

**HCC MAURITIUS ENTERPRISES
LIMITED**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019**

HCC MAURITIUS ENTERPRISES LIMITED

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HCC MAURITIUS ENTERPRISES LIMITED**CORPORATE INFORMATION**

		Date of appointment	Date of resignation
DIRECTORS	:		
	Mr Ajit Gulabchand	17-Jan-08	-
	Mr Rajgopal Nogja Jaikishan	17-Jan-08	31-Mar-17
	Mr Praveen Sood Balkishan	17-Jan-08	-
	Mr Denis Sek Sum	17-Jan-08	-
	Mrs Mehnaz Abdool Rassool	19-Jul-16	21-Sep-18
	Mrs Dineshwaree Varsha Ramphul- Ausgarallee	21- Sep-18	-
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, 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 2019

The directors present their commentary, together with the audited financial statements of **HCC Mauritius Enterprises Limited** (the 'Company') for the year ended 31 March 2019.

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 downstream 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 (2018: Nil).

RESTATEMENT

During the year under review, management decided to recognise all of its investments at fair value in accordance with IFRS 9 – Financial Instruments. As a result, the Company applied IFRS 9 retrospectively and the audited financial statements of the Company for the years ended 31 March 2017 and 2018 was restated and reported at fair value accordingly in the current financial statements.

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 2019, 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 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: 30 APR 2019

**SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019, 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: **30 APR 2019**

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 2019 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 30.

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 2019 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 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 – Restatement of financial statements

Without qualifying my opinion, I draw attention to Note 16 of the financial statements, which explains that the comparatives years ended 31 March 2017 and 2018 have been restated from those I originally reported on 24 April 2017 and 20 April 2018 respectively.

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 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.

QAIYOOM DUSTAGHEER FCCA, MIPA(M)

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;
- (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: **30 APR 2019**

HCC MAURITIUS ENTERPRISES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 USD	Restated 2018 USD
Income			
Bank interest		24	606
Exchange gain		-	2,806
Management fees		-	2,858,259
Other income		655,070	-
		<u>655,094</u>	<u>2,861,671</u>
Expenses			
Licence fees		1,750	1,750
Administration fees		6,500	4,555
Audit fees		4,400	4,400
Legal and Professional fees		20,656	103,183
Bank charges		630	2,423
Interest expense		1,893,223	1,595,592
Processing fee		-	47,500
Penalty and other charges		7,908	39,075
Other charges		28,073	161,538
Realised loss		5,111	-
		<u>1,968,251</u>	<u>1,960,016</u>
(Loss) / profit from operations		(1,313,157)	901,655
Amount written off		(400,000)	-
(Loss) / profit before taxation		(1,713,157)	901,655
Income tax expense	6	-	-
(Loss) / profit for the year		(1,713,157)	901,655
Other comprehensive (loss) / income for the year, net of taxation			
<i>Item that will not be reclassified to profit or loss</i>			
Investment revaluation reserves		(5,744,025)	29,875,250
Total comprehensive (loss) / income for the year, net of taxation		(7,457,182)	30,776,905

The notes on pages 12 to 30 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 2019

	Notes	2019 USD	Restated 2018 USD	Restated 2017 USD
ASSETS				
Non-current asset				
Financial asset at fair value through OCI	7	131,870,509	137,614,534	107,739,284
Current assets				
Financial assets at amortised cost	8	-	98,040	105,400
Other receivables	9	2,182	2,272	1,393
Cash and cash equivalents		23,241	27,710	3,656
		<u>25,423</u>	<u>128,022</u>	<u>110,449</u>
Total assets		<u>131,895,932</u>	<u>137,742,556</u>	<u>107,849,733</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	10	5,005,000	5,005,000	5,005,000
Accumulated losses		(8,891,680)	(7,178,523)	(8,080,178)
Investment revaluation reserves		99,638,548	105,382,573	75,507,323
Total equity		<u>95,751,868</u>	<u>103,209,050</u>	<u>72,432,145</u>
Non-current liability				
Borrowings	11	26,616,964	23,728,489	24,444,833
Current liabilities				
Borrowings	11	9,519,800	10,754,960	10,966,005
Other payables	12	7,300	50,057	6,750
Current tax liability		-	-	-
		<u>9,527,100</u>	<u>10,805,017</u>	<u>10,972,755</u>
Total liabilities		<u>36,144,064</u>	<u>34,533,506</u>	<u>35,417,588</u>
Total equity and liabilities		<u>131,895,932</u>	<u>137,742,556</u>	<u>107,849,733</u>

