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated - where this is relevant to an understanding of the entity's financial position or performance.

• That entities have flexibility as to the order in which they present the notes to financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and standards (continued)

New and amended standards adopted by the Company (Continued)

Amendments to IAS 1 Disclosure Initiative (Continued)

• That the share of OCI of associates and joint ventures accounted for using the equity method must bepresented in aggregate as a single line item, and classified between those items that will or will not besubsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments affect presentation only and do not have any impact on the financial position or performance of the Company.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively.

These amendments do not have any impact on the Company's financial statements.

New standards, amendments and interpretations that are not yet effective and have not been early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 01 January 2018)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Company plans to adopt the new standard on the required effective date. Early adoption is permitted.

Classification and measurement of financial assets
All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and standards (continued)

New standards, amendments and interpretations that are not yet effective and have not been early adopted (Continued)

Classification and measurement of financial liabilities
For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment
The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

IAS 7 Disclosure Initiative – Amendments to IAS 7 (effective for accounting periods beginning on or after 01 January 2017)

The amendments to IAS 7, 'Statement of Cash Flows', are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a company's debt.

The directors anticipate that these IFRSs will be applied on their effective dates in the future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

Summary of significant accounting policies

Foreign currency translation

(a) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(b) Transactions and balances

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

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

Taxation

The tax expense for the year comprises of current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Investments in subsidiaries

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

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

Details of the Company's subsidiary are shown in Note 6.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated financial statements

The Company owns 99.99% of the share capital of GMR Infrastructure (Malta) Limited and has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are of the Company only and do not consolidate the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows of its subsidiaries, GMR Infrastructure (Malta) Limited. The ultimate parent company, GMR Enterprises Private Limited, having its principal place of business in 3rd Floor, Old no 248/New No 114, Royapettah High Road, Royapettah, Chennai – 600 014, prepares consolidated financial statements which comply with Indian Accounting Standards.

Financial instruments

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognised on the trade date, which is the date when the Company becomes a party to the contractual provisions of the instrument. 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.

Financial instruments carried on the statement of financial position include amount due to/ from related parties, cash and cash equivalents, loan from related party and accounts payable. Accounts payable include interest payable on loan, accruals and amount due to related parties. The particular recognition methods adopted are disclosed below:

Cash and cash equivalents

Cash comprises of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Loan from related party

Loan from related party is recognised at fair value and amortisation cost.

Accruals

Accruals are stated at their nominal value.

Amount due to/ from related parties

Amount due to/ from related parties is recorded at amount received/ due net of capital repayments.

Accounts payable

Accounts payable include interest payable on loan, accruals and amount due to related parties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligation is discharged, cancelled or expires.

Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and its value in use. Impairment losses (if any) are recognised as an expense in profit or loss.

Revenue recognition

The Company recognises revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

Interest income is recognised using the effective interest method.

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

Expenses recognition

Expenses are accounted for in statement of comprehensive income on an accruals basis.

Stated capital

Ordinary shares are classified as equity.

Provisions

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical judgement

In the process of applying the Company's accounting policies, management has made the following judgement, which has 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 Dollar.

4 GOING CONCERN

The Company had incurred a loss of **USD 66,792** (2016: USD 318,765) for the year ended 31 March 2017 and as at that date, its total liabilities exceeded its total assets by **USD 16,717,712** (2016: USD 16,650,920). The holding company has confirmed that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due for a period of not less than twelve months. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

5 FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

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

(i) Market risk

Market risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, price risk and interest rate risk.

Currency risk

The Company's financial assets and liabilities are denominated in its functional currency, the United States Dollar ("USD"). Consequently, the Company is not exposed to any currency risk.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk

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

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or are repriced at different times or in different amounts. In the case of floating rate assets and liabilities, the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the base lending rate and different types of interest.

At the reporting date, the interest rate profile of the Company's interest-earning financial instrument was as follows:

	2017	2016
	USD	USD
Fixed rate instrument		
Financial liability		
Loan from related party	**(15,783,000)**	(15,783,000)

(ii) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk arises from financial assets which comprise of amount receivable from affiliate and cash and cash equivalents. The Company manages credit risk by banking with reputable financial institutions.

At the reporting date the Company's exposure to credit risk was as follows:

	2017	2016
	USD	USD
Amount receivable from affiliate	**1**	1
Cash and cash equivalents	**15,568**	6,806
	15,569	6,807

(iii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligation, associated with its financial obligations as they fall due. The Company pays out its obligations from funds received from its related parties.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk (Continued)

The maturity profile of the Company's financial liabilities is summarised as follows:

	Repayable on demand USD	Less than 1 year USD	Total USD
31 March 2017			
Financial liabilities			
Loan from related party	**-**	**15,783,000**	**15,783,000**
Accounts payable	**67,558**	**886,287**	**953,845**
Total financial liabilities	**67,558**	**16,669,287**	**16,736,845**
31 March 2016			
Financial liabilities			
Loan from related party	-	15,783,000	15,783,000
Accounts payable	37,459	839,081	876,540
Total financial liabilities	37,459	16,622,081	16,659,540

(iv) Fair values

Except where otherwise stated, the carrying amounts of financial assets and liabilities approximate to their fair values and hence no fair value hierarchy has been disclosed.

(v) Capital management

The Company's objective when managing capital is to safeguard the Company's ability to pay its debt when they fall due in order to continue as a going concern. The capital structure of the Company consists of debts, which include amount due to related parties and loan from related party disclosed in note 12 and equity comprising issued capital and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse from its related parties for funding. The capital management is determined and managed at the holding company level.

