

TELLAPUR TECHNOCITY (MAURITIUS)

Financial Statements

For the year ended 31 December 2018

TELLAPUR TECHNOCITY (MAURITIUS)

Financial Statements

For the year ended 31 December 2018

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MANAGEMENT AND ADMINISTRATION
For the year ended 31 December 2018

		Date appointed	Date resigned
DIRECTORS:	Gysbert Van Reenen Muller	15 December 2015	03 August 2018
	Shahed Ahmad Hoolash	28 December 2011	-
	Ashik Ahmad Toraubally	13 June 2017	-
	George Robert Hatzmann	03 August 2018	-
ADMINISTRATOR AND SECRETARY:	Vistra Alternative Investments (Mauritius) Limited <i>(formerly known as Deutsche International Trust Corporation (Mauritius) Limited)</i> 3 rd Floor, 355 NEX, Rue du Savoir Cybercity Ebène 72201 Mauritius		
REGISTERED OFFICE:	<i>Until 26 May 2018:</i> Suite 450, 4 th Floor, Barkly Wharf East Le Caudan Waterfront Port Louis Mauritius	<i>As from 27 May 2018:</i> 3 rd Floor, 355 NEX, Rue du Savoir Cybercity Ebène 72201 Mauritius	
AUDITORS:	KPMG Mauritius KPMG Centre 31, Cybercity Ebène Mauritius		
BANKER:	<i>Until 27 March 2018:</i> Deutsche Bank (Mauritius) Limited 4 th Floor, Barkly Wharf East Le Caudan Waterfront Port Louis Mauritius	<i>As from 21 March 2018:</i> HSBC Bank (Mauritius) Limited 6 th Floor, HSBC Centre 18, CyberCity Ebène Mauritius	
CUSTODIAN:	<i>As from 07 May 2018:</i> Deutsche Bank AG, Mumbai Branch Nirlon Knowledge Park, Block 1 Western Express Highway Goregaon (East) 400063 Mumbai, India		

COMMENTARY OF THE DIRECTORS

For the year ended 31 December 2018

ACTIVITIES

The principal activity of Tellapur Technocity (Mauritius) (the "Company") is that of investment holding.

RESULTS

The results for the year are shown in the Statement of Comprehensive Income and related notes.

During the year a total dividend of INR 15,293,273 was paid to two of the holders of the fully paid ordinary shares (2017: INR nil).

DIRECTORS

The present membership of the Board is set out on page 1.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flows of the Company. The directors are also responsible for keeping accounting records which:

- Correctly record and explain the transactions of the Company;
- Disclose with reasonable accuracy at any time the financial position of the Company; and
- Would enable them to ensure that the financial statements comply with the Mauritius Companies Act.

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

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 the business will not be a going concern in the year ahead.

AUDITORS

The auditors, KPMG Mauritius, have indicated their willingness to continue in office.

CERTIFICATE FROM THE SECRETARY

Page 3

Under section 166 (d) of the Mauritius Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of Tellapur Technocity (Mauritius) under section 166 (d) of the Mauritius Companies Act 2001, during the financial year ended 31 December 2018.


.....
Vistra Alternative Investments (Mauritius) Limited
(formerly known as Deutsche International Trust Corporation (Mauritius) Limited)
Company Secretary

Registered office
3rd Floor, 355 NEX, Rue du Savoir
Cybercity
Ebène 72201
Mauritius

Date: 17 April 2019

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Telefax +230 406 9988
BRN No. F07000189
Website www.kpmg.mu

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TELLAPUR TECHNOCITY (MAURITIUS)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tellapur Technocity (Mauritius) (the Company), which comprise the statement of financial position as at 31 December 2018 and the statement of 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 25.

In our opinion, these financial statements give a true and fair view of the financial position of Tellapur Technocity (Mauritius) as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

Basis for opinion

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TELLAPUR TECHNOCITY (MAURITIUS)**

Report on the Audit of the Financial Statements (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Management and Administration details, Commentary of the Directors and Certificate from the Secretary, but 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 an audit opinion or 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.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, 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 AUDITORS' REPORT
TO THE MEMBERS OF TELLAPUR TECHNOCITY (MAURITIUS)**

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TELLAPUR TECHNOCITY (MAURITIUS)**

Report on the Audit of the Financial Statements (continued)

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

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

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

Other Matter

This report is made solely to the Company's members, 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 members, 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 members, 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

We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisors.

