Global Financial Services (ME) Ltd

IL&FS Global Financial Services (ME) Limited
Dubai International Financial Centre
Dubai - United Arab Emirates

Reports and financial statements for the year ended 31 March 2016

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"Regulated by DFSA"

IL&FS Global Financial Services (ME) Ltd

IL&FS Global Financial Services (ME) Limited

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Directors' report
for the year ended 31 March 2016

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended 31 March 2016.

Principal activities and review of the business

IL&FS Global Financial Services (ME) Limited (the "Company") is a limited liability company registered and incorporated in the Dubai International Financial Centre in Dubai, United Arab Emirates. The Company was incorporated on 27 February 2011 and was granted a "Category 4" license on 18 April 2011 by the Dubai Financial Services Authority (DFSA) and is engaged in advising on investments, arranging deals in investments and making arrangements with a view to transactions in investments.

IL&FS Global Financial Services (ME) Limited is a 100% owned subsidiary of IL&FS Financial Services Limited (IFIN), one of India's leading non-banking financial companies providing a wide range of financial and advisory solutions. The liability of the immediate holding company in the company is limited to the extent of its share capital held by it.

Business review

The Company began its operations in the financial year 2011 and has made significant progress on the closure of advisory mandates during the current financial year and is focused on to achieving robust growth using its marketing strength and existing relationship base built from its inception.

Going concern basis

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements. For further details kindly refer to Note 1 to the financial statements.

Results

The Company earned fee income of US$ 2,256,154 during the year ended 31 March 2016 (year ended 31 March 2015: US$ 1,294,998) and achieved a net profit of US$ 823,114 (year ended 31 March 2015: US$ 287,855).

Dividend

The Directors do not recommend any dividend for the current year.

There is only one class of equity shares as at 31 March 2016.

Directors' report
for the year ended 31 March 2016 (continued)

Directors

The Directors of the Company at the year ended 31 March 2016 are as follows:

(i) Mr. Ravi Parthasarthy
(ii) Mr. Surinder Singh Kohli
(iii) Mr. Ramesh C. Bawa
(iv) Mr. Milind N. Patel
(v) Mr. Shahzaad Dalal
(vi) Mr. Rajesh Kotian
(vii) Mr. Murugan Sankaran

Directors' interest

The Directors of the Company holding office during the financial period had no interests in the share capital of the Company and related corporations, except as follows:

Shareholdings in which Name of Directors and Companies in which interests are held	Shareholdings registered in name of Directors		Directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Infrastructure Leasing and Financial Services Limited ("IL&FS") [a] (Ordinary shares)				
Mr. Ravi Parthasarathy	81,825	81,825	-	-
Mr. Ramesh C. Bawa	45,366	45,366	-	-
Mr. Milind N. Patel	3,027	3,027	-	-
Mr. Shahzad Dalal	32,687	32,687	-	-
Mr. Rajesh Kotian	2,800	2,800	-	-

[a] Infrastructure Leasing and Financial Services Limited (IL&FS) is the Ultimate Parent of the Company.

IL&FS Investment Managers Limited ("IIML") [b] (Ordinary shares)				
Mr. Ravi Parthasarathy	1,350,000	1,350,000	-	-
Mr. Milind N. Patel	112,500	112,500	-	-
Mr. Shahzad Dalal	2,792	2,792	-	-

Directors' report
for the year ended 31 March 2016 (continued)

Directors' interest (continued)

Shareholdings in which Name of Directors and Companies in which interests are held	Shareholdings registered in name of Directors		Directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
IL&FS Transportation Networks Limited ("ITNL") [b] (Ordinary shares)				
Mr. Ravi Parthasarathy	399,796	533,061	-	-
Mr. Ramesh C. Bawa	579,796	579,796	-	-
Mr. Milind N. Patel	49,911	49,911	-	-
Mr. Rajesh Kotian	2,500	2,500	-	-
Mr. Shahzaad Dalal	129,012	185,012	-	-
Noida Toll Bridge Company Limited [b] (Ordinary shares)				
Mr. Ravi Parthasarathy	35,000	35,000	-	-
Mr. Ramesh C. Bawa	130,000	130,000	-	-
IL&FS Technologies Limited [b] (Ordinary shares)				
Mr. Ravi Parthasarathy	20,000	20,000	-	-

[b] These are companies under common management and control of the Ultimate Parent.

