

**HCC MAURITIUS ENTERPRISES  
LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2018**

**HCC MAURITIUS ENTERPRISES LIMITED**

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**HCC MAURITIUS ENTERPRISES LIMITED****CORPORATE INFORMATION**

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		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	:		
		Mr Ajit Gulabchand	17-Jan-08
		Mr Rajgopal Nogja Jaikishan	17-Jan-08
		Mr Praveen Sood Balkishan	17-Jan-08
		Mr Denis Sek Sum	17-Jan-08
		Mr Fung Kong Yune Kim	17-Jan-08
		Mrs Mehnaz Abdool Rassool	19-Jul-16
			-
			31-Mar-17
			-
			-
			19-Jul-16
			-

**REGISTERED OFFICE** : St James Court – Suite 308  
St Denis Street  
Port Louis  
Republic of Mauritius

**COMPANY SECRETARY**: First Island Trust Company Ltd  
St James Court – Suite 308  
St Denis Street  
Port Louis  
Republic of Mauritius

**BANKERS** : SBM Bank (Mauritius) Ltd  
State Bank Tower  
1 Queen Elizabeth II Avenue,  
Port Louis  
Republic of Mauritius

SBI (Mauritius) Ltd  
SBI Tower Mindspace  
45, Ebene Cybercity  
Republic of Mauritius

**AUDITOR** : Qaiyoom Dustagheer FCCA, MIPA (M)  
Licensed Auditor  
3, Maharata Street  
Port Louis  
Republic of Mauritius

**HCC MAURITIUS ENTERPRISES LIMITED**  
**DIRECTORS' COMMENTARY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their commentary, together with the audited financial statements of **HCC Mauritius Enterprises Limited** (the 'Company') for the year ended 31 March 2018.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are to carry on business in investment holding activity and the promotion and marketing services offered by its Corporate Shareholder in the field of hotel, resorts, eco-tourism, real estate, design and construction of infrastructure projects, through itself or by establishing down stream subsidiaries/ branches in other foreign countries.

**RESULTS AND DIVIDENDS**

The results for the year are shown on page 8.

The directors did not recommend the payment of dividend for the year under review (2017: Nil).

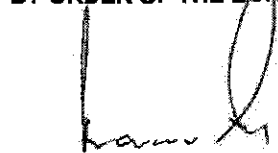
**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the 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, in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

**BY ORDER OF THE BOARD**



**DIRECTOR**

Date: 20 April 2018

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**SECRETARY'S CERTIFICATE  
FOR THE YEAR ENDED 31 MARCH 2018**

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We certify that, based on records and information made available to us by the directors and shareholder of **HCC Mauritius Enterprises Limited**, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2018, all such returns as are required of the Company under Section 166 (d) of the Mauritius Companies Act 2001.



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For and on behalf of:  
**First Island Trust Company Ltd**  
Corporate Secretary

**Registered office:**  
St James Court – Suite 308  
St Denis Street  
Port Louis  
Republic of Mauritius

Date: 20 April 2018

**QAIYOOM DUSTAGHEER FCCA, MIPA(M)**  
**3, MAHARATA STREET, PORT LOUIS, REPUBLIC OF MAURITIUS**  
TEL: (230) 5752 1203  
EMAIL: [dustagheerqaiyoom@gmail.com](mailto:dustagheerqaiyoom@gmail.com)

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF HCC MAURITIUS ENTERPRISES LIMITED**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

I have audited the financial statements of **HCC Mauritius Enterprises Limited** (the "Company"), 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 the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 23.

In my opinion, these financial statements give a true and fair view of the financial position of **HCC Mauritius Enterprises Limited** as at 31 March 2018 and of its financial performance and cash flows for the year then ended in accordance with the 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, in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

##### **Basis for opinion**

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

##### **Emphasis of matter**

Without qualifying my opinion, I draw attention to Note 15 in the financial statements which indicates that, as at 31 March 2018, the Company had a shareholder's deficit of USD 2,173,523. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued availability of debt facilities and funds being made available by the holding company. The financial statements do not include any adjustments that would result from non-availability of finance.

