GILLANDERS HOLDINGS (MAURITIUS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

The contents of this document are classified as DC 2 – confidential information

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

COMPANY INFORMATION

			Appointed on	Resigned on
DIRECTORS	:	Vijay Kumar	30 May 2014	20 May 2019
		Martine Cundasawmy	21 February 2018	-
		Bhoomija Juwaheer	30 March 2018	-
		Suranjit Chakraborty	20 May 2019	-

ADMINISTRATOR AND SECRETARY : Ocorian Corporate Services (Mauritius) Limited
6th Floor, Tower A,
1 CyberCity
Ebène
Republic of Mauritius

REGISTERED OFFICE : 6th Floor, Tower A,
1 CyberCity
Ebène
Republic of Mauritius

AUDITOR : SRA Partners
Morc Bheenick, Telfair
Moka
Republic of Mauritius

BANKER : SBI (Mauritius) Ltd,
Head Office
SBI Tower Mindspace
Bhumi Park, 45
Ebène
Republic of Mauritius.

COMMENTARY OF DIRECTORS

The directors present their commentary and the audited financial statements of Gillanders Holdings (Mauritius) Limited ("the Company") for the year ended on 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS AND DIVIDENDS

The Company's loss for the year ended on 31 March 2020 is **USD 139,669** (2019 – USD 73,657).

The directors do not recommend the payment of dividend for the year under review (2019 – USD nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards as modified by the exemption provided by the Mauritian Companies Act 2001 have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and take reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

AUDITOR

SRA Partners has indicated its willingness to continue in office and will be automatically re-appointed at the next Annual General Meeting of the Company.

By Order of the Board

DocuSigned by:

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Date: 18 May 2020

SECRETARY'S CERTIFICATE

Gillanders Holdings (Mauritius) Limited

AS PER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We confirm that, based on records and information made available to us by the directors and shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2020, all such returns as are required of the Company under the Mauritius Companies Act 2001.

DocuSigned by:

96C27126A40D4AC...

Ocorian Corporate Services (Mauritius) Limited
SECRETARY

Date : 18 May 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

Report on the Financial Statements

Opinion

We have audited the financial statements of Gillanders Holdings (Mauritius) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 27. In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001.

Basis for opinion

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

Emphasis of Matter

We have considered the adequacy of the disclosure made in note 14 to the financial statements concerning the company's ability to continue as going concern. In view of the significance of the fact that the preparation of the financial statements on the going concern basis depends on the continuing financial support of the parent company, we consider that this disclosure should be brought to your attention. Our opinion is not qualified in this respect.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report and Secretary's Report. The other information does not include the financial statements and our auditors' report there on. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

Report on the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

Other Matter

This report is made solely to the Company's member in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member, those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) We have no relationship with or interests in the Company other than in our capacity as auditors;

(b) We have obtained all the information and explanations we have required; and

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

SRA Partners

SRA Partners

Date: 18 May 2020

Shareef Ramjan (FCCA)
Licenced by FRC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 USD	2019 USD
Income	-	-
Expenses		
Transaction costs	113,552	122,907
Secretarial fees	18,375	12,600
Accountancy fees	3,240	3,000
Directors' fees	3,605	3,437
Commission	1,975	2,510
Annual licence fees	1,901	1,750
Audit fees	1,500	1,569
Bank charges	2,878	1,978
Domiciliation and compliance fees	1,937	1,650
Taxation fees	1,540	1,000
Disbursements	390	465
Annual registration fees	325	325
	151,218	153,191
Operating loss	(151,218)	(153,191)
Finance cost	(412,323)	(494,710)
Finance income	498,662	675,573
(Loss)/ profit before income tax	(64,879)	27,672
Income tax expense (Note 5)	(74,790)	(101,329)
Loss for the year	(139,669)	(73,657)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(139,669)	(73,657)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	2020 USD	2019 USD
ASSETS		
Non-current assets		
Investment in subsidiary (Note 6)	**3,701,969**	3,701,969
Loan receivable (Note 7)	**1,998,766**	5,884,900
	5,700,735	9,586,869
Current assets		
Other receivables (Note 8)	**94,767**	89,655
Cash and cash equivalents	**210,369**	12,083
	305,136	101,738
Total assets	**6,005,871**	9,688,607
EQUITY AND LIABILITIES		
Equity		
Stated capital (Note 9)	**1,140,000**	940,000
Accumulated losses	**(278,613)**	(138,944)
Shareholder's equity	**861,387**	801,056
LIABILITIES		
Non-current liabilities		
Borrowings (Note 10)	**-**	6,932,500
Current liabilities		
Borrowings (Note 10)	**5,091,380**	1,912,500
Other payables (Note 11)	**53,104**	42,551
Total current liabilities	**5,144,484**	1,955,051
Total liabilities	**5,144,484**	8,887,551
Total equity and liabilities	**6,005,871**	9,688,607