Financial control

The Directors acknowledge responsibility for the Company's system of internal financial control and believe the established systems including the computerisation of the Company's financial statements are appropriate to the business. No material losses or contingencies have arisen during the year that would require disclosure by the Directors.

Risk management

The Company's risk management policies and exposure in relation to the respective risks are detailed in Note 16 to the financial statements.

Directors' report
for the year ended 31 March 2016 (continued)

Auditor

Each of the person who is a Director at the date of approval of this Annual Report confirms that:

(i) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(ii) The Director has taken all steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte & Touche (M.E.) has expressed their willingness to continue in office as auditor of the Company and the resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 5 May 2016
and signed on its behalf by

....
Ramesh C. Bawa
Director

Milind N Patel
....
Milind N. Patel
Director

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
IL&FS Global Financial Services (ME) Limited
Dubai International Financial Centre
Dubai
United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **IL&FS Global Financial Services (ME) Limited, Dubai International Financial Centre, Dubai, United Arab Emirates** (the "Company"), which comprise the statement of financial position as at 31 March 2016, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **IL&FS Global Financial Services (ME) Limited, Dubai International Financial Centre, Dubai, United Arab Emirates** as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche (M.E.)

Deloitte & Touche

5 May 2016

Anis Sadek (521), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

IL&FS Global Financial Services (ME) Limited

IL&FS Global Financial Services (ME) Ltd

Statement of financial position for the year ended 31 March 2016

	Notes	2016 US$'000	2015 US$'000
ASSETS			
Non-current assets			
Property and equipment	5	71	91
Intangible assets	6	12	8
Total non-current assets		83	99
Current assets			
Trade and other receivables	7	1,029	808
Due from related parties	8	758	412
Cash and cash equivalents	9	1,136	791
Total current assets		2,923	2,011
Total assets		3,006	2,110
EQUITY AND LIABILITIES			
Equity			
Share capital	10	800	800
Retained earnings		1,930	1,107
Total equity		2,730	1,907
Non-current liability			
Provision for employees' end of service indemnity	11	113	69
Current liabilities			
Accrued and other payables	12	154	107
Due to related parties	8	9	27
Total current liabilities		163	134
Total liabilities		276	203
Total equity and liabilities		3,006	2,110

.... Director

.... Director

The accompanying notes form an integral part of these financial statements.

IL&FS Global Financial Services (ME) Limited

IL&FS Global Financial Services (ME) Ltd

Statement of comprehensive income
for the year ended 31 March 2016

	Note	2016 US$'000	2015 US$'000
Revenue		2,256	1,295
General and administrative expenses	13	(1,433)	(1,007)
Profit for the year		823	288
Other comprehensive income		-	-
Total comprehensive income for the year		823	288

The accompanying notes form an integral part of these financial statements.

IL&FS Global Financial Services (ME) Limited

IL&FS Global Financial Services (ME) Ltd

Statement of changes in equity
for the year ended 31 March 2016

	Share capital US$'000	Retained earnings US$'000	Total US$'000
Balance as at 1 April 2014	800	819	1,619
Total comprehensive income for the year	-	288	288
Balance as at 31 March 2015	800	1,107	1,907
Total comprehensive income for the year	-	823	823
Balance as at 31 March 2016	**800**	**1,930**	**2,730**

The accompanying notes form an integral part of these financial statements.

IL&FS Global Financial Services (ME) Limited

IL&FS Global Financial Services (ME) Ltd

Statement of cash flows
for the year ended 31 March 2016

	2016 US$'000	2015 US$'000
Cash flows from operating activities		
Profit for the year	823	288
Adjustments for:		
Provision for employees' end of service indemnity	44	20
Depreciation of property and equipment	28	29
Amortisation of intangible assets	3	3
Allowance for doubtful debts	97	49
Operating cash flows before changes in operating assets and liabilities	995	389
Increase in trade and other receivables	(318)	(455)
Increase in due from related parties	(346)	(62)
Increase in accrued and other payables	47	36
Decrease in due to related parties	(18)	(172)
Net cash generated from / (used in) operating activities	360	(264)
Cash flows from investing activities		
Purchase of property and equipment	(8)	-
Purchase of intangible assets	(7)	-
Net cash used in investing activities	(15)	-
Net increase/(decrease) in cash and cash equivalents	345	(264)
Cash and cash equivalents at beginning of the year	791	1,055
Cash and cash equivalents at end of the year (Note 9)	1,136	791

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2016

1. Establishment and operations

IL&FS Global Financial Services (ME) Limited (the "Company") is a limited liability company registered and incorporated in the Dubai International Financial Centre in Dubai, United Arab Emirates. The Company was incorporated on 27 February 2011 and was granted a "Category 4" license on 18 April 2011 by the Dubai Financial Services Authority (DFSA) and is engaged in providing financial advisory services as per the provisions of the DFSA Prudential Rulebook. The Company is a wholly owned subsidiary of IL&FS Financial Services Limited (IFIN), India (the "Parent Company").