As described in Note 16, the holding company has pledged continuing financial support to the Company over the next twelve months. Accordingly, the financial statements have been prepared on a going concern basis.

##### **Other Information**

The directors are responsible for the other information. The other information comprises the Directors' commentary and Secretary's Certificate. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBER OF HCC MAURITIUS ENTERPRISES LIMITED****Report on the Audit of the Financial Statements (continued)****Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the 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, in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004, 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**

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

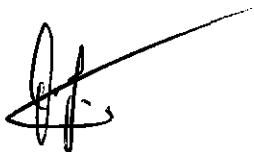
**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBER OF HCC MAURITIUS ENTERPRISES LIMITED****Report on the Audit of the Financial Statements (continued)****Other Matter**

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

**Report on Other Legal and Regulatory Requirements**

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

- (a) I have no relationship with or interests in the Company other than in my capacity as auditor;
- (b) I have obtained all the information and explanations I have required; and
- (c) In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.



**Qaiyoom Dustagheer FCCA, MIPA (M)**  
**Licensed by the FRC**

Date: 20 April 2018



**HCC MAURITIUS ENTERPRISES LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

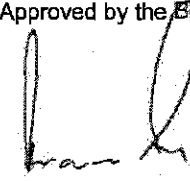
	Note	2018 USD	2017 USD
<b>Income</b>			
Bank interest		606	4
Exchange gain		2,806	-
Promotion and marketing income		-	400,000
Management fees		2,858,259	-
		<u>2,861,671</u>	<u>400,004</u>
<b>Expenses</b>			
Licence fees		1,750	1,750
Administration fees		4,555	6,170
Audit fees		4,400	4,000
Professional fees		103,183	2,300
Bank charges		2,423	535
Interest expense		1,595,592	1,069,759
Penal interest		-	50,000
Processing fee		47,500	-
Penalty and other charges		39,075	440
Other charges		161,538	-
Unrealised exchange loss		-	21,971
		<u>1,960,016</u>	<u>1,156,925</u>
<b>Profit / (loss) before taxation</b>		<b>901,655</b>	<b>(756,921)</b>
Income tax expense	5	-	-
<b>Profit / (loss) for the year</b>		<b>901,655</b>	<b>(756,921)</b>
<b>Other comprehensive income for the year, net of taxation</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the year, net of taxation</b>		<b>901,655</b>	<b>(756,921)</b>

The notes on pages 12 to 23 form an integral part of these financial statements.  
Auditor's report is on pages 5 to 7.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

	Notes	2018 USD	2017 USD
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment in subsidiary	6	<u>32,231,961</u>	<u>32,231,961</u>
<b>Current assets</b>			
Loan receivable	7	98,040	105,400
Other receivable	8	2,272	1,393
Cash and cash equivalents		27,710	3,656
		<u>128,022</u>	<u>110,449</u>
<b>Total assets</b>		<u><b>32,359,983</b></u>	<u><b>32,342,410</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	9	5,005,000	5,005,000
Accumulated losses		(7,178,523)	(8,080,178)
<b>Total equity</b>		<u>(2,173,523)</u>	<u>(3,075,178)</u>
<b>Non-current liability</b>			
Borrowings	10	<u>23,728,489</u>	<u>24,444,833</u>
<b>Current liabilities</b>			
Borrowings	10	10,754,960	10,966,005
Other payables	11	50,057	6,750
Current income tax liability		-	-
		<u>10,805,017</u>	<u>10,972,755</u>
<b>Total liabilities</b>		<u><b>34,533,506</b></u>	<u><b>35,417,588</b></u>
<b>Total equity and liabilities</b>		<u><b>32,359,983</b></u>	<u><b>32,342,410</b></u>

Approved by the Board of Directors on 20 April 2018 and signed on its behalf by:

