

## **INDEPENDENT AUDITORS' REPORT**

**To the member of Kalpataru Power Transmission (Mauritius) Limited**

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of **Kalpataru Power Transmission (Mauritius) Limited** (the Company), set out on pages 8 to 22 which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as modified by the exemption from consolidation in Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act 2001.

#### ***Basis for Opinion***

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

#### ***Other Information***

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and Certificate from the Secretary. The other information does not include the financial statements and our auditors' report thereon.

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

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

## INDEPENDENT AUDITORS' REPORT

**To the member of Kalpataru Power Transmission (Mauritius) Limited**

**Report on the Financial Statements (continued)**

### *Directors' Responsibility for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determines 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITORS' REPORT

**To the member of Kalpataru Power Transmission (Mauritius) Limited**

**Report on the Financial Statements (continued)**

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

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

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

### *Other Matter*

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

### **Report on Other Legal and Regulatory Requirements**

*Mauritius Companies Act 2001*

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

We have obtained all information and explanations we have required.

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

.....  
**Nexia Baker & Arenson**  
**Chartered Accountants**

.....  
**Nitin Kumar Sobnack FCCA**  
**Licensed by FRC**

**Date:**.....

## Kalpataru Power Transmission (Mauritius) Limited

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	<u>Notes</u>	<u>2018</u> USD	<u>2017</u> USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary company	5	2,72,307	2,72,307
Loan to subsidiary company	7 (a)	<u>12,87,695</u>	<u>13,07,695</u>
		<u>15,60,002</u>	<u>15,80,002</u>
<b>Current assets</b>			
Prepayments		2,513	2,513
Cash and cash equivalents		<u>1,185</u>	<u>5,327</u>
		<u>3,698</u>	<u>7,840</u>
<b>Total assets</b>		<u>15,63,700</u>	<u>15,87,842</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	6	5,75,000	5,75,000
Revenue deficit		<u>(1,97,879)</u>	<u>(1,76,013)</u>
		<u>3,77,121</u>	<u>3,98,987</u>
<b>Non-current liability</b>			
Loan from shareholder	7 (b)	<u>11,82,438</u>	<u>11,82,438</u>
<b>Current liability</b>			
Accruals		<u>4,141</u>	<u>6,417</u>
<b>Total equity and liabilities</b>		<u>15,63,700</u>	<u>15,87,842</u>

Approved by the Board on **14 May 2018** and signed on its behalf by:

.....  
Director

.....  
Director

The notes on pages 12 to 22 form an integral part of these financial statements.  
Auditors' report on pages 5 to 7.

**Kalpataru Power Transmission (Mauritius) Limited**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
<b>Income</b>		-	-
<b>Expenses</b>			
Professional fees		16,538	21,242
Licence fees		2,300	2,400
Bank charges		1,705	3,055
Audit fees		1,323	1,150
		<u>21,866</u>	<u>27,847</u>
<b>Operating loss for the year</b>		<b>(21,866)</b>	<b>(27,847)</b>
Taxation	4	-	-
<b>Loss for the year</b>		<u><b>(21,866)</b></u>	<u><b>(27,847)</b></u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year</b>		<u><u><b>(21,866)</b></u></u>	<u><u><b>(27,847)</b></u></u>

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Auditors' report on pages 5 to 7.

**Kalpataru Power Transmission (Mauritius) Limited**
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	<u>Stated capital</u> USD	<u>Revenue deficit</u> USD	<u>Total</u> USD
At 1 April 2016	5,75,000	(1,48,166)	4,26,834
Total comprehensive loss for the year	-	(27,847)	(27,847)
At 31 March 2017	<u>5,75,000</u>	<u>(1,76,013)</u>	<u>3,98,987</u>
Total comprehensive loss for the year	-	<b>(21,866)</b>	<b>(21,866)</b>
<b>At 31 March 2018</b>	<b><u>5,75,000</u></b>	<b><u>(1,97,879)</u></b>	<b><u>3,77,121</u></b>

The notes on pages 12 to 22 form an integral part of these financial statements.  
Auditors' report on pages 5 to 7.

**Kalpataru Power Transmission (Mauritius) Limited**
**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2018**

	<u>Notes</u>	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
<b>Cash flows from operating activities</b>			
Operating loss for the year		<u>(21,866)</u>	<u>(27,847)</u>
<b>Operating loss before changes in working capital</b>		<b>(21,866)</b>	<b>(27,847)</b>
Decrease in prepayments		-	300
(Decrease)/increase in accruals		<u>(2,276)</u>	<u>1,793</u>
<b>Net cash used in operating activities</b>		<u><b>(24,142)</b></u>	<u><b>(25,754)</b></u>
<b>Cash flows from investing activity</b>			
Loan repaid by/(granted to) subsidiary company	7 (a)	<u>20,000</u>	<u>(5,20,000)</u>
<b>Net cash from / (used in) investing activity</b>		<u><b>20,000</b></u>	<u><b>(5,20,000)</b></u>
<b>Cash flows from financing activity</b>			
Loan received from shareholder	7 (b)	<u>-</u>	<u>5,50,000</u>
<b>Net cash from financing activity</b>		<u><b>-</b></u>	<u><b>5,50,000</b></u>
<b>Net (decrease) /increase in cash and cash</b>		<b>(4,142)</b>	<b>4,246</b>
Cash and cash equivalent at beginning of the year		<u>5,327</u>	<u>1,081</u>
<b>Cash and cash equivalents at end of the year</b>		<u><u><b>1,185</b></u></u>	<u><u><b>5,327</b></u></u>

The notes on pages 12 to 22 form an integral part of these financial statements.  
Auditors' report on pages 5 to 7.