Approved by the Board of Directors on 30 APR 2019 and signed on its behalf by:


 DIRECTOR


 DIRECTOR

The notes on pages 12 to 30 form an integral part of these financial statements.
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HCC MAURITIUS ENTERPRISES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Stated capital USD	Accumulated losses USD	Investment revaluation reserves USD	Total equity USD
Balance at 01 April 2016	5,005,000	(7,323,257)	-	(2,318,257)
Effect of adoption of IFRS 9	-	-	70,825,666	70,825,666
Restated balance at 01 April 2016	5,005,000	(7,323,257)	70,825,666	68,507,409
Loss for the year	-	(756,921)	-	(756,921)
Effect of adoption of IFRS 9	-	-	4,681,657	4,681,657
Restated balance at 31 March 2017	5,005,000	(8,080,178)	75,507,323	72,432,145
Profit for the year	-	901,655	-	901,655
Effect of adoption of IFRS 9	-	-	29,875,250	29,875,250
Restated balance at 31 March 2018	5,005,000	(7,178,523)	105,382,573	103,209,050
Loss for the year	-	(1,713,157)	-	(1,713,157)
Other comprehensive loss	-	-	(5,744,025)	(5,744,025)
At 31 March 2019	5,005,000	(8,891,680)	99,638,548	95,751,868

The notes on pages 12 to 30 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 2019

	2019 USD	Restated 2018 USD
OPERATING ACTIVITIES		
(Loss) / profit before taxation	(1,713,157)	901,655
Adjustments to reconcile (loss) / profit before taxation to net cash flows		
<u>Non-cash:</u>		
Interest income	(24)	(606)
Interest expense	1,893,223	1,595,592
Exchange gain	-	(2,806)
Amount written off	400,000	-
<u>Working capital adjustments:</u>		
Decrease / (increase) in other receivables	91	(879)
(Decrease) / increase in other payables	(42,757)	43,307
Net cash flows generated from operating activities	537,376	2,536,263
Investing activities		
Interest received	24	606
Repayment from related party	-	7,360
Net cash flows generated from investing activities	24	7,966
Financing activities		
Repayment of loan	(1,663,457)	(312,051)
Proceeds from borrowings	3,065,601	19,216
Repayment to related parties	(1,944,013)	(2,227,340)
Net cash flows used in financing activities	(541,869)	(2,520,175)
Net movement in cash and cash equivalents	(4,469)	24,054
Cash and cash equivalents at beginning of year	27,710	3,656
Cash and cash equivalents at end of year	23,241	27,710

The notes on pages 12 to 30 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 2019

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 2019 were authorised for issue in accordance with a resolution of the directors on 30 APR 2019

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 Category 1 Global Business Licence 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.

Changes in accounting policy

The Company applied IFRS 9 Financial Instruments for the first time. Several other amendments and interpretations apply for the first time in 2018, but did not have an impact on the financial statements of the Company. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective, except for IFRS 9.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy (continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings about fundamental changes to the accounting and measurement for financial assets, certain aspects of accounting for financial liabilities and changes in the method of impairment loss calculation for financial assets.

The Company has retrospectively adopted IFRS 9 Financial Instruments issued in July 2014 as part of management's decision to recognise all its investments at fair value. Consequently, the Company has therefore restated its comparative information for the financial years ended 31 March 2017 and 2018 in order to provide more reliable and relevant information for the users of the financial statements.

The nature and effect of the changes as a result of the adoption of IFRS 9 are described in Note 16.

