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IL&FS Global Financial Services (ME) Ltd

ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 2015

IL&FS Global Financial Services (ME) Limited

Incorporated in the Dubai International Financial Centre
Dubai - United Arab Emirates
(Company Registration Number 1028)

Report of The Directors and Financial Statements

for the year ended March 31, 2015

Registered Office

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Directors' Report

for the year ended March 31, 2015

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended March 31, 2015.

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 February 27, 2011 and was granted a "Category 4" license on April 18, 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$ 1,294,998 during the year ended March 31, 2015 (year ended March 31, 2014: US$ 1,615,015) and achieved a net profit of US$ 287,855 (year ended March 31, 2014: US$ 417,578).

Dividend

The Directors do not recommend any dividend for the current year.
There is only one class of equity shares as at March 31, 2015.

Directors

The Directors of the Company during the year ended March 31, 2015 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	2,724	3,027	-	-
Mr. Shahzad Dalal	32,687	32,687	-	-
Mr. Rajesh Kotian	-	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	2,750,309	2,792	-	-
IL&FS Transportation Networks Limited ("ITNL") [b]				
(Ordinary shares)				
Mr. Ravi Parthasarathy	314,800	399,796	-	-
Mr. Ramesh C. Bawa	523,981	579,796	-	-
Mr. Milind N. Patel	39,300	49,911	-	-
Mr. Rajesh Kotian	17,500	2,500	-	-
Mr. Shahzaad Dalal	98,400	1,29,012	-	-
Noida Toll Bridge Company Limited [b]				
(Ordinary shares)				
Mr. Ravi Parthasarathy	35,000	35,000	-	-
Mr. Ramesh C. Bawa	165,000	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.

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 May 4, 2015

and signed on its behalf by

Ramesh C Bawa
Director

Milind N Patel
Director

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 March 31, 2015, 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 March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touch (M.E.)

Akbar Ahmad

May 4, 2015

STATEMENT OF FINANCIAL POSITION As at March 31, 2015

US$'000

	NOTE	2015	2014
ASSETS			
Non-current assets			
Property and equipment	5	**91**	120
Intangible assets	6	**8**	11
Total non-current assets		**99**	131
Current assets			
Trade and other receivables	7	**808**	402
Due from related parties	8	**412**	350
Cash and cash equivalents	9	**791**	1,055
Total current assets		**2,011**	1,807
Total assets		**2,110**	1,938
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**800**	800
Retained earnings		**1,107**	819
Total equity		**1,907**	1,619
Non-current liabilities			
Provision for employees' end of service indemnity	11	**69**	49
Current liabilities			
Accrued and other payables	12	**107**	71
Due to related parties	8	**27**	199
Total current liabilities		**134**	270
Total liabilities		**203**	319
Total equity and liabilities		**2,110**	1,938

The accompanying notes form an integral part of these financial statements

Ramesh C Bawa
Director

Milind N Patel
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended March 31, 2015

US$'000

	NOTE	2015	2014
Revenue		**1,295**	1,615
General and administrative expenses	12	**(1,007)**	(1,197)
Profit for the year		**288**	418
Other comprehensive income		**-**	-
Total comprehensive income for the year		**288**	418

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2015

US$'000

	Share Capital	Retained Earnings	Total
Balance as at March 31, 2013	800	401	1,201
Total comprehensive income for the year	-	418	418
Balance as at March 31, 2014	800	819	1,619
Total comprehensive income for the year	-	288	288
Balance as at March 31, 2015	**800**	**1,107**	**1,907**