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

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



KPMG
Ebène, Mauritius



Désiré LAN CHEONG WAH, FCA
Licensed by FRC

Date: **17 April 2019**

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2018 INR	For the year ended 31 December 2017 INR
Expenses			
Administration fees	9	(605,457)	(591,482)
Audit fees		(285,211)	(251,604)
Bank fees		(498,182)	(23,054)
Couriers		(43,787)	-
Director's fees	9	(51,896)	(24,046)
Licence fees		(114,055)	(115,299)
Liquidation fees		(695,700)	-
Professional fees		(452,712)	-
Registration fees		(24,172)	(25,695)
Tax fees		(618,525)	(97,960)
Impairment reversal	5	<u>2,239,755</u>	<u>649,381,868</u>
Net operating (loss)/profit		<u>(1,149,942)</u>	<u>648,252,728</u>
Foreign exchange translation gain/(loss)		<u>668,462</u>	<u>(575,636)</u>
(Loss)/profit before tax		<u>(481,480)</u>	<u>647,677,092</u>
Income tax expense	4	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income		<u><u>(481,480)</u></u>	<u><u>647,677,092</u></u>

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

STATEMENT OF FINANCIAL POSITION

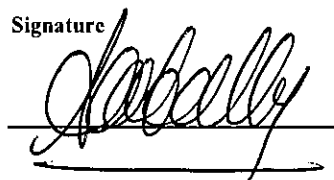
	Note	As at 31 December 2018 INR	As at 31 December 2017 INR
Assets			
Current assets			
Asset held for sale	5	284,611,304	1,106,969,799
Prepaid expenses	6	184,975	80,591
Cash and cash equivalents	10	6,057,653	8,159,943
		<u>290,853,932</u>	<u>1,115,210,333</u>
Total assets		<u>290,853,932</u>	<u>1,115,210,333</u>
Equity and liabilities			
Equity			
Stated capital	7	304,406,437	2,760,193,539
Accumulated deficit		<u>(14,628,231)</u>	<u>(1,645,335,603)</u>
Total equity		<u>289,778,206</u>	<u>1,114,857,936</u>
Liabilities			
Current liabilities			
Other payables	8 & 10	<u>1,075,726</u>	<u>352,397</u>
Total equity and liabilities		<u>290,853,932</u>	<u>1,115,210,333</u>

Approved and authorised for issue by the Board of Directors on 17 April 2019 and signed on its behalf by:

Name

Signature

Ashik Ahmad Toraubally



Shahed Ahmad Hoolashb



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

STATEMENT OF CHANGES IN EQUITY

	Stated capital INR	Accumulated deficit INR	Total INR
Balance as at 1 January 2017	2,760,193,539	(2,293,012,695)	467,180,844
Total comprehensive income	-	647,677,092	647,677,092
Balance as at 31 December 2017	2,760,193,539	(1,645,335,603)	1,114,857,936
Capital reduction	(1,838,082,239)	1,646,482,125	(191,600,114)
Redemption of shares	(617,704,863)	-	(617,704,863)
Dividends paid (0.052 INR* 754.414.962 shares)	-	(15,293,273)	(15,293,273)
Total comprehensive loss	-	(481,480)	(481,480)
Balance as at 31 December 2018	<u>304,406,437</u>	<u>(14,628,231)</u>	<u>289,778,206</u>