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The assessment of the Company's business model was made retrospectively. The assessment of whether contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding was made based on the facts and circumstances as at the initial recognition of the assets.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Company did not recognise any allowance for impairment under IAS 39 and upon the adoption of the IFRS 9, no allowance for ECL was also recognised on the loan receivable as at 01 April 2016 based on management assessment that the loan is fully recoverable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

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. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

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.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (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 (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 loan receivables, ~~interest receivables~~ and cash and cash equivalents.

Loans receivables

Loans receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Effective interest rate is the same as market interest rate. Loan receivables comprise of loan to related party.

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.

Derecognition

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.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment

Non-derivative financial assets

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. 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).

Impairment provisions for loans to related party are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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 method.

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.

Non-financial instruments

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 fair valuation of the financial assets at fair value through other comprehensive income.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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

In the current year, the Company has adopted the entire 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:

Standards	Interpretations	Date issued by IASB	Effective date periods beginning on or after
IFRS 17 Insurance Contracts	Original issue	May 2017	01 January 2021
Conceptual Framework	Amendments to references	March 2018	01 January 2020
IFRS 3 Business Combination	Amendments in definition of Business	March 2018	01 January 2020

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.

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.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

Measurement of the expected credit loss (ECL) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of debtors defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of debtor segment and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

When using the simplified approach for measurement of expected credit loss for loan receivables, the application of a provision matrix requires significant assumptions and judgements, such as:

- Determining the appropriate groupings of receivables into categories of shared credit risk characteristics;
- Determining the period over which historical loss rates are obtained to develop estimates of expected future loss rates;
- Determining the historical loss rates;
- Considering macro-economic factors and adjust historical loss rates to reflect relevant future economic conditions; and
- Calculating the expected credit losses.

6. 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.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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6. INCOME TAX EXPENSE (CONTINUED)

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

	2019 USD	2018 USD
(Loss) / profit before taxation	(1,713,157)	901,655
Less revenue that is exempt from taxation	-	(2,806)
Add expenses that are not deductible in determining taxable profit	7,908	39,076
Tax losses brought forward	(4,566,880)	(6,868,566)
Unutilised tax losses	432,455	1,363,761
Loss as adjusted for tax purposes	(5,839,674)	(4,566,880)
Income tax expense calculated at 15%	(875,951)	(685,032)
<u>Effect of tax concessions:</u>		
Foreign tax credit – 80%	700,761	548,026
Tax losses for which no deferred income tax asset was recognised	175,190	137,006
Income tax expense	-	-

7. FINANCIAL ASSET AT FAIR VALUE THROUGH OCI

	2019 USD	Restated 2018 USD	Restated 2017 USD
<u>Unquoted:</u>			
Fair value at start of the year	137,614,534	107,739,284	103,057,627
Fair value adjustment during the year	(5,744,025)	29,875,250	4,681,657
Fair value at end of the year	<u>131,870,509</u>	<u>137,614,534</u>	<u>107,739,284</u>

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

Name of investee company	Country of incorporation	Number & class of shares held	% Holding 2018 and 2017	Cost USD	Main business
Steiner AG	Switzerland	26,400 equity shares of CHF 1,000 each	66%	32,231,961	Total service contractor

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.

As part of management's decision, the Company has restated its financial statements for the years ended 31 March 2017 and 2018, in order to reflect its investments at fair value in accordance with IFRS 9.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8. FINANCIAL ASSET AT AMORTISED COST

	2019 USD	2018 USD	2017 USD
Loan to related party (Note 14)	<u>-</u>	<u>98,040</u>	<u>105,400</u>

The financial asset at amortised cost is unsecured, interest-free and repayable on demand

9. OTHER RECEIVABLES

	2019 USD	2018 USD	2017 USD
Prepayments	1,908	1,998	1,393
Advance	274	274	-
	<u>2,182</u>	<u>2,272</u>	<u>1,393</u>

10. STATED CAPITAL

	2019 USD	2018 USD	2017 USD
5,005,000 ordinary shares of USD 1 each	<u>5,005,000</u>	<u>5,005,000</u>	<u>5,005,000</u>

All issued shares are fully paid.