The address of the Company's registered office is Currency House Tower 1, Units 402 and 403, DIFC, P.O. Box 482084, Dubai, United Arab Emirates.

The Company's principal activities are arranging credit or deals in investments and advising on financial products or credit.

2. Application of new and revised International Financial Reporting Standards ("IFRS")

2.1 New and revised IFRS applied with no material effect on the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 April 2016, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRS 2010- 012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRS 2011-2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to International Accounting Standard ("IAS") 19 *Employee Benefits* to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Company has not yet early applied the following new standard, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
• IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
• Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative	1 January 2016
• Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016

Notes to the financial statements for the year ended 31 March 2016 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
• Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	1 January 2016
• Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
• Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities	1 January 2016
• Annual Improvements to IFRS 2012-2014 Cycle covering amendments to IFRS 5, IFRS 7 and IAS 19.	1 January 2016
• Finalised version of IFRS 9 [IFRS 9 *Financial Instruments* (2014)] was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018
• IFRS 15 *Revenue from Contracts with Customers*: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018

2. **Application of new and revised International Financial Reporting Standards ("IFRS")** (continued)

2.2 **New and revised IFRS in issue but not yet effective and not early adopted** (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely
• Amendments to IAS 7 *Statement of Cash Flows* requiring disclosure of changes in liabilities arising from financing activities.	1 January 2017
• Amendments to IAS 12 *Income Taxes* regarding recognition of deferred tax assets for unrealised losses.	1 January 2017
• Amendments to IFRS 15 *Revenue from Contracts with Customers*: Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
• IFRS 16 *Leases:* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the year of initial application.

Management anticipates that IFRS 9 and IFRS 15 will be adopted in the Company's financial statements for the annual year beginning 1 January 2018 and IFRS 16 will be adopted for the annual year beginning 1 January 2019. The application of IFRS 9, IFRS 15 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers, the Company's financial assets and financial liabilities and leases. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

IL&FS Global Financial Services (ME) Limited

Notes to the financial statements
for the year ended 31 March 2016 (continued)

3. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Arrangement, facility and other fees are recognised upon achievement of milestones, as agreed in the mandate with customers provided that it is probable that the economic benefits will flow to the Company, the amount of revenue can be measured reliably and there is a minimal chance of the client cancelling the contract or requesting a refund.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, over the estimated useful lives of the following assets.

	Years
Leases hold improvements	over the lease period
Office equipment	3 to 4

For the remaining assets, depreciation is charged to income applying the reducing balance method at the rates specified.

Furniture and fixtures	18.10% - 13.91%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. **Significant accounting policies** (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. The software is amortised over a useful life of 5 years.

Impairment of tangible and intangible assets

At each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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 assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of income, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. **Significant accounting policies** (continued)

Foreign currency transactions

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars (USD), which is the functional currency of the Company, and the presentation currency of the financial statements.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are converted at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items, and on the conversion of monetary items, are included in the profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contracted provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition

Loans and receivables

The Company's loans and receivables comprise trade and other receivables (excluding prepaid expenses and advances), balances due from related parties and bank balances and are measured at amortised cost using effective interest rate method, less any impairment. Appropriate allowances for estimated receivable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Notes to the financial statements
for the year ended 31 March 2016 (continued)

3. **Significant accounting policies** (continued)

Financial instruments

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of past event, the estimated future cash flows of the investment have been affected.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of past event, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. Significant accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities which include accrued and other payables and amount due to related parties and are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the financial statements for the year ended 31 March 2016 (continued)

4. Critical accounting judgement and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from rendering services as set out in International Accounting Standard (IAS) 18: *Revenue*. Management has judged that revenue has been recognised only when the outcome of the transactions involving the rendering of services can be estimated reliably. In making this judgment, management considers that the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property and equipment

Property and equipment are depreciated over their estimated useful lives, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Allowance for doubtful debts

Allowance for doubtful debts is determined based upon a combination of factors to ensure that the trade receivables are not overstated due to un-collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, and continuing credit evaluation of the customers' financial condition. Also, specific provisions for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

Leasehold improvements

The Company's management determines the estimated useful lives and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Company will renew its annual lease over the estimated useful life of the leasehold improvement. The depreciation charge could change should the annual lease not be renewed. Management will increase the depreciation charge where useful lives are less than previously estimated.