PS   
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 DIRECTOR

The notes on pages 12 to 23 form an integral part of these financial statements.  
 Auditor's report is on pages 5 to 7.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Stated capital USD</b>	<b>Accumulated losses USD</b>	<b>Total equity USD</b>
At 01 April 2016	5,005,000	(7,323,257)	<b>(2,318,257)</b>
Loss for the year	-	(756,921)	<b>(756,921)</b>
At 31 March 2017	5,005,000	(8,080,178)	<b>(3,075,178)</b>
Profit for the year	-	901,655	<b>901,655</b>
<b>At 31 March 2018</b>	<b>5,005,000</b>	<b>(7,178,523)</b>	<b>(2,173,523)</b>

The notes on pages 12 to 23 form an integral part of these financial statements.  
Auditor's report is on pages 5 to 7.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018 USD	2017 USD
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	901,655	(756,921)
Adjustments to reconcile profit / (loss) before taxation to net cash flows		
<u>Non-cash:</u>		
Interest income	(606)	(4)
Interest expense	1,595,592	1,119,759
Exchange (gain) / loss	(2,806)	21,971
<u>Working capital adjustments:</u>		
Increase in other receivable	(879)	(105,400)
Increase in other payable	43,307	450
<b>Net cash flows generated from operating activities</b>	<b>2,536,263</b>	<b>279,855</b>
<b>Investing activities</b>		
Interest received	606	4
Repayment from related party	7,360	-
<b>Net cash flows generated from investing activities</b>	<b>7,966</b>	<b>4</b>
<b>Financing activities</b>		
Repayment of loan	(312,051)	(291,300)
Proceeds from borrowings	19,216	7,910
Repayment to related parties	(2,227,340)	-
<b>Net cash flows used in financing activities</b>	<b>(2,520,175)</b>	<b>(283,390)</b>
<b>Net movement in cash and cash equivalents</b>	<b>24,054</b>	<b>(3,531)</b>
Cash and cash equivalents at beginning of year	3,656	7,187
<b>Cash and cash equivalents at end of year</b>	<b>27,710</b>	<b>3,656</b>

The notes on pages 12 to 23 form an integral part of these financial statements.  
Auditor's report is on pages 5 to 7.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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## **1. LEGAL FORM AND PRINCIPAL ACTIVITY**

The Company was incorporated under the Mauritius Companies Act 2001 on 17 January 2008 as a private company with liability limited by shares. The Company has been granted a Category 1 Global Business Licence on the 18 January 2008 by the Financial Services Commission and is regulated by the Financial Services Act 2007. The Company's registered office is C/o Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius.

The principal activities of the Company are to carry on business in investment holding activities and the promotion and marketing services offered by its Corporate Shareholder in the field of hotel, resorts, eco-tourism, real estate, design and construction of infrastructure projects, through itself or by establishing down stream subsidiaries/ branches in other foreign countries.

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 20 April 2018.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of compliance**

The financial statements have been prepared in accordance with the 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, in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

### **Basis of accounting**

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of its holding company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

### **Foreign currencies**

#### 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 it operates (the "functional currency"). The financial statements of the Company are expressed in United States Dollars ("USD").

Management determines the functional currency of the Company to be USD. In making this judgement, management evaluates, among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of its investors.

#### Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of 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.

### **Investment in subsidiary**

A subsidiary is an entity in which the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investment in subsidiary is shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution or impairment in value. Where there has been a permanent diminution or impairment in value of an investment, it is recognised as an expense in the period in which the diminution is identified.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in subsidiary (Continued)**

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

**Financial assets**

The Company has classified its financial assets as loans receivables.

Financial assets are assigned to different categories in initial recognition, depending on the characteristics of the asset and its purpose. A financial asset category is relevant for the way it is measured and whether any resulting income and expenses is recognised in the profit or loss or directly in equity.

The Company recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expenses relating to financial assets are recognised in the profit or loss.

