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 2017

Global Financial Services (ME) Ltd

IL&FS Global Financial Services (ME) Limited

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IL&FS Global Financial Services (ME) Limited

Directors' report
for the year ended 31 March 2017

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended 31 March 2017.

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.

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$ 1,960,610 during the year ended 31 March 2017 (2016: US$ 2,256,154) and achieved a net profit of US$ 595,786 (2016: US$ 823,114).

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 and 2017.

IL&FS Global Financial Services (ME) Limited

Directors' report
for the year ended 31 March 2017 (continued)

Directors

The Directors of the Company at the year ended 31 March 2017 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 (Resigned on 23 June 2016)
(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	-	-	-
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	-	-	-

Directors' report
for the year ended 31 March 2017 (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	533,061	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	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 2017 (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 24 April 2017
and signed on its behalf by

Milind N Patel
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Milind N. Patel
Director

....

Rajesh Kotian
Director

Deloitte.

Deloitte & Touche (M.E.)
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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 Audit of the Financial Statements

Opinion

We have audited the 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 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises Directors' report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, 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.

Cont'd...

Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's 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 a 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte & Touche (M.E.)

Deloitte & Touche

Akbar Ahmad
24 April 2017
Dubai
United Arab Emirates

IL&FS Global Financial Services (ME) Limited

IL&FS Global Financial Services (ME) Ltd

Statement of financial position
as at ended 31 March 2017

	Notes	2017 US$'000	2016 US$'000
ASSETS			
Non-current assets			
Property and equipment	5	**49**	71
Intangible assets	6	**8**	12
Total non-current assets		**57**	83
Current assets			
Trade and other receivables	7	**1,966**	1,029
Due from related parties	8	**14**	758
Cash and cash equivalents	9	**1,639**	1,136
Total current assets		**3,619**	2,923
Total assets		**3,676**	3,006
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**800**	800
Retained earnings		**2,526**	1,930
Total equity		**3,326**	2,730
Non-current liability			
Provision for employees' end of service indemnity	11	**169**	113
Current liabilities			
Accrued and other payables	12	**172**	154
Due to a related party	8	**9**	9
Total current liabilities		**181**	163
Total liabilities		**350**	276
Total equity and liabilities		**3,676**	3,006

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Director

Milind N Patel
Director

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

IL&FS Global Financial Services (ME) Limited

Statement of comprehensive income
for the year ended 31 March 2017

	Note	2017 US$'000	2016 US$'000
Revenue		**1,961**	2,256
General and administrative expenses	13	**(1,365)**	(1,433)
Profit for the year		**596**	823
Other comprehensive income		**-**	-
Total comprehensive income for the year		**596**	823

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

IL&FS Global Financial Services (ME) Ltd

Statement of changes in equity
for the year ended 31 March 2017

	Share capital US$'000	Retained earnings US$'000	Total US$'000
Balance as at 1 April 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
Total comprehensive income for the year	-	596	596
Balance as at 31 March 2017	**800**	**2,526**	**3,326**

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 2017

	2017 US$'000	2016 US$'000
Cash flows from operating activities		
Profit for the year	**596**	823
Adjustments for:		
Provision for employees' end of service indemnity	**56**	44
Depreciation of property and equipment	**29**	28
Amortisation of intangible assets	**4**	3
Allowance for doubtful debts	**39**	97
Operating cash flows before changes in operating assets and liabilities	**724**	995
Increase in trade and other receivables	**(976)**	(318)
Decrease/(increase) in due from related parties	**744**	(346)
Increase in accrued and other payables	**18**	47
Decrease in due to a related party	**-**	(18)
Net cash generated from operating activities	**510**	360
Cash flows from investing activities		
Purchase of property and equipment	**(7)**	(8)
Purchase of intangible assets	**-**	(7)
Net cash used in investing activities	**(7)**	(15)
Net increase in cash and cash equivalents	**503**	345
Cash and cash equivalents at beginning of the year	**1,136**	791
Cash and cash equivalents at end of the year (Note 9)	**1,639**	1,136

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

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 IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these new and revised IFRSs 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.

- IFRS 14 *Regulatory Deferral Accounts.*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative.
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*: Bearer Plants.
- 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.
- 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.
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

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

2.2 New and revised IFRSs in issue but not yet effective

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

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses.	1 January 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	Effective for annual periods <u>beginning on or after</u>
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
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
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

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

Management anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018. The application of IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial assets and financial liabilities.

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.

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 recognised when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably, regardless of when the payment is made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in all its key revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from services

Revenue from services is recognised upon signing of a mandate 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.

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.