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

STATEMENT OF CASH FLOWS

	For the year ended 31 December 2018 INR	For the year ended 31 December 2017 INR
Cash flows from operating activities		
(Loss)/profit before tax	(481,480)	647,677,092
<i>Adjustments for:</i>		
Impairment reversal on revaluation of investment	(2,239,755)	(649,381,868)
Foreign exchange translation gain/(loss)	(668,462)	575,636
<i>Movements in working capital:</i>		
(Increase)/decrease in prepaid expenses	(104,384)	3,983
Increase/(decrease) in other payables	723,329	(19,977)
Net cash used in operating activities	(2,770,752)	(1,145,134)
Cash flow from investing activities		
Net proceeds on disposal	632,998,136	-
Net cash generated from investing activities	632,998,136	-
Cash flow from financing activities		
Dividends paid	(15,293,273)	-
Redemption of shares	(617,704,863)	-
Net cash used in financing activities	(632,998,136)	-
Net movement in cash and cash equivalents	(2,770,752)	(1,145,134)
Cash and cash equivalents at beginning of year	8,159,943	9,880,713
Effect of foreign exchange rate on cash held	668,462	(575,636)
Cash and cash equivalents at end of year	6,057,653	8,159,943

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL INFORMATION

The Company was incorporated in the Republic of Mauritius as a private limited company on 21 August 2007 for an unlimited period of time.

The principal activity of the Company is investment holding.

The Company as a holder of a Category 1 Global Business Licence under the Mauritius Companies Act and the Financial Services Act 2007 is required to carry on its business in a currency other than the Mauritian rupee. The Company has chosen to use the Indian Rupee (INR) as its reporting currency.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in line with the requirements of the Mauritius Companies Act 2001. The financial statements were authorized for issuance by the directors on 17 April 2019.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis which approximates fair value unless otherwise stated.

(c) Functional and presentation currency

The financial statements are presented in Indian Rupee (INR) which is the Company's functional currency.

(d) Use of estimates and judgements

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 those estimates.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency using the exchange rate prevailing at the dates the fair values were determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income. The foreign currency exchange rates of the U.S. Dollar to the Indian Rupee at 31 December 2018 and 2017 were 69.5700 and 63.8400 respectively.

Assets held for sale

Non-current assets, or a group of assets with directly associated liabilities together in a single transaction (a 'disposal group'), are transferred to be presented separately from other assets and liabilities in the statement of financial position as held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

For the sale to be highly probable:

- The Company must be committed to a plan to sell the asset or disposal group and an active programme to locate a buyer and complete the plan must have been initiated
- The asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification

On re-classification, a non-current asset or a disposal group is measured at the lower of its carrying amount and fair value less costs to sell, being incremental costs directly attributable to the disposal of the asset or disposal group. Investment property re-classified as held for sale that is measured at fair value continues to be so measured.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018***Current and deferred tax*

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit and loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates where the timing of the reversal of the temporary differences can be controlled by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Financial assets

The Company's financial assets are initially recognised at fair value and subsequently carried at amortised cost. The Company's financial assets at amortised cost includes cash and cash equivalents. These assets are non-derivative financial assets with a fixed or determinable payment and are not quoted in an active market. Unless otherwise indicated, the carrying amounts of the Company's financial assets are reasonable approximations of their fair values.

The Company carries out a periodic assessment for expected credit losses (ECLs) for all individual trade receivable and loans to related parties. ECLs are based on the difference between the contractual cash flows due in accordance with the lease or contract and all the cash flows the Company expects to receive. The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance, where applicable, based on the total ECLs at each reporting date. This is based on the Company's experience of historical credit losses and any forward-looking factors specific to the individual trade debtor and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018***Cash and cash equivalents*

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

Stated capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

Financial instruments

Financial instruments carried on the statement of financial position include the following financial assets and liabilities: investment in convertible debentures, cash and cash equivalents and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in note 10.

Prepayments

Prepayments are stated at cost.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018***Financial liabilities*

The Company's financial liabilities are initially recognised at fair value and subsequently carried at amortised cost. The Company's financial liabilities at amortised cost includes other payables. Unless otherwise indicated, the carrying amounts of the Company's financial liabilities are reasonable approximations of their fair values.

Operating expenses

The Company does not operate properties directly but rather invests in an entity, which in turn invest in other entities that may develop or operate properties. Accordingly, the Company's costs are limited to service and administrative costs relating to the Company governance and management and investment search. Such costs are expensed as incurred.