Loans receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loan receivable comprises of current loan given to its holding company. Loans receivables are initially recognised at cost, which is the fair value of the cash given to originate the loan, including any transaction costs.

They are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in the profit or loss.

An allowance for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual terms.

**Impairment of assets**

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 when 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 the profit or loss.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that it will result in an outflow of economic benefits that can be reasonably measured.

**Other receivables**

Other receivables are stated at their nominal value.

**Cash and cash equivalents**

Cash and cash equivalents include cash at banks.

**Equity**

Stated capital is determined using the nominal values of shares that have been issued.

Accumulated losses include all current and prior results as disclosed in the profit or loss.

**Other payables**

Other payables are stated at their nominal value.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Borrowings**

Borrowings are stated at proceeds received net of any capital repayments. Finance charges, including premiums payable on settlement or redemption, are accounted for on the accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Revenue recognition**

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

Management and consultancy income

The Company provides management services. These services are provided on a time and material basis

Promotion and marketing fee

Promotion and marketing fee is recognised on an accrual basis in accordance with the substance of the relevant agreement and terms.

Interest income

Interest income is recognised on the accrual basis unless collectability is in doubt.

**Expenses recognition**

All expenses are accounted for in the profit or loss on the accruals basis.

**Current and deferred income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

**Related parties**

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

**Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year as a result of changes in accounting policy and disclosures.

**HCC MAURITIUS ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

In the current year, the Company has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for this accounting year end. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Company's accounting policies that would affect the amounts reported for the current or prior years.

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

<b>Standards</b>	<b>Interpretations</b>	<b>Date issued by IASB</b>	<b>Effective date periods beginning on or after</b>
IFRS 2 Share Based Payments	Amendments to clarify the classification and measurement	June 2016	01 January 2018
IFRS 4 Insurance Contract	Amendments regarding the interaction of IFRS 4 and IFRS 9	September 2016	01 January 2018
IFRS 9 Financial Instruments	Finalised Version	July 2014	01 January 2018
	Prepayment Features with Negative Compensation	October 2017	01 January 2019
IFRS 16 Leases	Original issue	January 2016	01 January 2019
IFRS 15 Revenue from contracts with customers	Original issue - deferred	September 2015	01 January 2018
	Clarification of 3 aspects of standard	April 2016	01 January 2018
IFRS 17 Insurance Contracts	Original issue	May 2017	01 January 2021
IFRIC 22 Foreign currency transaction and advance consideration	Original issue	December 2016	01 January 2018
IFRIC 23 Uncertainty over Income Tax treatments	Original issue	June 2017	01 January 2019
IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement	February 2018	01 January 2019
IAS 28 Interests in Associates and Joint Ventures	Amendment to IAS 28	October 2017	01 January 2019
IAS 40 Investment Property	Amendment to IAS 40	December 2016	01 January 2018
<b><u>Annual Improvements 2014-2016:</u></b>			
IFRS 1 First time adoption of IFRS	Deletion of short term exemptions for the first time adopters	December 2016	01 January 2018
IAS 28 Investment in associates and joint ventures	Measuring an associate or joint venture at fair value	December 2016	01 January 2018



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**3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)**

<b>Standards</b>	<b>Interpretations</b>	<b>Date issued by IASB</b>
<u>Annual Improvements 2015-2017:</u>		
IFRS 3 Business Combinations	Re-measurement of previously held interests in a business when an entity obtains control of a joint operation	December 2017 01 January 2019
IFRS 11 Joint Arrangements	No re-measurement of previously held interests in a business when an entity obtains control of a joint operation	December 2017 01 January 2019
IAS 12 Income Taxes	Amendments to clarify the recognition of all income tax consequence of dividends in profit and loss	December 2017 01 January 2019
IAS 23 Borrowing costs	Amendments to clarify the capitalization rate on general borrowings costs	December 2017 01 January 2019

The directors anticipate that the adoption of these standards on the above effective dates in future periods will have no material impact on the financial statements of the Company.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most 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 USD.