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended March 31, 2015

US$'000

	2015	2014
Cash flows from operating activities		
Profit for the year	**288**	418
Adjustments for:		
Provision for employees' end of service indemnity	**20**	24
Depreciation of property and equipment	**29**	27
Amortisation of intangible assets	**3**	1
Allowance for doubtful debts	**49**	49
Operating cash flows before changes in operating assets and liabilities	**389**	519
Increase in trade and other receivables	**(455)**	(294)
Increase in due from related parties	**(62)**	(326)
Increase in accrued and other payables	**36**	29
(Decrease)/Increase in due to related parties	**(172)**	168
Net cash from operating activities	**(264)**	96
Cash flows from investing activities		
Purchase of property and equipment	-	(14)
Purchase of intangible assets	-	(12)
Net cash used in investing activities	-	(26)
Net increase in cash and cash equivalents	**(264)**	70
Cash and cash equivalents at beginning of the year	**1,055**	985
Cash and cash equivalents at end of the year (Note 9)	**791**	1,055

The accompanying notes form an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

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 February 27, 2011 and was granted a "Category 4" license on April 18, 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 ("IFRSs")

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 January 1, 2014, 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.

- Amendments to IAS 32 *Financial Instruments:* Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 *Recoverable Amount Disclosures.* The amendments restrict the requirements to disclose the recoverable amount of an asset or cash generating units (CGU) to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IAS 39 *Financial Instruments*: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting. The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.

- Amendments to IFRS 10, IFRS 12 and IAS 27 *Guidance on Investment Entities.* On October 31, 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.

- IFRIC 21 *Levies* - Interpretation was developed on January 1, 2014 to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.

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

The Company has not 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
▪ Amendments to IFRS 7 *Financial Instruments:* Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied.
▪ IFRS 7 *Financial Instruments*: 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 9 *Financial Instruments (2009)* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments*: Recognition and Measurement.	January 1, 2018

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments (2013)* was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9. 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. IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before February 1, 2015.	

New and revised IFRSs	Effective for annual periods beginning on or after
▪ IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: ▪ Step 1: Identify the contract(s) with a customer. ▪ Step 2: Identify the performance obligations in the contract. ▪ Step 3: Determine the transaction price. ▪ Step 4: Allocate the transaction price to the performance obligations in the contract. ▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	January 1, 2017

New and revised IFRSs	Effective for annual periods beginning on or after
▪ Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	January 1, 2016
▪ Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	January 1, 2016
▪ Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	January 1, 2016
▪ Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	January 1, 2016
▪ Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	January 1, 2016
▪ Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	January 1, 2016
▪ Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	January 1, 2016
▪ Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	January 1, 2016
▪ Annual Improvements to IFRSs 2010-2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	July 1, 2014

▪ Annual Improvements to IFRSs 2011-2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014
▪ Amendments to IAS 19 *Employee Benefits* 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.	July 1, 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the year beginning April 1, 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual year beginning April 1, 2017 and April 1, 2018, respectively. The application of IFRS 9 and IFRS 15 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities. However, it is not practical 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 measured at the fair value of the consideration received or receivable

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%
Electrical installations and other equipment	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 the profit or loss.

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 (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 (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 (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.

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 profit and loss 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

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through statement of comprehensive income, which are initially measured at fair value.

Loans and receivables

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

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 that are measured at amortised cost are assessed for 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 one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

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 was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the financial asset 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.

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.

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.

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

US$'000

	Leasehold Improve-ments	Office Equipment	Furniture & Fixtures	Total
Cost				
At April 1, 2013	135	8	43	186
Additions during the year	-	14	-	14
At March 31, 2014	135	22	43	200
At March 31, 2015	**135**	**22**	**43**	**200**
Accumulated depreciation				
At April 1, 2013	36	3	14	53
Charge for the year	19	3	5	27
At March 31, 2014	55	6	19	80
Charge for the year	19	6	4	29
At March 31, 2015	**74**	**12**	**23**	**109**
Carrying amount				
At March 31, 2015	**61**	**10**	**20**	**91**
At March 31, 2014	80	16	24	120

6. Intangible assets

US$'000

	Software
Cost	
At April 1, 2013	-
Additions during the year	12
At March 31, 2014	12
At March 31, 2015	**12**
Accumulated Amortisation	
At April 1, 2013	-
Charge for the year	1
At March 31, 2014	1
Charge for the year	3
At 31 March, 2015	**4**
Carrying amount	
At March 31, 2015	**8**
At March 31, 2014	11

7. Trade and other receivables

US$'000

	2015	2014
Trade receivables	**725**	378
Less: Allowance for doubtful debts	**-**	(49)
	725	329
Prepayments	**39**	34
Deposits	**34**	33
Advances	**8**	6
Other receivables	**2**	-
	808	402

The average credit period on trade receivables is 45 days (2014: 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 100% of the total balance (2014: 3 customers represent 86% 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 USD 25,000 (2014: USD 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.