Adoption of new and revised IFRS Standards**New and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (previously IFRIC) as of 1 January 2018.

- (i) *IAS 7 Statement of Cash Flows* – In January 2016, the IASB issued amendments to IAS 7, which require disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments do not define financing activities, instead they clarify that financing activities are based on the existing definition used in IAS 7. Although there is no specific format required to comply with the new requirements, the amendments include illustrative examples to show how an entity can meet the objective of these amendments. The Company adopted those amendments prospectively from 1 January, 2017. The amendments are to be applied prospectively for annual periods beginning on or after 1 January, 2017 with earlier application permitted. Entities are not required to present comparative information for earlier periods. The Company adopted those amendments prospectively from 1 January, 2017, and presents a reconciliation between the beginning and ending balances for liabilities with changes arising from financing activities during 2018. The adoption of those amendments did not have a material impact on the financial position or performance of the Company.
- (ii) *IFRS 12 Disclosure of Interests in Other Entities* – In December 2016, as part of its *Annual Improvements to IFRS Standards 2014–2016 Cycle*, the IASB issued an amendment to IFRS 12 to clarify the scope of the standard. The amendment specified that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified as held for sale, held for distribution or discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The amendment is to be applied for annual periods beginning on or after 1 January, 2017. The adoption of the amendment did not have a material impact on the consolidated financial position or performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**

- (iii) IFRS 15, *Revenue from Contracts with Customers* – In May 2014, the IASB issued IFRS 15, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The standard introduces a new revenue recognition model that features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized, regardless of the type of revenue transaction or the industry. The standard's requirements shall also apply to the recognition and measurement of gains and losses on the sale or transfer of non-financial assets that are not an output of the entity's ordinary activities. Extensive disclosures are required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. In April 2016, the IASB issued the amendments to IFRS 15. The amendments provide clarifications of the standard regarding identifying performance obligations, accounting for licenses of intellectual property, and assessing principal versus agent (gross versus net revenue presentation). The amendments include new and amended illustrative examples for each of these areas of the standard being clarified. The amendments also provide additional practical expedients for the transition to the new revenue standard. IFRS 15 and its subsequent amendments are effective for annual periods beginning on or after 1 January, 2018. The adoption of the new standard did not have a material impact on the financial position or performance of the Company primarily due to the Company's existing revenue recognition policies for other sources of income are materially consistent with IFRS 15.
- (iv) IFRS 9, *Financial Instruments* – In July 2014, the IASB issued the final version of IFRS 9, which integrates the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. This standard introduces principles-based requirements for classification and measurement of financial assets based on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset. IFRS 9 also permits an entity to measure financial assets that would otherwise be mandatorily measured at amortized cost or fair value through other comprehensive income, at fair value through profit or loss, if doing so would eliminate or significantly reduce a measurement or recognition inconsistency.

Changes introduced by this standard in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss using the fair value option. Fair value changes of such financial liabilities which are attributable to the change in the entity's own credit risk are presented in other comprehensive income, unless doing so would introduce an accounting mismatch, in which case, the whole fair value change is presented in profit or loss. This standard also introduced a forward-looking expected credit loss model as a single model that is applicable to all financial instruments subject to impairment accounting. All other IAS 39 requirements in respect of liabilities have been carried forward. IFRS 9 is effective for annual periods beginning on or after 1 January, 2018. The adoption of the new standard did not have a material impact on the financial position or performance of the Company with regard to the classification and measurement of its financial instruments with the exception of certain debt instruments receivable, which now presented as financial assets measured at fair value through profit and loss rather than financial assets subsequently measured at amortised cost. The use of a forward-looking expected credit loss model currently did not have a material impact on the Company's impairment assessment however the Company will be required to assess this on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**

- (v) *IAS 40 Investment Property* – In December 2016, the IASB issued narrow-scope amendments to IAS 40 to clarify the application of paragraph 57 of the standard, which provide guidance on transfers to, or from, investment properties. The amendments specify that an entity shall transfer a property to, or from, investment property when there is evidence of a change in use, and such change involves an assessment as to whether the property qualifies as an investment property. The amendments are effective from 1 January, 2018. The adoption of the amendments did not have a material impact on the consolidated financial position or performance of the Company.