**5. INCOME TAX EXPENSE**

The Company being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income.

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**5. INCOME TAX EXPENSE (CONTINUED)**

The reconciliation between the accounting profit / (loss) and the tax charge is as follows:

	2018 USD	2017 USD
Profit / (loss) before taxation	901,655	(756,921)
Less revenue that is exempt from taxation	(2,806)	(4)
Add expenses that are not deductible in determining taxable profit	39,076	72,411
Tax losses brought forward	(6,868,566)	(7,504,263)
Unutilised tax losses	1,363,761	1,320,211
<b>Loss as adjusted for tax purposes</b>	<b>(4,566,880)</b>	<b>(6,868,566)</b>
Income tax expense calculated at 15%	(685,032)	(1,030,285)
<u>Effect of tax concessions:</u>		
Foreign tax credit – 80%	548,026	824,228
Tax losses for which no deferred income tax asset was recognised	137,006	206,057
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

**6. INVESTMENT IN SUBSIDIARY**

	2018 USD	2017 USD
<u>Unquoted:</u>		
Cost at beginning and end of year	<b>32,231,961</b>	<b>32,231,961</b>

Investment in subsidiary is denominated in CHF and the details are as follows:

Name of subsidiary	Country of incorporation	Number & class of shares held	% Holding 2018 and 2017	Main business
Steiner AG	Switzerland	26,400 equity shares of CHF 1,000 each	66%	Total service contractor

The Company owns 66% of the issued share capital of Steiner AG, a company incorporated in Switzerland. The Company has taken advantage of the exemption provided in the Fourteenth schedule of the Mauritius Companies Act 2001 allowing any company holding a Category 1 Global Business Licence not to prepare group financial statements where it is a wholly owned or a virtually wholly owned subsidiary. The Company is a wholly owned subsidiary of Hindustan Construction Company Limited, a company incorporated in India. The financial statements are therefore separate financial statements which contain information about HCC Mauritius Enterprises Limited as an individual company and do not contain consolidated financial information as the parent of a group.

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**6. INVESTMENT IN SUBSIDIARY (CONTINUED)**

The Company's parent, Hindustan Construction Company Limited, produces consolidated financial statements prepared in accordance with Indian Generally Accepted Accounting Principles. The registered office of the parent is Hincan House, LBS Marg, Vikhroli West, Mumbai 400 083, India.

13,200 equity shares of CHF 1,000 each are pledged under Swiss law to secure a Facility Agreement dated 20 January 2014 with Export-Import Bank of India.

The directors have reviewed the financial position and performance of the investment in subsidiary and are of the opinion that the estimated recoverable amounts of investment is not less than its carrying value as at 31 March 2018.

**7. LOAN RECEIVABLE**

	2018 USD	2017 USD
Loan to related party (Note 13)	<u>98,040</u>	<u>105,400</u>

**8. OTHER RECEIVABLE**

	2018 USD	2017 USD
Prepayment	1,998	1,393
Advance	274	-
	<u>2,272</u>	<u>1,393</u>

**9. STATED CAPITAL**

	2018 USD	2017 USD
5,005,000 ordinary shares of USD 1 each	<u>5,005,000</u>	<u>5,005,000</u>

All issued shares are fully paid.

**10. BORROWINGS**

	2018 USD	2017 USD
<b>Non-current</b>		
Loan from related parties (Note 13)	23,728,489	24,444,833
	<u>23,728,489</u>	<u>24,444,833</u>
<b>Current</b>		
Loan from related parties (Note 13)	3,940,275	4,319,592
Loan from Exim Bank	6,814,685	6,646,413
	<u>10,754,960</u>	<u>10,966,005</u>
<b>Total</b>	<u>34,483,449</u>	<u>35,410,838</u>

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**10. BORROWINGS (CONTINUED)**

Out of the loan from related parties;

(i) the non-current loan from holding company amounting to USD 12,864,608 bears interest rate of USD LIBOR 3 Months + 300 bps. This loan is unsecured and repayable within 3 years as from the date of the loan agreement which is the 26th April 2010. However on 24 April 2013, the repayment date was extended up to 26 April 2016 and further extended to 26 April 2019 via a renewal letter dated 11 February 2016.

