HCC MAURITIUS ENTERPRISES LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2022

CONTENTS

HCC MAURITIUS ENTERPRISES LIMITED

CORPORATE INFORMATION

			Date of appointment	Date of resignation
DIRECTORS	:	Mr Ajit Gulabchand	17-Jan-08	-
		Mr Denis Sek Sum	17-Jan-08	-
		Ms Dineshwaree Varsha Ramphul	21-Sep-18	-
		Mr Girish Govind Gangal	12- Apr-19	01-Jan-21
		Ms Rolita Dilip Patil	21-Jan-21	-

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

(2): SBI (Mauritius) Ltd
SBI Tower Mindspace
45, Ebène 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 2022

The directors present their commentary, together with the audited financial statements of **HCC Mauritius Enterprises Limited** (the 'Company') for the year ended 31 March 2022.

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 (2021: Nil).

IMPACT OF COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic negatively affecting worldwide manufacturing and trade and posing the threat of significant disruption to global supply chains, global manufacturing, travel and tourism, investment and consumer spending. The fact that the COVID-19 crisis is ongoing and dynamic in nature, the directors continue to monitor the developments and are taking necessary measures to mitigate the financial impact on the Company, if any.

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 2022, 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), in compliance with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Global Business companies 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: 10 MAY 2022

SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2022

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 2022, all such returns as are required of the Company under Section 166 (d) of the Mauritius Companies Act 2001.

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: 10 MAY 2022

QAIYOOM DUSTAGHEER FCCA, MIPA(M)
3, MAHARATA STREET, PORT LOUIS, REPUBLIC OF MAURITIUS
TEL: (230) 5752 6345
EMAIL: dustagheerqaiyoom@gmail.com

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 2022 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 27.

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 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), in compliance with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Global Business companies 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.

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.

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), in compliance with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Global Business companies 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF HCC MAURITIUS ENTERPRISES LIMITED

Report on the Audit of the Financial Statements (continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF HCC MAURITIUS ENTERPRISES LIMITED

Report on the Audit of the Financial Statements (continued)

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 and dealings in the ordinary course of business;

(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: 10 MAY 2022

HCC MAURITIUS ENTERPRISES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 USD	2021 USD
Income			
Bank interest		**2**	8
Expenses			
Licence fees		**1,950**	2,000
Administration fees		**6,655**	5,970
Audit fees		**4,400**	4,400
Legal and professional fees		**2,300**	2,300
Bank charges		**620**	500
Interest expense		**1,237,389**	1,226,316
Penalty and other charges		**22,714**	21,050
Other charges		**30,855**	30,122
		1,306,883	1,292,658
Loss before taxation		**(1,306,881)**	(1,292,650)
Income tax expense	6	**-**	-
Loss for the year		**(1,306,881)**	(1,292,650)
Other comprehensive income / (loss) for the year, net of taxation			
Item that will not be reclassified to profit or loss			
Changes in the fair value of the equity instruments at fair value through OCI		**35,654,889**	(14,670,064)
Total comprehensive income / (loss) for the year, net of taxation		**34,348,008**	(15,962,714)

The notes on pages 12 to 27 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 2022

	Notes	2022 USD	2021 USD
ASSETS			
Non-current asset			
Equity instruments at fair value through OCI	7	75,198,146	39,543,257
Current assets			
Other receivables	8	1,691	1,690
Cash and cash equivalents		6,471	22,270
		8,162	23,960
Total assets		75,206,308	39,567,217
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	9	5,005,000	5,005,000
Accumulated losses		(13,334,129)	(12,027,248)
Investment revaluation reserves		42,966,185	7,311,296
Total equity		34,637,056	289,048
Non-current liability			
Borrowings	10	27,164,723	26,968,256
Current liabilities			
Borrowings	10	13,391,129	12,295,623
Other payables	11	13,400	14,290
Current tax liability		-	-
		13,404,529	12,309,913
Total liabilities		40,569,252	39,278,169
Total equity and liabilities		75,206,308	39,567,217

Approved by the Board of Directors on 10 MAY 2022 and signed on its behalf by:

DIRECTOR

V. Ramphul
DIRECTOR

The notes on pages 12 to 27 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 2022

	Stated capital USD	Accumulated losses USD	Investment revaluation reserves USD	Total equity USD
Balance at 31 March 2020	5,005,000	(10,734,598)	21,981,360	**16,251,762**
Loss for the year	-	(1,292,650)	-	**(1,292,650)**
Other comprehensive loss	-	-	(14,670,064)	**(14,670,064)**
At 31 March 2021	5,005,000	(12,027,248)	7,311,296	**289,048**
Loss for the year	-	(1,306,881)	-	**(1,306,881)**
Other comprehensive income	-	-	35,654,889	**35,654,889**
At 31 March 2022	**5,005,000**	**(13,334,129)**	**42,966,185**	**34,637,056**