US$'000

	2015	2014
Ageing of past due but not impaired:		
Over due by:		
1 to 365 days	**25**	25
Movement in the allowance for doubtful debts:		
Balance at beginning of the year	**49**	-
Impairment losses recognized on receivables	**49**	49
Amounts written off as uncollectible	**(98)**	-
Balance at end of the year	**-**	49

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.

US$'000

	2015	2014
Ageing of impaired trade receivables:		
More than 365 days	**-**	49

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.

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

US$'000

	2015	2014
Due to related parties:		
Companies under common management and control		
Elsamex S.A., Spain	**71**	350
IL&FS Transportation Network Ltd, India	**328**	-
ITNL International Pte. Ltd., Singapore	**13**	-
	412	350

Due to related parties:		
Parent Company		
IL&FS Financial Services Limited (IFIN), India	**11**	8
Companies under common management and control		
IL&FS Global Financial Services (U.K) Ltd., United Kingdom	**-**	130
IL&FS Technologies Limited, India	**9**	-
Livia India Limited, India	**7**	-
IL&FS Global Financial Services (H.K) Ltd., Hong Kong	**-**	61
	27	199

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:

US$'000

	2015	2014
Revenue	**535**	375

Compensation of key management personnel

US$'000

	2015	2014
Short term benefits	**187**	212
Long term benefits	**9**	10
	196	222

9. Cash and cash equivalents

US$'000

	2015	2014
Bank balances – current accounts	**791**	1,055

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

US$'000

	2015	2014
Balance at the beginning of the year	**49**	25
Amounts charged during the year	**20**	24
Balance at the end of the year	**69**	49

Provision for employees' end of service indemnity is made in accordance with DIFC Employment Law No. 4 of 2005 and is based on current remuneration and cumulative years of service at the reporting date.

12. Accrued and other payables

US$'000

	2015	2014
Accrued expenses	**65**	40
Other payables	**42**	31
	107	71

13. General and administrative expenses

US$'000

	2015	2014
Salaries and benefits	**495**	506
Rent	**171**	128
Legal and professional	**84**	292
Depreciation (Note 5)	**29**	27
Amortisation (Note 6)	**3**	1
Allowance for doubtful debts (Note 7)	**49**	49
Other	**176**	194
	1,007	1,197

14. Operating lease commitments

Operating leases relate to office space with a lease term of 7 years (2014: 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.

US$'000

	2015	2014
Minimum lease payments under operating leases recognised as an expense during the year	**171**	128

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

US$'000

	2015	2014
Within one year	**141**	128
One to five years	**303**	444
	444	572

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

US$'000

	2015	2014
Financial assets at amortised cost:		
Loans and receivables (including cash and cash equivalents)	**1,964**	1,767
Financial liabilities:		
At amortised cost	**134**	270

(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:

US$'000

	2015	2014	2015	2014
	US$	US$	US$	US$
INR	**11,671**	-	1,913	-

The following table details the Company's sensitivity to a 10% increase and decrease in the USD 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 USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Profit/(Loss)	US$'000
	2015	2014
INR	**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.

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

US$'000

	2015	2014
Share capital	**800**	800
Retained earnings	**1,107**	819
Tier 1 Capital	**1,907**	1,619
Less: Intangible assets	**(8)**	(11)
Total adjusted capital resources	**1,899**	1,608

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

US$'000

	2015	2014
Minimum base capital	**10**	10
Expenditure based capital minimum ("EBCM")	**104**	144

18. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on May 4, 2015.