(ii) the non-current loan from holding company amounting to USD 2,211,925 bears interest rate of USD LIBOR 6 Months + 400 bps. The loans are unsecured and repayable after 3 years period.

(iii) the non-current loan from HCC Mauritius Investments Ltd amounting to USD 8,651,956 bears interest rate of USD LIBOR 3 Months + 300 bps, is unsecured and repayable after 1 year.

(iv) the current loan from holding company amounting to USD 1,078,288 is interest-free, unsecured and has no fixed term of repayments.

During the year ended 31 March 2018, there has been a restructuring of the outstanding debt of the Company to Export-Import Bank of India, whereby the outstanding interest on the loan as at 29 June 2017 has been capitalised.

The loan from Export-Import Bank of India bears an interest rate of LIBOR 3M + 500 bps (2017: Libor 6M + 400 bps) payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 equal quarterly instalments commencing from 30 September 2017.

The loan from Exim Bank to HCC Mauritius Enterprises Limited is for the part finance and streamlining of Steiner AG, Switzerland, against pledge of equity shareholding of HCC Mauritius Enterprises Ltd held by HCC Ltd., first charge over specific fixed assets of HCC Ltd having WDV of INR 50 crores, pledge of 33% equity share holding of Steiner AG, Switzerland and non-disposal of shareholding in SAG or any other SPV created for the purpose of acquisition.

**11. OTHER PAYABLES**

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Accruals	<u><b>50,057</b></u>	<u><b>6,750</b></u>

**12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

A description of the significant risk factors is given below together with the risk management policies applicable.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

In its ordinary operations, the Company is exposed to various risks such as market risks, credit risks and liquidity risks.

**Market risk**

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

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

**Market risk (Continued)**

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Consequently, the Company is exposed primarily to the risk that the exchange rate of United States Dollar ("USD") relative to Indian Rupee ("INR") may change in a manner that has a material effect on the reported values of the Company's liabilities that are denominated in Indian Rupee ("INR").

Foreign currency sensitivity analysis

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates. The sensitivity analysis includes financial assets and financial liabilities where the denomination of the financial assets and financial liabilities is in a currency other than the currency of the lender or the borrower.

For the financial liabilities, a negative number below indicates a decrease in profit and other equity where the USD strengthens 5% against the INR and as for a 5% weakening of the USD against the INR, there would be an equal and opposite impact on the profit and other equity, and the balance on the next page would be positive.

Currency	Increase /decrease in foreign exchange rate	Effect on profit before tax SGD	Effect on equity SGD
<b>2018</b>			
INR	+5%	53,914	53,914
INR	-5%	(53,914)	(53,914)
<b>2017</b>			
INR	+5%	54,055	54,055
INR	-5%	(54,055)	(54,055)

Interest rate risk

The Company has financial assets and liabilities which are at floating interest rates and is therefore exposed to the risks associated with the effects of fluctuation in interest rates.

Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of 5%. A 5% basis point increase or decrease is used and this represents management's assessment of the reasonably possible change in interest rate.

The calculations are based on the financial instruments held at that date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in profit and equity given an increase of 5 % in interest rates.

	Profit and equity 2018 USD	Profit and equity 2017 USD
At 31 March	<b>141,714</b>	196,732

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

**Credit risk**

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions only with its related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The bank balance is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

The table below illustrates the aged analysis of the Company's financial liabilities:

	<b>Less than 1 year 2018 USD</b>	<b>Over 1 year 2018 USD</b>	<b>Total 2018 USD</b>
<b>Liabilities</b>			
Borrowings (Note 10)	10,754,960	23,728,489	<b>34,483,449</b>
Other payables (Note 11)	50,057	-	<b>50,057</b>
<b>Total liabilities</b>	<b>10,805,017</b>	<b>23,728,489</b>	<b>34,533,506</b>

**Fair values of financial assets and liabilities**

The carrying amounts of loan receivable, cash and cash equivalents, borrowings and other payables approximate to their fair values.