5. Property and equipment

	Leasehold improvements US$'000	Office equipment US$'000	Furniture and fixtures US$'000	Total US$'000
Cost				
At 1 April 2014 and 2015	135	22	43	200
Additions	-	5	3	8
At 31 March 2016	**135**	**27**	**46**	**208**
Accumulated depreciation				
At 1 April 2014	55	6	19	80
Charge for the year	19	6	4	29
At 31 March 2015	74	12	23	109
Charge for the year	19	6	3	28
At 31 March 2016	**93**	**18**	**26**	**137**
Carrying amount				
At 31 March 2016	**42**	**9**	**20**	**71**
At 31 March 2015	61	10	20	91

Notes to the financial statements for the year ended 31 March 2016 (continued)

6. Intangible assets

	Software US$'000
Cost	
At 1 April 2014 and 2015	12
Additions	7
At 31 March 2016	**19**
Accumulated amortisation	
At 1 April 2014	1
Charge for the year	3
At 31 March 2015	4
Charge for the year	3
At 31 March 2016	7
Carrying amount	
At 31 March 2016	**12**
At 31 March 2015	8

7. Trade and other receivables

	2016 US$'000	2015 US$'000
Trade receivables	1,046	725
Less: Allowance for doubtful debts	(97)	-
	949	725
Prepayments	40	39
Deposits	35	34
Advances	5	8
Other receivables	-	2
	1029	808

Notes to the financial statements
for the year ended 31 March 2016 (continued)

7. Trade and other receivables (continued)

The average credit period on trade receivables is 45 days (2015: 45 days). Trade receivable balances carry no interest and the fair value of the asset approximates the carrying amount. Of the total balance of trade receivable at the end of reporting period, 3 customers represent 93% of the total balance (2015: 4 customers represent 100% of the total balance). There are no other customers exceeding 5% of the total trade receivables. The Company does not hold any collateral over these balances.

Included in the Company's trade receivable balance are receivables with a carrying amount of AED 148,103 (2015: US$ 25,000) which are past due at the reporting date for which the Company has not provided an allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2016	2015
	US$'000	US$'000
Ageing of past due but not impaired:		
Over due by:		
181 – 365	77	25
Above 365 days	71	-
	148	25

	2016	2015
Movement in the allowance for doubtful debts:		
Balance at beginning of the year	-	49
Impairment losses recognized on receivables	97	49
Amounts written off as uncollectible	-	(98)
Balance at end of the year	97	-

In determining the recoverability of trade receivables, the Company considers changes in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The management believes that no further credit allowance is required in excess of the allowance for doubtful debts.

	2016	2015
	US$'000	US$'000
Ageing of impaired trade receivables:		
181 – 365	26	-
Above 365 days	71	-
	97	-

8. Related party transactions

The Company enters into transactions with other companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

8. Related party transactions (continued)

At the reporting date, due from/due to related parties were as follows:

	2016 US$'000	2015 US$'000
Due from related parties		
Companies under common management and control		
Elsamex S.A., Spain	-	71
IL&FS Transportation Network Ltd, India	-	328
ITNL International Pte. Ltd., Singapore	-	13
IL&FS Global Financial Services (UK) Ltd, United Kingdom	3	-
IL&FS Prime Terminal FZC, UAE	755	-
	758	412
Due to related parties:		
Parent Company		
IL&FS Financial Services Limited (IFIN), India	9	11
Companies under common management and control		
IL&FS Technologies Limited, India	-	9
Livia India Limited, India	-	7
	9	27

The balances with related parties are all current, unsecured, non-interest bearing and with no fixed repayment terms. The Company also provides funds to and receives funds from related parties, as and when required.