The notes on pages 12 to 27 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 2022

	2022 USD	2021 USD
OPERATING ACTIVITIES		
Loss before taxation	**(1,306,881)**	(1,292,650)
Adjustments to reconcile loss before taxation to net cash flows		
Adjustments:		
Bank interest income	**(2)**	(8)
Loan interest expense	**1,237,389**	1,226,316
Loan penalty interest	**21,234**	20,074
Working capital adjustments:		
Decrease / (increase) in other receivables	**(1)**	410
Increase / (decrease) in other payables	**(890)**	6,700
Payment of expenses on behalf	**227,320**	38,658
Net cash flows generated from / (used in) operating activities	**178,169**	(500)
Investing activity		
Interest received	**2**	8
Net cash flows generated from investing activity	**2**	8
Financing activity		
Interest paid	**(193,970)**	-
Net cash flows used in financing activity	**(193,970)**	-
Net movement in cash and cash equivalents	**(15,799)**	(492)
Cash and cash equivalents at beginning of year	**22,270**	22,762
Cash and cash equivalents at end of year	**6,471**	22,270

The notes on pages 12 to 27 form an integral part of these financial statements.
Auditor's report is on pages 5 to 7.

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, deemed to be converted into a Global Business Company (GBC) effective 01 January 2019 for the purposes of the provisions of the Mauritius 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 2022 were authorised for issue in accordance with a resolution of the directors on ....

2. BASIS OF PREPARATION

Statement of compliance
The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), in compliance with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Global Business companies and the Financial Reporting Act 2004.

Basis of accounting
The financial statements of the Company have been prepared under the historical cost convention and are denominated in United States Dollars (USD). The preparation of the financial statements in conformity with the International Financial Reporting Standards (IFRS) requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 statement of profit or loss and other comprehensive income.

Standards and amendments to existing standards effective 1 January 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The following category of financial assets is applicable to the Company:

Equity instruments designated as at FVTOCI
On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Financial assets at amortised cost
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include cash and cash equivalents.

Cash and cash equivalents
Cash and cash equivalents comprise of bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents are measured at amortised cost which is equivalent to their fair value.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

<u>Non-derivative financial assets</u>

Financial instruments
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Non-derivative financial assets (continued)

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial liabilities

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

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

Subsequent measurement
The Company's financial liabilities comprise of borrowings and other payables.

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

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

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

Other payables
Other payables are subsequently measured at amortised cost using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

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

Other receivables
Other receivables are stated at its nominal value.

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 statement of profit or loss and other comprehensive income.

Investment revaluation reserves include changes in the fair value of equity instruments at fair value through other comprehensive income.

Revenue recognition
Interest income is recognised on a time-proportion basis using the effective interest rate method.

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

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.

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.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

Current tax (continued)

The Company shall offset current tax assets and current tax liabilities if, and only if, the entity:

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset only if certain criteria are met:

(i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities.

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (a) the same taxable entity; or

  (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS ("IAS") AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

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:

Standards	Interpretations	Date issued by IASB	Effective date periods beginning on or after
IFRS 17 Insurance Contracts	Amendment to Insurance liabilities to be measured at a current fulfillment value.	18 May 2017	01 January 2023
IAS 1 Presentation of Financial Statements	Amendment to Classification of Liabilities as Current or Non-Current	23 January 2020	01 January 2023
IFRS 3 Business combinations	Amendment to the reference to the Conceptual Framework	14 May 2020	01 January 2022
IAS 16 Property, plant and equipment	Amendments to Proceeds before Intended Use	14 May 2020	01 January 2022
IAS 37 Onerous Contracts	Amendment to 'Cost of fulfilling' a contract.	14 May 2020	01 January 2022
<u>Annual Improvement to IFRS 2018-2020</u>			
IFRS 1 First time adoption of IFRS	Amendment to measure cumulative translation differences using the amounts reported by its parent.	14 May 2020	01 January 2022
IFRS 9 Financial Instruments	Amendments that clarifies which fees an entity includes when it applies the '10 per cent' test to derecognise a financial liability.	14 May 2020	01 January 2022
IFRS 16 Leases	Amendment on reimbursement of leasehold improvements	14 May 2020	01 January 2022
IAS 41 Agriculture	Amendment to exclude taxation cash flows when measuring the fair value of a biological asset	14 May 2020	01 January 2022
IFRS 17 Insurance Contracts	Amendments to recognition of insurance acquisition cash flows relating to expected contract renewal	25 June 2020	01 January 2023
IFRS 4 Insurance contracts	Amendment to extension of the Temporary Exemption from Applying IFRS 9	25 June 2020	01 January 2023
<u>Annual Improvement to IFRS 2021</u>			
IAS1 and IFRS Practice statement 2 - Disclosure	Amendment that an entity to disclose material accounting policies instead of significant accounting policies	12 February 2021	01 January 2023
IAS 8 Estimates definition	Amendment in definition that change in accounting estimate is not the correction of an error.	12 February 2021	01 January 2023
IAS 12 Deferred tax	Clarification that exemption does not apply if deductible and taxable differences are equal on initial recognition.	07 May 2021	01 January 2023