Standards and interpretations recently issued but not yet effective

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company's financial statements, and have not been applied in preparing these financial statements.

Those which may be relevant to the Company are set out below.

- (i) *IFRS 16 Leases* - In January 2016, the IASB issued IFRS 16 which supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contain a Lease*, SIC-15 *Operating Leases - Incentives*, and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. This new standard requires, with limited exceptions, lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for all lease contracts. For lessors, the new standard substantially carried forward the lessor accounting requirements in IAS 17 and requires enhanced disclosures including the lessor's risk exposure. The new standard also includes a revised definition of a lease, as well as guidance on the combination and separation of contracts. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has evaluated the specific impact of the adoption of the new standard and the current assessment indicates that the new standard will not have a material impact on the financial position or performance of the Company.
- (ii) *IFRIC 23 Uncertainty Over Income Tax Treatment* - In June 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies application of recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. This interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or to be used, in its income tax filings. This interpretation specifically addresses the issue regarding whether an entity considers uncertain tax treatments collectively or separately, the assumptions an entity makes about the full scope examination of tax treatments by tax authorities, the question on how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances in its judgements and estimates. IFRIC 23 is effective for annual periods beginning on or after 1 January, 2019. Early application is permitted. The Company is evaluating the impact of this interpretation on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**

- (iii) *IAS 28 Associates and Joint Ventures* – In October 2017, the IASB issued narrow scope amendments to IAS 28, which added paragraph 14A to clarify that an entity applies IFRS 9, including its impairment requirements, to its long-term interests in an associate or joint venture that are not accounted for using equity method. The amendments also removed paragraph 41 from the standard to avoid repetition and confusion regarding IFRS 9 requirements. The amendments are effective for annual periods beginning on or after 1 January, 2019, with early application permitted. The Company is evaluating the impact of this interpretation on the Company's financial statements.
- (iv) *IFRS 9 Financial Instruments* - In October 2017, IASB issued Prepayment Features with Negative Compensation, narrow scope amendments to IFRS 9 that permits more prepayable financial assets with negative compensation to be measured at amortized cost, and confirms that when a financial liability measured at amortized cost is modified but not resulting in derecognition, a gain or loss should be recognized in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2019 with early application permitted. The Company is evaluating the impact of the amendments on the Company's financial statements.
- (v) *IFRS 3 Business Combinations* - In October 2018, the IASB issued narrow scope amendments to IFRS 3 to help reporting entities determine whether an acquisition is of a business or a group of assets. The amendments improve the definition of a business by emphasizing that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Reporting entities are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Earlier application is permitted. The Company is evaluating the impact of the amendments on the Company's financial statements.
- (vi) *Annual Improvements to IFRS Standards 2015–2017 Cycle* – In December 2017, the IASB issued the following amendments to existing IFRS standards:
- *IFRS 3 Business Combinations* – The amendment clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
 - *IFRS 11 Joint Arrangements* – The amendment clarifies that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - *IAS 12 Income Taxes* – The amendment clarifies that all income tax consequences of dividend payments (including payments on financial instruments classified as equity) should be recognized consistently with the transactions that generated the distributable profits, i.e. in profit or loss, OCI or equity.
 - *IAS 23 Borrowing Costs* – The amendment clarifies that if any specific borrowing remains outstanding after the related assets is ready for its intended use or sale, an entity should treat the remaining portion as part of general borrowings when calculating the capitalization rate on the general borrowings.

These amendments are effective for annual periods beginning on or after January 1, 2019. The Company is evaluating the impact of the above new amendments on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

4. TAXATION

The Company is subject to income tax in Mauritius at the rate of 15% (2017: 15%) on its chargeable income under the provision of the Income Tax Act 1995. The Company is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% (2017:80%) of the Mauritian tax on its foreign source of income. The maximum tax is thus reduced 3% (2017:3%).

As a tax resident of Mauritius, the Company expects to obtain benefits under the double taxation treaty between India and Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 will remain exempted from capital gains tax in India irrespective of the date of disposal.