## Kalpataru Power Transmission (Mauritius) Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 8 January 2009 as a private company with liability limited by shares and holds a Category 1 Global Business Licence, issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is that of investment holding. The Company holds investment in Kalpataru Power DMCC, a company incorporated in the United Arab Emirates ("UAE").

The financial statements of the Company are presented in United States Dollar ("USD"). The Company's functional and presentation currency is USD and all values are rounded to the nearest Dollar. USD is the currency of the primary economic environment in which it operates and the Company's performance is evaluated and its liquidity is managed in USD.

#### 2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

##### (a) Basis of preparation

The financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards ("IFRS") except with IFRS 10, "Consolidated Financial Statements" for which exemption has been opted (Refer Note 5). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.



## Kalpataru Power Transmission (Mauritius) Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### (b) Adoption of new and revised International Financial Reporting Standards

###### *Amendments to published Standards and Interpretations effective in the reporting period*

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. The amendment has no impact on the Company's financial statements.

###### *Annual Improvements to IFRSs 2014–2016 Cycle*

- IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment has no impact on the Company's financial statements.

###### *Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2018 or later periods, but which the Company has not early adopted.

At the end of the reporting period, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Annual Improvements to IFRSs 2014–2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

**Kalpataru Power Transmission (Mauritius) Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)****(b) Adoption of new and revised International Financial Reporting Standards (continued)**

*Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)*

Prepayment Features with negative compensation (Amendments to IFRS 9)  
Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28)  
Annual Improvements to IFRSs 2015–2017 Cycle

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

**(c) Financial instruments**

Financial instruments carried on the statement of financial position include loan to subsidiary company, cash and cash equivalents, loan from shareholder and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**(d) Other payables**

Other payables are stated at transaction value.

**(e) 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.

**(f) Borrowings**

Borrowings are stated at transaction value.

**(g) Stated capital**

Ordinary shares are classified as equity.

**Kalpataru Power Transmission (Mauritius) Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)****(h) Deferred taxation**

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(i) Revenue recognition**

Interest income is recognised on a time proportion basis unless collectibility is in doubt. Dividend income is recognised when the Company's right to receive payment is established.

**(j) Expense recognition**

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

**(k) Cash and cash equivalents**

Cash comprises of currency and current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short term cash commitments rather than investment or other purpose.

**(l) Investment in subsidiary company**

Subsidiary undertakings are those entities over which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Investment in subsidiary is shown at cost in the Company's financial statements. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss charged to the statement of profit or loss and other comprehensive income.

**Kalpataru Power Transmission (Mauritius) Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)****(m) Impairment**

At end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**(n) Foreign currencies***Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements of the Company are presented in USD, which is the functional currency of the Company.

*Transactions and balances*

Transactions denominated in foreign currencies are recorded in USD at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the end of the reporting period which are denominated in foreign currencies are translated into USD at the rates of exchange ruling at that date. Exchange differences are taken to the statement of profit or loss and other comprehensive income.

**(o) Income tax**

Income taxes currently payable are provided for in accordance with the existing legislation of the various countries in which the Company operates.

**(p) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses.

**(q) Receivables**

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

**Kalpataru Power Transmission (Mauritius) Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**3. Critical accounting estimates and judgements**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising thereof are dependent on the functional currency selected. As described in note 1 the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

**4. Taxation****(a) Income tax**

The Company, under the current laws and regulations in Mauritius, is liable to income tax on its chargeable income at the rate of 15%. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax on its foreign source income, thus reducing its effective tax rate to 3%. Capital gains are exempted from tax in Mauritius.

The Company has obtained a certificate from the Mauritian authorities renewable on an annual basis subject to tax residency conditions being satisfied and believes such certification is determinative of its residential status for double taxation avoidance treaty purposes.

No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends paid by the Company to its shareholder will be exempt in Mauritius from any withholding tax.

At 31 March 2018, the Company had accumulated tax losses of **USD110,089** (31 March 2017: USD110,542) and therefore, no provision for income tax arises for the year. The tax losses of USD19,004, USD16,790, USD24,582, USD27,847 and USD21,866 can be used and set off against future taxable profit up to the years ending 31 March 2019, 2020, 2021, 2022 and 2023 respectively.