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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

Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

6. TAXATION

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. The Company was granted its Category 1 Global Business Licence ("GBL1") before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence was automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the previous tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends, interest and advisory income), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

6. TAXATION (CONTINUED)

	2022 USD	2021 USD
Loss before taxation	**(1,306,881)**	(1,292,650)
Add expenses that are not deductible	**22,714**	21,050
Tax losses brought forward	**(6,554,776)**	(6,508,567)
Unutilised tax losses	**1,455,618**	1,225,391
Loss as adjusted for tax purposes	**(6,383,325)**	(6,554,776)
Income tax expense calculated at 15%	**(957,499)**	(983,216)
Effect of tax concessions:		
Foreign tax credit – 80%	**765,999**	786,573
Tax losses for which no deferred income tax asset was recognised	**191,500**	196,643
Income tax expense	**-**	-

7. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OCI

	2022 USD	2021 USD
Unquoted:		
Fair value at start of the year	**39,543,257**	54,213,321
Fair value adjustment during the year	**35,654,889**	(14,670,064)
Fair value at end of the year	**75,198,146**	39,543,257

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

Name of investee company	Country of incorporation	Number & class of shares held	% Holding 2022 and 2021	Fair value USD	Main business
Steiner AG	Switzerland	26,400 equity shares of CHF 1,000 each	66%	75,198,146	Total service contractor

Steiner AG, 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.

8. OTHER RECEIVABLES

	2022 USD	2021 USD
Prepayments	**1,688**	1,687
Advance	**3**	3
	1,691	1,690

9. STATED CAPITAL

	2022 USD	2021 USD
5,005,000 ordinary shares of USD 1 each	**5,005,000**	5,005,000

All issued shares are fully paid.

10. BORROWINGS

	2022 USD	2021 USD
Non-current		
Loan payable to related parties (Note 13)	**27,164,723**	26,968,256
Current		
Loan and interest payable to related parties (Note 13)	**7,220,162**	6,271,145
Loan and interest payable to Export-Import Bank of India	**6,170,967**	6,024,478
	13,391,129	12,295,623
Total	**40,555,852**	39,263,879

Borrowings from related parties comprise of:

(i) the non-current principal loan from holding company amounting to **USD 12,864,608** (2021: USD 12,864,608) bears interest rate of USD LIBOR 3 Months + 300 bps, is unsecured and repayable after more than one year. As at 31 March 2022, the current loan and interest payable balance was **USD 3,534,750** (2021: USD 3,115,359).

(ii) the non-current principal loan from holding company amounting to **USD 3,472,262** (2021: USD 3,472,262) bears interest rate of USD LIBOR 6 Months + 400 bps, is unsecured and repayable after more than one year. As at 31 March 2022, the current loan and interest payable balance was **USD 1,079,680** (2021: USD 927,484).

(iii) the non-current principal loan from HCC Mauritius Investments Ltd amounting to **USD 10,827,853** (2021: USD 10,631,386) bears interest rate of USD LIBOR 3 Months + 300 bps, is unsecured and repayable after more than one year. As at 31 March 2022, the current loan and interest payable balance was **USD 1,392,953** (2021: USD 1,046,378).

(iv) the current loan from holding company amounting to **USD 1,212,779** (2021: USD 1,181,924) is interest-free, unsecured and has no fixed term of repayments.

The loan from Export-Import Bank of India bears an interest rate of LIBOR 3M + 500 bps (2021: Libor 3M + 500 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 Export-Import Bank of India 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.

10. BORROWINGS (CONTINUED)

The carrying amount of the non-current borrowings is considered to be a reasonable approximation of the fair value. The loans are arranged at floating interest rates and the average interest rates as at 31 March 2022 were as follows:

	2022	2021
	%	%
Average interest rates	**3.12 %- 5.49 %**	4.02 %- 6.40 %

The carrying amount of the short-term borrowings is considered to be a reasonable approximation of the fair value due to the short term maturity of these liabilities.

11. OTHER PAYABLES

	2022	2021
	USD	USD
Accruals	**13,400**	14,290

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.

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. Given that all the assets and liabilities are denominated in the United States Dollar ("USD"), the Company is not exposed to foreign exchange risk.