In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius.

Disposal of investments made by a Mauritian company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in India.

For the year ended 31 December 2018 (2017: INR nil), the Company has not made any provision for income tax due to accumulated tax losses amounting to INR 6,469,916 (2017 : INR 5,909,522) that will expire between 1 to 5 years.

	2018 INR	2017 INR
Charge for the year	-	-

A reconciliation of the actual income tax expense based in accounting profit and the actual income tax expense is as follows:

	2018 INR	2017 INR
<i>Reconciliation of effective tax rate</i>		
(Loss)/profit before tax	(481,480)	647,677,092
Tax @ 15%	(72,222)	97,151,564
Non allowable expenses	178,830	88,026
Exempt income	(335,964)	(97,407,280)
Tax losses utilised	229,356	167,690
	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

Deferred tax

Deferred tax asset has not been recognised in respect of tax losses because it is not certain whether future taxable profit will be available against which the loss can be utilised.

5. ASSET HELD FOR SALE

	2018	2017
	INR	INR
<i>Cost</i>		
Balance as at 1 January	2,734,128,984	2,734,128,984
De-pooling of investment	(191,597,519)	-
Disposal of investment	(1,842,852,213)	-
	<u>699,679,252</u>	<u>2,734,128,984</u>
<i>Impairment/share of profit for the year</i>		
Balance as at 1 January	(1,627,159,185)	(2,276,541,053)
Disposal of investment	1,209,851,482	-
Impairment reversal during the year	2,239,755	649,381,868
	<u>(415,067,948)</u>	<u>(1,627,159,185)</u>
Asset held for sale as at 31 December	<u>284,611,304</u>	<u>1,106,969,799</u>

In April 2018, a de-pooling of shares occurred in order to reduce a partner investment in Tellapur Technocity Private Limited, which continues to be held by the Company. In August 2018 the other two partners sold their investment in Tellapur Technocity Private Limited.

	Debenture investments	Debenture investments	Type of shares	Country of incorporation
Name of the company	2018	2017		
Tellapur Technocity Private Limited	699,679,252	2,734,128,984	Convertible debentures	India

6. PREPAID EXPENSES

	2018	2017
	INR	INR
Prepaid license fees	<u>184,975</u>	<u>80,591</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

7. STATED CAPITAL

	2018 Number	2018 INR	2017 Number	2017 INR
<i>Issued and fully paid</i>				
Ordinary shares of INR 0.4035 (2017: INR 1) each	754,414,962	304,406,437	2,760,193,539	2,760,193,539
<i>Dynamic India Fund IV</i>	24,020,672	9,692,341	1,026,402,996	1,026,402,996
<i>NCC Infrastructure Holdings Mauritius Pte Limited</i>	706,349,321	285,011,951	706,349,321	706,349,321
<i>Tishman Speyer India Master Fund (Tellapur)</i>	24,044,969	9,702,145	1,027,441,222	1,027,441,222
	754,414,962	304,406,437	2,760,193,539	2,760,193,539
		2018 Number of	2018 INR	2017 INR
Balance as at 1 January		2,760,193,539	2,760,193,539	2,760,193,539
Capital reduction		(1,530,928,056)	(1,838,082,239)	-
Redemption of shares		(474,850,521)	(617,704,863)	-
Balance as at 31 December		754,414,962	304,406,437	2,760,193,539

8. OTHER PAYABLES

	2018 INR	2017 INR
Accrued expenses	1,075,726	352,397

The accrued expenses represent accrued audit fees, liquidation fees and tax fees.

9. RELATED PARTY TRANSACTIONS

Shahed Ahmad Hoolash who is the director of the Company also forms part of the executive team of Vistra Alternative Investments (Mauritius) Limited (formerly known as Deutsche International Trust Corporation (Mauritius) Limited) which has an Administration Agreement with the Company.

	2018 INR	2017 INR
Administrator		
Transaction during the year		
<i>Expenses:</i>		
Administration fees	605,457	591,482
	2018 INR	2017 INR
Independent Director's fees		
Transaction during the year	51,896	24,046

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. FINANCIAL INSTRUMENTS

Fair values

The Company's other assets and liabilities include cash and cash equivalents and other payables which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values.