The nature of significant related party transactions and the amounts involved were as follows:

	2016 US$'000	2015 US$'000
Revenue	748	535
Legal and professional expenses (Note 13)	76	-
Service charges (Note 13)	28	36

Compensation of key management personnel

	2016 US$'000	2015 US$'000
Short term benefits	211	187
Long term benefits	13	9
	224	196

9. Cash and cash equivalents

	2016 US$'000	2015 US$'000
Bank balances – current accounts	**1,136**	791

10. Share capital

The authorised share capital of the Company is 5,000,000 shares of US$ 1 per share. The Company's issued share capital is US$ 800,000 divided into 800,000 shares of US$ 1 each. The total shareholding of the Company is owned by the Parent Company.

11. Provision for employees' end of service indemnity

	2016 US$'000	2015 US$'000
Balance at the beginning of the year	**69**	49
Amounts charged during the year	**44**	20
Balance at the end of the year	**113**	69

Provision for employees' end of service indemnity is made in accordance with DIFC Law and is based on current remuneration and cumulative years of service at the reporting date.

12. Accrued and other payables

	2016 US$'000	2015 US$'000
Accrued expenses	**114**	65
Other payables	**40**	42
	154	107

Notes to the financial statements for the year ended 31 March 2016 (continued)

13. General and administrative expenses

	2016 US$'000	2015 US$'000
Salaries and benefits	**798**	495
Rent	**136**	171
Legal and professional (Notes 8)	**133**	84
Services Charges (Notes 8)	**28**	36
Depreciation (Note 5)	**28**	29
Amortisation (Note 6)	**3**	3
Allowance for doubtful debts (Note 7)	**97**	49
Other	**210**	140
	1,433	1,007

14. Operating lease commitments

Operating leases relate to office space with a lease term of 7 years (2015: 7 years) with an option to extend. All operating lease contracts contain market review clauses in the event that the Company exercises its option to renew. The Company does not have an option to purchase the leased asset at the expiry of the lease period.

	2016 US$'000	2015 US$'000
Minimum lease payments under operating leases recognised as an expense during the year	**136**	171

At the end of the reporting date, the Company had outstanding commitments under operating leases, which fall due as follows:

	2016 US$'000	2015 US$'000
Within one year	**148**	141
One to five years	**155**	303
	303	444

15. Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

b) Categories of financial instruments

	2016 US$'000	2015 US$'000
Financial assets at amortised cost:		
Loans and receivables (including cash and cash equivalents)	2,878	1,964
Financial liabilities:		
At amortised cost	163	134

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities at year end approximate their carrying amounts in the statement of financial position.

16. Financial risk management

The Company's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas, such as credit risk, exchange rate risk and liquidity risk.

(a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is controlled by counterparty limits that are reviewed and approved by the management.

The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The credit risk on liquid funds is limited because the counterparties are reputable banks registered in the respective countries. Further details of credit risks on trade and other receivables are discussed in Note 7 to the financial statements.

(b) Exchange rate risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Notes to the financial statements
for the year ended 31 March 2016 (continued)

16. Financial risk management (continued)

(b) Exchange rate risk management (continued)

	Liabilities		Assets	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
INR	**9,212**	11,671	**371**	1,913

The following table details the Company's sensitivity to a 10% increase and decrease in the U.S. Dollar against the relevant foreign currencies. 10% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A positive number below indicates an increase in profit where the U.S. Dollar strengthens 10% against the relevant currency. For a 10% weakening of the U.S. Dollar against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Profit/(loss)	
	2016	2015
	US$	US$
INR	**884**	976

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows. All of the Company's financial liabilities are due within the next 12 months period.

(d) Interest rate risk management

The Company is not exposed to interest rate risk at reporting date since there are no floating rate borrowings.

17. Capital risk management

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed regulatory capital requirements and that the Company maintains healthy capital ratios in order to support its business and to maximize shareholder's value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies and processes from the previous years.

17. Capital risk management (continued)

Capital resources as defined by the DFSA Prudential Rulebooks are as follows:

	2016 US$'000	2015 US$'000
Share capital	**800**	800
Retained earnings	**1,930**	1,107
Tier 1 Capital	**2,730**	1,907
Less: Intangible assets	**(12)**	(8)
Total adjusted capital resources	**2,718**	1,899

Capital requirement applicable to the Company in accordance with PIB Rule 3.5 of the DFSA Prudential Rulebook is the highest of:

	2016 US$'000	2015 US$'000
Minimum base capital	**10**	10
Expenditure based capital minimum ("EBCM")	**114**	104

18. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 5 May 2016.