11. BORROWINGS

	2019 USD	2018 USD	2017 USD
Non-current			
Loan from related parties (Note 14)	26,616,964	23,728,489	24,444,833
	<u>26,616,964</u>	<u>23,728,489</u>	<u>24,444,833</u>
Current			
Loan from related parties (Note 14)	3,911,112	3,940,275	4,319,592
Loan from Exim Bank	5,608,688	6,814,685	6,646,413
	<u>9,519,800</u>	<u>10,754,960</u>	<u>10,966,005</u>
Total	<u>36,136,764</u>	<u>34,483,449</u>	<u>35,410,838</u>

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. BORROWINGS (CONTINUED)

Out of the loan from related parties;

(i) the non-current loan from holding company amounting to **USD 12,864,608** (2017: 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 3,472,262** (2017: 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 10,280,094** (2017: 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 1,123,321** (2017: USD 1,078,288) 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 (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.

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 were as follows:

	2019 %	2018 %
Average interest rates	<u>5.36 % - 7.96%</u>	<u>6.17 % - 7.31%</u>

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.

12. OTHER PAYABLES

	2019 USD	2018 USD	2017 USD
Accruals	<u>7,300</u>	<u>50,057</u>	<u>6,750</u>

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. 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. 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") as at 31 March 2018.

Given that as at 31 March 2019 all the assets and liabilities are denominated in the United States Dollar ("USD"), the Company is not exposed to foreign exchange risk.

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 USD	Effect on equity USD
INR	+5%	53,914	53,914
INR	-5%	(53,914)	(53,914)

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

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 2019 USD	Profit and equity 2018 USD
At 31 March	321,143	141,714

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 Company's main credit risk concentration is the loan receivable from Hindustan Construction Company Limited. At each reporting date, the credit risk of the loan receivable is assessed in order to determine whether there has been a significant increase in credit risk since initial recognition.

The credit risk in the context of ECL have been assessed over the expected life of the loan receivable taking into consideration historical credit experience for default in payment and also current forecasts which assume the most likely expected business and economic conditions of the parties. Based on this analysis, no historical default in payment and future economic conditions is likely to influence the recoverability of the loan. As such, there is less or no influence on credit risk as at reporting date.

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.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

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

	Less than 1 year 2019 USD	Over 1 year 2019 USD	Total 2019 USD
Liabilities			
Borrowings (Note 11)	9,519,800	26,616,964	36,136,764
Other payables (Note 12)	7,300	-	7,300
Total liabilities	9,527,100	26,616,964	36,144,064

Fair value estimation

The carrying amounts of financial asset at fair value through OCI, financial assets at amortised cost, 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.

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.

	Carrying amounts / Fair value			Total USD
	Amortised Cost USD	Financial assets at fair value through OCI USD	Other financial assets USD	
31 Mar 2019				
Financial assets not measured at fair value				
Cash and cash equivalents	23,241	-	-	23,241

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. 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			
	Amortised	Financial	Other	Total
	Cost	assets at	financial	
	USD	fair value through OCI	assets	USD
31 Mar 2018				
Financial assets not measured at fair value				
Loan receivable	98,040	-	-	98,040
Cash and cash equivalent	27,710	-	-	27,710
Total	125,750	-	-	125,750

	Carrying amounts / Fair value			
	Amortised	Financial	Other	Total
	Cost	liabilities at	financial	
	USD	fair value through OCI	liabilities	USD
31 Mar 2019				
Financial liabilities not measured at fair value				
Long-term borrowings	-	-	26,616,964	26,616,964
Short-term borrowings	-	-	9,519,800	9,519,800
Other payables	-	-	7,300	7,300
Total	-	-	36,144,064	36,144,064

	Carrying amounts / Fair value			
	Amortised	Financial	Other	Total
	Cost	liabilities at	financial	
	USD	fair value through OCI	liabilities	USD
31 Mar 2018				
Financial liabilities not measured at fair value				
Long-term borrowings	-	-	23,728,489	23,728,489
Short-term borrowings	-	-	10,754,960	10,754,960
Other payables	-	-	50,057	50,057
Total	-	-	34,533,506	34,533,506

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Accounting classifications and fair values (Continued)

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.