*Financial risk management**Associated risks*

The main risks arising from the Company's financial instruments are as follows:

- Credit risk
- Liquidity risk
- Market risk (which includes currency risk and interest rate risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has the overall responsibility for the determination of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and the market risk. The Company's financial instruments comprise cash and cash equivalents and other items such as other payables which arise from its operations

The Company held no derivative instruments during the years ended 31 December 2018 and 2017.

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. At the reporting date, there was no significant concentration of credit risk.

The maximum exposure to credit risk is represented by the carrying value of the Company's financial assets in the statement of financial position. The maximum exposure to credit risk at reporting date was:

	2018	2017
	INR	INR
Cash and cash equivalents	<u>6,057,653</u>	<u>8,159,943</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

Liquidity risk

This refers to availability of funds for the Company to meet its financial obligations as they fall due. The Company pays out its obligations from finance received from its related company. Thus, the Company is not exposed to liquidity risk.

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

	Carrying amount	Within 1 year	More than 1 year
	INR	INR	INR
2018			
Financial liabilities			
Other payables	1,075,726	1,075,726	-
2017			
Financial liabilities			
Other payables	352,397	352,397	-

Market risk

At the end of the year, a significant portion of the Company's net assets consisted of investment in an Indian company, which involves certain considerations and risks not typically associated with investment in other developed countries. Future economic and political developments in India could adversely affect the liquidity and/or the value of the securities in which the Company has invested.

Interest rate risk

The Company's finance and operating expenses are met by equity finance and advances from its related companies. These advances are unsecured and interest-free, and as such the Company is not exposed to any such risk.

Currency risk

Currency risk is the risk that the Company is exposed to foreign currency risk primarily through balances arising in the normal course of business that are denominated in a currency other than the functional currency of the operations to which they relate. Since the Company receives contributions in USD, it is subject to significant foreign currency risk.

Currency profile

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

	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	2018	2018	2017	2017
	INR	INR	INR	INR
Indian Rupees	-	-	-	-
United States Dollars	6,057,653	1,075,726	8,159,943	352,397
	6,057,653	1,075,726	8,159,943	352,397

Prepaid expenses amounting to INR 184,975 (2017: INR 80,591) have not been included in financial assets.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018***Sensitivity analysis*

A 5% strengthening of the United States Dollar against the functional currency of the Company at the reporting date would decrease the loss (and accumulated deficit) by the amounts shown below. A 5% weakening would have had the equal opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Increase/(decrease) in INR/USD rate	Effect on profit/(loss) before taxation INR
2018	+ 5%	249,096
2018	(5%)	(249,096)
2017	+ 5%	390,377
2017	(5%)	(390,377)

11. CAPITAL MANAGEMENT

The Company actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Company's capital position is undertaken by the management team of its holding company. The management team ensures that the Company is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations of funds are executed in a timely fashion, working closely with the business and infrastructure groups. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, gap profitability and market movements such as foreign exchange and interest rate.

12. SHAREHOLDERS

The Company is owned by Dynamic India Fund IV, NCC Infrastructure Holdings Mauritius Pte Limited and Tishman Speyer India Master Fund (Tellapur), all companies incorporated in Mauritius.

13. CONTINGENCIES AND COMMITMENTS

Following the partial sale of Tellapur Technocity Private Limited's securities in 2018, the warranties provided amount to a maximum of INR 720.4 million that will expire on August 2019.

14. SUBSEQUENT EVENTS

On 16 April 2019, a Fully and Compulsory Convertible Debenture Purchase Agreement was signed between Tellapur Technocity (Mauritius), the joint venture partner and a third party for the sale of their debentures in Tellapur Technocity Private Limited for a total consideration of INR 360,522,294.

Subsequent to 31 December 2018 and through 17 April 2019, the date through which the Company evaluated subsequent events and on which the financial statements were available for issuance, the Company has concluded that there were no other significant subsequent events to be disclosed.