**Capital risk management**

The Company is acting as an investment holding company forming part of a larger group. The capital management process is determined and managed at group level.

**Concentration risk**

At 31 March 2018, the Company held investments in Switzerland which involves certain considerations and risks. Future economic and political developments in Switzerland could affect the operations of the investee company.

**Currency profile**

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial assets</b>		<b>Financial liabilities</b>	
	<b>2018 USD</b>	<b>2017 USD</b>	<b>2018 USD</b>	<b>2017 USD</b>
<u>Denominated in:</u>				
Swiss Franc ("CHF")	-	-	<b>6,814,685</b>	6,646,413
Indian Rupee ("INR")	-	-	<b>1,078,288</b>	1,081,094
United States Dollar ("USD")	<b>125,750</b>	109,056	<b>26,640,533</b>	27,690,081
	<b>125,750</b>	109,056	<b>34,533,506</b>	35,417,588

Financial assets exclude investment in subsidiary of **USD 32,231,961** (2017 USD 32,231,961) and prepayments of **USD 2,272** (2017 USD 1,393) for the year ended 31 March 2018

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**13. RELATED PARTIES TRANSACTIONS**

The following transactions were carried out with related parties on normal commercial terms and conditions and at market prices:

<b>Name of companies</b>	<b>Nature of relationships</b>	<b>Nature of transactions</b>	<b>2018 USD</b>	<b>2017 USD</b>
<b>Loan receivable</b>				
<i>Hindustan Construction Company Limited</i>	Holding company	Loan receivable		
At start of year			<b>105,400</b>	-
Addition during the year			-	400,000
Interest accrued during the year			-	(288,300)
Reclassification during the year			-	(6,300)
Repayment during the year			<b>(7,360)</b>	-
At end of year (Note 7)			<b>98,040</b>	105,400
<b>Borrowings</b>				
<i>Hindustan Construction Company Limited</i>	Holding company	Loan payable		
At start of year			<b>18,689,378</b>	18,060,268
Additions during the year			-	-
Interest accrued during the year			<b>708,068</b>	613,439
Revaluation during the year			<b>(2,806)</b>	21,971
Repayment during the year			<b>(485,000)</b>	(6,300)
At end of year			<b>18,909,640</b>	18,689,378
<i>HCC Mauritius Investments Ltd</i>	Under same control	Loan payable		
At start of year			<b>10,075,047</b>	9,704,346
Additions during the year			<b>19,216</b>	7,910
Interest accrued during the year			<b>407,201</b>	362,791
Repayment during the year			<b>(1,742,340)</b>	-
At end of year			<b>8,759,124</b>	10,075,047
<b>Total</b>			<b>27,668,764</b>	28,764,425
Non-current (Note 10)			<b>23,728,489</b>	24,444,833
Current (Note 10)			<b>3,940,275</b>	4,319,592
<b>Total</b>			<b>27,668,764</b>	28,764,425

**14. HOLDING COMPANY**

The directors regard Hindustan Construction Company Limited, a company incorporated in India as the holding company.

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**15. BASIS OF PREPARING THE FINANCIAL STATEMENTS**

As at 31 March 2018, the Company had a shareholder's deficit of USD 2,173,523.

The financial statements have been prepared on the going concern basis that assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued support of the holding company.

The directors are of the opinion that this support will be forthcoming in the next twelve months. They therefore, believe that it is appropriate for the financial statements to be prepared on a going concern basis.

**16. CONTINUING FINANCIAL SUPPORT**

The holding company has confirmed its intention to provide continuing financial support to the Company so as to enable the Company to continue operating in the foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

**17. EVENTS AFTER THE REPORTING DATE**

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2018 financial statements.