31 Mar 2019	Fair value		Classification			
	Date of valuation	Financial assets at fair value through OCI	Total	Level 1	Level 2	Level 3
				USD	USD	USD

Financial assets measured at fair value

Unquoted investments	31-Mar-2019	131,870,509	131,870,509	-	-	131,870,509
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31 Mar 2018	Fair value		Classification			
	Date of valuation	Financial assets at fair value through OCI	Total	Level 1	Level 2	Level 3
				USD	USD	USD

Financial assets measured at fair value

Unquoted investments	31-Mar-2018	137,614,534	137,614,534	-	-	137,614,534
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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 2019, 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:

	Financial assets		Financial liabilities	
	2019 USD	2018 USD	2019 USD	2018 USD
<u>Denominated in:</u>				
Indian Rupee ("INR")	-	-	-	1,078,288
United States Dollar ("USD")	131,893,750	137,740,284	36,144,064	33,455,218
	<u>131,893,750</u>	<u>137,740,284</u>	<u>36,144,064</u>	<u>34,533,506</u>

Financial assets exclude prepayments of **USD 2,182** (2018: USD 2,272) for the year ended 31 March 2019.

HCC MAURITIUS ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. 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	2019 USD	2018 USD
Loan receivable				
<i>Hindustan Construction Company Limited</i>	Holding company	Loan receivable		
At start of year			98,040	105,400
Reclassification during the year			(98,040)	-
Repayment during the year			-	(7,360)
At end of year (Note 8)			-	98,040
Borrowings				
<i>Hindustan Construction Company Limited</i>	Holding company	Loan payable		
At start of year			18,909,640	18,689,378
Additions during the year			1,260,337	-
Interest accrued during the year			1,162,144	708,068
Exchange (loss) / gain during the year			-	(2,806)
Reclassification during the year			45,033	-
Repayment during the year			(1,300,000)	(485,000)
At end of year			20,077,154	18,909,640
<i>HCC Mauritius Investments Ltd</i>	Under same control	Loan payable		
At start of year			8,759,124	10,075,047
Additions during the year			1,805,264	19,216
Interest accrued during the year			530,547	407,201
Repayment during the year			(644,013)	(1,742,340)
At end of year			10,450,922	8,759,124
Total			30,528,076	27,668,764
Non-current (Note 11)			26,616,964	23,728,489
Current (Note 11)			3,911,112	3,940,275
Total			30,528,076	27,668,764

15. HOLDING COMPANY

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

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16. CHANGES RESULTING IN RESTATEMENT

Re-statement following accounting treatment of investment in Steiner AG

In the years ended 31 March 2018, 2017 and 2016, the investment in Steiner AG was accounted at cost under IAS 27, Consolidated and separate financial statement. In the current year ended 31 March 2019, the Company has elected to measure the investment at fair value in accordance with IFRS 9. The financial statements have been re-stated to reflect this valuation in other comprehensive income for the financial years ended 31 March 2017 and 2018. The following table summarises the impact on the audited financial statements:

Particulars	IAS 27 Measurement category	New Measurement category under IFRS 9	Original carrying amount under IAS 27 USD	New carrying amount under IFRS 9 USD	Movement in prior years USD	Movement booked in Investment revaluation reserves USD
31 March 2016						
Investment in Subsidiary	At cost	Fair value through OCI	32,231,961	103,057,627	-	70,825,666
31 March 2017						
Investment in Subsidiary	At cost	Fair value through OCI	32,231,961	107,739,284	70,825,666	4,681,657
31 March 2018						
Investment in Subsidiary	At cost	Fair value through OCI	32,231,961	137,614,534	75,507,323	29,875,250

Re-statement following early adoption of IFRS 9

In summary, upon the adoption of IFRS 9, the table below sets out the impact of adopting IFRS 9 on the financial position for the year ended 31 March 2017.

Particulars	IAS 39 Measurement category	New Measurement category under IFRS 9	Original carrying amount under IAS 39 USD	New carrying amount under IFRS 9 USD
<u>Balance as at 01 April 2016</u>				
Loan receivables	Loan and receivables	Amortised cost	-	-
Cash and cash equivalents	Loan and receivables	Amortised cost	7,187	7,187

17. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2019 financial statements.