**Kalpataru Power Transmission (Mauritius) Limited**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**
**4. Taxation (continued)**
**(a) Income tax**

A numerical reconciliation between the loss for the year and the actual income tax charge is shown below.

	<u>2018</u>	<u>2017</u>
	USD	USD
Operating loss for the year	(21,866)	(27,847)
Tax at 15%	(3,280)	(4,177)
Deemed tax credit at 80%	2,624	3,342
Deferred tax asset not provided for	656	835
Tax charge	<u>-</u>	<u>-</u>

**(b) Deferred tax**

A deferred tax asset of **USD3,303** (31 March 2017: USD3,316) has not been recognised in respect of the accumulated tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

## Kalpataru Power Transmission (Mauritius) Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 5. Investment in subsidiary company

	<u>2018</u>	<u>2017</u>
	USD	USD
<u>At cost</u>		
At beginning and end of the year	<u>2,72,307</u>	<u>2,72,307</u>

The details of the investment in the subsidiary company as at 31 March 2018 are as follows:

Name of subsidiary company	Country of incorporation	Type of shares (unquoted)	% holding	Cost	
				<u>2018</u>	<u>2017</u>
				USD	USD
Kalpataru Power DMCC	Dubai (UAE)	Equity	100%	<u>2,72,307</u>	<u>2,72,307</u>

Kalpataru Power DMCC is engaged in business of general trading.

The directors are of the opinion that there is no impairment on the value of the investment as at 31 March 2018 and that its fair value approximates its cost.

No consolidated accounts have been prepared as the directors of the Company have taken advantage of the exemption under the Mauritius Companies Act 2001, which exempts a company holding a Global Business Licence 1 from preparing consolidated financial statements when it is a wholly owned or a virtually wholly owned subsidiary of any company.

#### 6. Stated capital

	<u>2018</u>	<u>2017</u>
	USD	USD
<u>Issued and fully paid up</u>		
<i>Ordinary shares of USD1 each</i>		
At beginning and end of the year	<u>5,75,000</u>	<u>5,75,000</u>

The ordinary shareholder is entitled to vote on all matters requiring shareholders' approval, to receive dividends and a share of distribution on winding up of the Company.

## Kalpataru Power Transmission (Mauritius) Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 7. Related party transactions

During the year, the Company transacted with related parties. The relationship, nature and balance with the related parties are as follows:

##### (a) Loan to subsidiary company

	<u>2018</u>	<u>2017</u>
	USD	USD
At beginning of the year	13,07,695	7,87,695
(Repaid by)/granted to during the year	<u>(20,000)</u>	<u>5,20,000</u>
At end of the year	<u><u>12,87,695</u></u>	<u><u>13,07,695</u></u>

The loan to subsidiary company is unsecured, interest free and receivable after more than one year.

##### (b) Loan from shareholder

	<u>2018</u>	<u>2017</u>
	USD	USD
At beginning of the year	11,82,438	6,32,438
Received during the year	<u>-</u>	<u>5,50,000</u>
At end of the year	<u><u>11,82,438</u></u>	<u><u>11,82,438</u></u>

The loan from shareholder is unsecured, interest free and repayable at the option of the Company.

#### 8. Financial instruments and associated risks

##### (a) Fair values

The carrying amounts of loan to subsidiary company, cash and cash equivalents, loan from shareholder and accruals approximate their fair values.

##### (b) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.



## Kalpataru Power Transmission (Mauritius) Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 8. Financial instruments and associated risks (continued)

##### (c) Currency risk

The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the USD.

##### *Currency profile*

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

	2018		2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	USD	USD	USD	USD
United States Dollars	<b><u>12,88,880</u></b>	<b><u>11,86,579</u></b>	<u>13,13,022</u>	<u>11,88,855</u>

The Company is not exposed to any currency risk since all its financial assets and liabilities are denominated in USD.

##### (d) Cash flows and fair value interest rate risk

As the Company has no interest-bearing assets or liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

##### (e) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered to with 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 maximum exposure of financial assets to credit risk for the year is as follows:

	2018	2017
	USD	USD
Loan to subsidiary company	<b>12,87,695</b>	13,07,695
Cash and cash equivalents	<b>1,185</b>	5,327
	<b><u>12,88,880</u></b>	<u>13,13,022</u>

**Kalpataru Power Transmission (Mauritius) Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**8. Financial instruments and associated risks (continued)**(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The main cash outflows relate to payments of day to day expenses. The cash balance is not sufficient to cater for the day to day running expenses of the Company. The Company therefore relies on the continued financial support of its holding company to meet these obligations in the foreseeable future.

(g) Political, economic and social risk

Political, economic and social factors, changes in countries' laws, regulations and the status of those countries' relations with other countries may adversely affect the value of the Company's assets.

(h) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns and value for its shareholder.

**9. Holding company**

The directors consider Kalpataru Power Transmission Limited, a company incorporated in India, as the Company's holding company.

**10. Events after the reporting period**

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2018.