Interest rate risk
The Company has financial 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 1%. A 1% 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 in this note depicts the movement in profit and equity given an increase of 1 % in interest rates.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Interest rate sensitivity (continued)

	Profit and equity 2022 USD	Profit and equity 2021 USD
At 31 March	**324,681**	324,656

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 counterparty is a reputable bank 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:

	Less than 1 year 2022 USD	**Over 1 year 2022 USD**	**Total 2022 USD**
Liabilities			
Borrowings (Note 10)	**13,391,129**	**27,164,723**	**40,555,852**
Other payables (Note 11)	**13,400**	**-**	**13,400**
Total liabilities	**13,404,529**	**27,164,723**	**40,569,252**

Fair value estimation
The carrying amounts of equity instruments at fair value through OCI, cash and cash equivalents, borrowings and other payables approximate to their fair values.

The Company presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Accounting classifications and fair values

Financial assets and liabilities not measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 Mar 2022	Carrying amounts / Fair value Financial assets at amortised Cost USD	Financial assets at fair value through OCI USD	Other financial assets USD	Total USD
Financial assets not measured at fair value				
Cash and cash equivalents	6,471	-	-	6,471

31 Mar 2021	Carrying amounts / Fair value Financial assets at amortised Cost USD	Financial assets at fair value through OCI USD	Other financial assets USD	Total USD
Financial assets not measured at fair value				
Cash and cash equivalents	22,270	-	-	22,270

31 Mar 2022	Carrying amounts / Fair value Financial liabilities at amortised Cost USD	Financial liabilities at fair value through OCI USD	Other financial liabilities USD	Total USD
Financial liabilities not measured at fair value				
Long-term borrowings	27,164,723	-	-	27,164,723
Short-term borrowings	13,391,129	-	-	13,391,129
Other payables	13,400	-	-	13,400
Total	40,569,252	-	-	40,569,252

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Accounting classifications and fair values (Continued)

Financial assets and liabilities not measured at fair value (Continued)

	Carrying amounts / Fair value			
31 Mar 2021	**Financial liabilities at amortised Cost**	**Financial liabilities at fair value through OCI**	**Other financial liabilities**	**Total**
	USD	**USD**	**USD**	**USD**
Financial liabilities not measured at fair value				
Long-term borrowings	26,968,256	-	-	26,968,256
Short-term borrowings	12,295,623	-	-	12,295,623
Other payables	14,290	-	-	14,290
Total	39,278,169	-	-	39,278,169

Financial assets measured at fair value

The following table shows the fair value measurement hierarchy of the Company's financial assets measured at fair value.

	Fair value	Classification			
31 Mar 2022	**Financial assets at fair value through OCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**	**USD**	**USD**
Financial assets measured at fair value					
Unquoted investments	**75,198,146**	**75,198,146**	**-**	**-**	**75,198,146**

	Fair value	Classification			
31 Mar 2021	**Financial assets at fair value through OCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**	**USD**	**USD**
Financial assets measured at fair value					
Unquoted investments	39,543,257	39,543,257	-	-	39,543,257

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.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Concentration risk

At 31 March 2022, 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.

13. RELATED PARTIES TRANSACTIONS

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

Name of companies	**Nature of relationships**	**Nature of transactions**	**2022 USD**	2021 USD
Borrowings				
Hindustan Construction Company Limited	Holding company	Loan and interest payable		
At start of year			**21,561,637**	20,961,586
Interest accrued during the year			**571,588**	569,928
Payment of guarantee fee on behalf			**30,855**	30,123
At end of year			**22,164,080**	21,561,637
HCC Mauritius Investments Ltd	Under same control	Loan and interest payable		
At start of year			**11,677,764**	11,322,282
Payment of expenses on behalf			**10,085**	8,535
Repayment during the year			**(7,590)**	-
Interest accrued during the year			**346,576**	346,947
Payment of loan interest on behalf			**193,970**	-
At end of year			**12,220,805**	11,677,764
Total			**34,384,885**	33,239,401
Non-current principal loan balance (Note 10)			**27,164,723**	26,968,256
Current interest payable balance (Note 10)			**7,220,162**	6,271,145
Total			**34,384,885**	33,239,401

14. HOLDING COMPANY

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

15. IMPACT OF COVID-19

COVID-19 became a global pandemic and resulted in unprecedented actions by governments around the world to curtain the spread of the disease. These events have resulted in a high level of uncertainty in the local, regional and international markets and will impact on businesses and consumers in several sectors of activity. The situation is rapidly evolving, and it is not practicable to consider the current situation to provide a quantitative estimate of the potential impact of this outbreak on the Company. The Company will continue to assess the evolving impact of the COVID-19 crisis on its business.

16. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2022 financial statements.