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 2015	135	22	43	200
Additions	-	5	3	8
At 31 March 2016	135	27	46	208
Additions	-	7	-	7
At 31 March 2017	**135**	**34**	**46**	**215**
Accumulated depreciation				
At 1 April 2015	74	12	23	109
Charge for the year	19	6	3	28
At 31 March 2016	93	18	26	137
Charge for the year	20	6	3	29
At 31 March 2017	**113**	**24**	**29**	**166**
Carrying amount				
At 31 March 2017	**22**	**10**	**17**	**49**
At 31 March 2016	42	9	20	71

6. Intangible assets

	Software US$'000
Cost	
At 1 April 2015	12
Additions	7
At 31 March 2016	19
At 31 March 2017	**19**
Accumulated amortisation	
At 1 April 2015	4
Charge for the year	3
At 31 March 2016	7
Charge for the year	4
At 31 March 2017	**11**
Carrying amount	
At 31 March 2017	**8**
At 31 March 2016	12

7. Trade and other receivables

	2017 US$'000	2016 US$'000
Trade receivables	**2,011**	1,046
Less: Allowance for doubtful debts	**(136)**	(97)
	1,875	949
Prepayments	**42**	40
Deposits	**35**	35
Advances	**14**	5
	1,966	1,029

7. Trade and other receivables (continued)

The average credit period on trade receivables is 45 days (2016: 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, 4 customers represent 93% of the total balance (2016: 3 customers represent 93% of the total balance). There are no other customers exceeding 30% 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 US$ 865 thousand (2016: US$ 148 thousand) 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.

	2017	2016
	US$'000	US$'000
Ageing of past due but not impaired:		
Over due by:		
1 -30 days	**40**	-
31 – 90 days	**376**	-
91 – 180 days	-	-
181 – 365	**408**	77
Above 365 days	**41**	71
	865	148
Movement in the allowance for doubtful debts:		
Balance at beginning of the year	**97**	-
Impairment losses recognized on receivables	**39**	97
Balance at end of the year	**136**	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.

	2017	2016
	US$'000	US$'000
Ageing of impaired trade receivables:		
181 – 365	**136**	26
Above 365 days	-	71
	136	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:

	2017 US$'000	2016 US$'000
Due from related parties		
Companies under common management and control		
ITNL Infrastructure Developers Ltd	6	-
IL&FS Investment Advisors LLC	8	-
IL&FS Global Financial Services (UK) Ltd, United Kingdom	-	3
IL&FS Prime Terminal FZC, UAE	-	755
	14	758

	2017 US$'000	2016 US$'000
Due to a related party:		
Parent Company		
IL&FS Financial Services Limited (IFIN), India	9	9

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:

	2017 US$'000	2016 US$'000
Revenue	-	748
Legal and professional expenses (Note 13)	-	76
Service charges (Note 13)	28	28

Compensation of key management personnel

	2017 US$'000	2016 US$'000
Short term benefits	256	211
Long term benefits	24	13
	280	224

9. Cash and cash equivalents

	2017 US$'000	2016 US$'000
Bank balances – current accounts	**1,639**	1,136

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.

The liability of the Parent Company in the Company is limited to the extent of its share capital held by the Company.

11. Provision for employees' end of service indemnity

	2017 US$'000	2016 US$'000
Balance at the beginning of the year	**113**	69
Amounts charged during the year	**56**	44
Balance at the end of the year	**169**	113

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

	2017 US$'000	2016 US$'000
Accrued expenses	**56**	73
Other payables	**116**	81
	172	154

13. General and administrative expenses

	2017 US$'000	2016 US$'000
Salaries and benefits	948	798
Rent	136	136
Legal and professional (Notes 8)	17	133
Services Charges (Notes 8)	28	28
Depreciation (Note 5)	29	28
Amortisation (Note 6)	4	3
Allowance for doubtful debts (Note 7)	39	97
Other	164	210
	1,365	1,433

14. Operating lease commitments

Operating leases relate to office space with a lease term of 7 years (2016: 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.

	2017 US$'000	2016 US$'000
Minimum lease payments under operating leases recognised as an expense during the year	136	136

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

	2017 US$'000	2016 US$'000
Within one year	155	148
One to five years	-	155
	155	303

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*

	2017 US$'000	2016 US$'000
Financial assets at amortised cost:		
Loans and receivables (including cash and cash equivalents)	**3,563**	2,878
Financial liabilities:		
At amortised cost	**181**	163

(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:

16. Financial risk management (continued)

(b) Exchange rate risk management (continued)

	Liabilities		Assets	
	2017	2016	**2017**	2016
	US$	US$	**US$**	US$
INR	-	9,212	-	371

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)	
	2017	2016
	US$	US$
INR	-	884

(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:

	2017 US$'000	2016 US$'000
Share capital	800	800
Retained earnings	2,526	1,930
Tier 1 Capital	3,326	2,730
Less: Intangible assets	(8)	(12)
Total adjusted capital resources	3,318	2,718

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

	2017 US$'000	2016 US$'000
Minimum base capital	10	10
Expenditure based capital minimum ("EBCM")	144	114

18. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2017.