Conversion into Indian Rupees

In accordance with the provisions of the Companies Act, 1956, the financial statements of the Subsidiary Company incorporated at Dubai are converted into Indian Rupees. All income and expenses items are converted at the rate of exchange applicable on the date of transaction. All Assets (except Investment) and liabilities (except Share Capital) are translated at the closing rate (1 US $ = INR 62.34) as on the Balance Sheet Date. The Equity Share Capital and Investments in subsidiary is carried forward at the rate of exchange prevalent at the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve Account and the said account is being treated as "Reserve and Surplus Account". Amounts in Indian Rupees given in the Financial Statements are stated only for the purpose of conversion. The notes to the Audited Financial Statements could be used as reference to these financial statements

Balance Sheet as at March 31, 2015

Particulars	US $	INR ₹
ASSETS		
Non-Current assets		
Tangible Assets (net)	91,458	5,701,474
Intangible Assets (net)	8,222	512,557
Current asset		
Cash and bank balances	791,310	49,330,285
Trade Receivables & Other Receivable	807,270	50,325,149
Due from a related party	411,643	25,661,827
Total Current asset	**2,010,223**	**125,317,261**
Total assets	**2,109,903**	**131,531,292**
EQUITY AND LIABILITIES		
Non-Current Liabilities		
Provision for employees end of services indemnity	68,674	4,281,151
Current liabilities		
Accrued & Other payable	**106,717**	**6,652,718**
Due to a related party	27,620	1,721,861
Total Current liabilities	**134,338**	**8,374,579**
Current liabilities	**203,012**	**12,655,730**
Capital & Reserves		
Share capital	**800,000**	**35,935,000**
Retained earnings	**1,106,891**	**68,115,415**
Translation reserve Account		**14825147.5**
Total equity	**1,906,891**	**118,875,562**
Total equity and Liability	**2,109,903**	**131,531,292**

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

Particulars	US $	INR ₹
Operating Income	1,294,998	80,917,000
Employee cost	495,407	30,281,487
Administrative expenses	511,736	31,490,173
Total expenses	**1,007,143**	**61,771,660**
Profit before Income tax	287,855	19,145,340
Income Tax	-	-
Profit for the year	**287,855**	**19,145,340**

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2015

Particulars	Share Capital	Accumulated Profit	Total	Total
	US $	US $	US $	INR ₹
Balance as at April 01,2014	800,000	819,036	1,619,036	97,287,864
Issued during the year	-	-	-	-
Exchange difference arising on transaction of Operations	-	-	-	2,442,357
Comprehensive Profit during the year	-	287,855	287,855	19,145,340
Balance at March 31,2015	**800,000**	**1,106,891**	**1,906,891**	**118,875,561**

CASH FLOW STATEMENT

for the year ended March 31, 2015

Particulars	US $	INR ₹
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT FOR THE YEAR	287,855	19,145,340
Adjustments for:		
Provision for employees' end of service indemnity	19,749	1,231,153
Depreciation of Property and Equipment	28,510	1,749,293
Amortisation of intangible assets	2,295	140,812
Allowance for doubtful debts	48,950	3,010,265
	387,359	**25,276,862**
Adjustments for changes in:		
(Increase) /Decrease in Trade& Other Receivables	(453,294)	(28,000,724)
Increase in due from related parties	(61,628)	(4,629,395)
Increase in accrued and other payables	35,373	2,677,433
Increase in due to related parties	(171,385)	(10,727,119)
	(263,575)	**(15,402,943)**
NET CASH GENERATED FROM OPERATING ACTIVITIES	(263,575)	(15,402,943)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property & Equipment	(244)	(15,056)
Purchase of Intangible Assets	-	-
NET CASH USED IN INVESTING ACTIVITIES	**-**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENT	**(263,819)**	**(15,417,999)**
Cash and cash equivalent at the beginning of the year	1,055,129	63,402,678
Effect of Change in Exchange rate on cash and cash equivalent		1,345,606
Cash and cash equivalent at the end of the year	**791,310**	**49,330,285**

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