(vi) Categories of financial instruments

Financial assets include amount due from affiliate and cash and cash equivalents classified as loans and receivables. Financial liabilities include accounts payable and loan from related party classified as other liabilities and is measured at amortised cost.

6 INVESTMENTS IN SUBSIDIARY

Investments in subsidiary consist of unquoted shares.

	2017 USD	2016 USD
Cost:		
At beginning of year	**1**	1,573
Disposed during the year	-	(1,572)
At end of year	**1**	1

Name of investee company	*Type and number of shares*	*Activity*	*% held*	*Country of incorporation*
GMR Infrastructure (Malta) Limited	1,838 equity shares of USD 1 each	Purchasing, holding, managing and disposing of moveable and immovable property	99.99	Malta

During the year 2016, the Company has disposed its shares held in GMR Holding (Malta) Ltd to GMR Infrastructure (Malta) Ltd for a consideration of USD 1, resulting in a loss of disposal of USD 1,571.

7 ACCOUNTS RECEIVABLE

	2017 USD	2016 USD
Prepayments	**3,563**	1,812
Amount due from affiliate (Note 12(vi))	**1**	1
	3,564	1,813

8 STATED CAPITAL

	2017 USD	2016 USD
Issued and fully paid up		
25,000 Ordinary shares of USD 1 each - at nominal value	**25,000**	25,000

9 LOAN FROM RELATED PARTY

	2017 USD	2016 USD
At beginning and end of year (Note 12(iii))	**15,783,000**	15,783,000

The above loan is unsecured, bears interest at 0.25% per annum and is repayable by 01 April 2018.

10 ACCOUNTS PAYABLE

	2017 USD	2016 USD
Interest payable on loan (Note 12(iv))	**866,199**	826,742
Accruals	**20,087**	12,339
Amount due to related parties (Note 12 (ii) and (v))	**67,559**	37,459
	953,845	876,540

The amount due to related party is unsecured, interest free and are repayable on demand.

11 INCOME TAX EXPENSE

The Company is subject to income tax in Mauritius on its chargeable income at 15%. However, the Company is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income, thereby giving an effective tax rate of 3%.

Capital gains are exempt from tax in Mauritius.

At 31 March 2017, the Company had accumulated tax losses of **USD 79,962** and therefore was not liable to income tax (2016: USD 52,626).

The tax losses are available for set off against future taxable profit of the Company up to year ending 31 March 2022.

11 INCOME TAX EXPENSE (CONTINUED)

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

Up to the years ending:

	2017 USD	2016 USD
31 March 2020	**27,608**	27,608
31 March 2021	**25,018**	25,018
31 March 2022	**27,336**	-
	79,962	52,626

A reconciliation of the accounting loss before income tax and the actual tax charge is presented below:

	2017 USD	2016 USD
Loss before income tax	**(66,792)**	(318,765)
Income tax 15%	**(10,019)**	(47,815)
Disallowed expenses	**5,918**	44,062
Foreign tax credit	**3,281**	3,002
Deferred tax asset not recognised	**820**	751
Actual tax charge	-	-

Deferred taxation:

Deferred tax asset amounting to **USD 2,399** (2016: USD 1,579) has not been recognised in the financial statements based on the Company's accounting policy for recognition of deferred tax.

12 RELATED PARTY TRANSACTIONS

During the year under review, the Company transacted with related parties. The nature, volume of transactions and the balances were as follows:

	2017	2016
	USD	USD
(i) Key management personnel – Abax Corporate Services Ltd		
a) Fees incurred by the Company to management entity	**21,200**	18,945
b) Outstanding balance	**16,200**	8,600

	2017	2016
(ii) Amount due to GMR Holding (Malta) Limited – related party	**USD**	USD
At start/ end of year (Note 10)	**1**	1

The amount due to related party is unsecured, interest-free and is repayable on demand.

(iii) Loan from GMR Holding (Malta) Limited – related party	**2017**	2016
	USD	USD
At start/ end of year (Note 9)	**15,783,000**	15,783,000

(iv) Interest payable on loan from GMR Holding (Malta) Limited – related party	**2017**	2016
	USD	USD
At start of year	**826,742**	534,566
Interest charged for the year	**39,457**	292,176
At end of year (Note 10)	**866,199**	826,742

The loan from related party bears interest 0.25% per annum and is repayable by 01 April 2018.

12 RELATED PARTY TRANSACTIONS (CONTINUED)

	2017 USD	2016 USD
(v) Amount due to GMR Holdings (Mauritius) Ltd – sister company		
At start of year	**37,458**	11,800
Expenses paid on behalf of the Company	**-**	25,658
Amount advanced during the year	**30,100**	-
At end of year (Note 10)	**67,558**	37,458

The amount due to sister company is unsecured, interest-free and is repayable on demand.

	2017 USD	2016 USD
(vi) Amount due from GMR Infrastructure (Malta) Limited – subsidiary		
At start of year	**1**	-
Sales proceeds receivable	**-**	1
At end of year (Note 7)	**1**	1

The amount due from affiliates is unsecured, interest-free and is repayable on demand.

13. GOING CONCERN

The Company has incurred a loss amounting to USD 66,792 for the year ended 31 March 2017 and as at that date; its total liabilities exceeded its total assets by USD 16,717,712. The Shareholder of the Company has confirmed that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

14 HOLDING AND ULTIMATE HOLDING COMPANY

The directors consider GMR Enterprises Private Limited, a company incorporated in India, as the Company's holding and ultimate holding company.

15 EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date which would require disclosure and adjustment to the financial statements for the year ended 31 March 2017.