Authorised for issue by the Board of directors on 18 May 2020 and signed on its behalf by:

....
Director

Martine Cundasawmy

....
Director

Bhoomija Juwaheer

The notes on pages 12 to 27 form an integral part of these financial statements.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Stated capital USD	Accumulated losses USD	Total USD
At 31 March 2018	410,000	(65,287)	344,713
Total comprehensive income for the year	-	(73,657)	(73,657)
Transaction with owner			
Issued during the year	530,000	-	530,000
At 31 March 2019	940,000	(138,944)	801,056
Total comprehensive income for the year	-	**(139,669)**	**(139,669)**
Transaction with owner			
Issued during the year	200,000	-	200,000
At 31 March 2020	**1,140,000**	**(278,613)**	**861,387**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 USD	2019 USD
Cash flow from operating activities		
(Loss)/ profit before income tax	**(64,879)**	27,672
Adjustments for:		
Interest income	**(498,662)**	(675,573)
Interest expense	**412,323**	494,710
Operating loss before working capital changes	**(151,218)**	(153,191)
Change in other receivables	**(15,650)**	13,609
Change in other payables	**8,335**	(132)
Cash used in operating activities	**(158,533)**	(139,714)
Interest paid	**(410,106)**	(495,820)
Interest received	**434,411**	577,861
Net cash used in operating activities	**(134,228)**	(57,673)
Cash flow from investing activities		
Refund of loan advanced (Note 7)	**3,886,134**	1,261,050
Net cash generated from investing activities	**3,886,134**	1,261,050
Cash flow from financing activities		
Proceeds from issue of shares (Note 9)	**200,000**	530,000
Refund of borrowings (Note 10)	**(5,753,620)**	(1,742,500)
Loan received from holding company (Note 10)	**2,000,000**	-
Net cash used in financing activities	**(3,553,620)**	(1,212,500)
Net movement in cash and cash equivalents	**198,286**	(9,123)
Cash and cash equivalents at beginning of year	**12,083**	21,206
Cash and cash equivalents at end of year	**210,369**	12,083

Refer to **Note 13** for non-cash financing and investing activities, including reconciliation of liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

1 GENERAL INFORMATION

Gillanders Holdings (Mauritius) Limited (the "Company") is a private limited company incorporated on 28 May 2014 and is domiciled in the Republic of Mauritius. The Company holds a Category 1 Global Business licence and is regulated by the Financial Services Commission. The Company's registered office address is 6th Floor Tower A, 1 CyberCity, Ebène, Republic of Mauritius.

The principal activity of the Company is to hold investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied for all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for company holding a Category 1 Global Business Licence. The financial statements have been prepared under the historical cost convention.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

Changes in accounting policy and disclosures

(a) New and amended standards and interpretations effective during the current year

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year:

<u>IFRIC 23 Uncertainty over Income Tax Treatment</u>

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:
- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The interpretation had no impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (continued)

(b) Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

There are no other standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements in the current or future reporting periods and on foreseeable future transactions.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Classification and initial measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI (FVOCI) or through profit or loss (FVPL)), and;
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(i) Classification and initial measurement

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(ii) Subsequent measurement

Debt instruments

The Company classifies its debt instruments as follows:

- *Financial assets at amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Company's financial assets at amortised cost includes loan receivable, other receivables and cash and cash equivalents which are subsequently measured as follows:

Loan and other receivables

Loan and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Company's cash and cash equivalents include cash at bank.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(iii) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's loans and other receivables measured at amortised cost are subject to the expected credit loss model.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For further details on impairment of financial assets, see note 4.

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other payables

Other payables are initially recognised at fair value, net of transaction costs incurred and subsequently at amortised cost using the effective interest method. Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency").The financial statements are presented in United States dollars (USD), which is the functional and presentation currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment in subsidiary

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in subsidiary is carried at cost. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidated financial statements

The Company has taken exemption provided by the Mauritian Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are of the Company only and do not consolidate the results of its subsidiary. The parent company, Gillanders Arbuthnot and Company Limited, a company listed on the Bombay Stock Exchange and National Stock Exchange of India, prepares consolidated financial statements in accordance with IND-AS. These consolidated financial statements are available on the website of Gillanders Arbuthnot and Company Limited which is www.gillandersarbuthnot.com.

Stated capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The carrying amount of assets is assessed at each financial position date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Revenue recognition

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the dividend is established.

Expense recognition

Expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected.

The Company has made investment in USD and expects to receive dividend and proceeds from disposal of investment in USD.It also obtains financing from its shareholder and other stakeholders in USD and all operating activities are conducted in USD. Thus, USD is the functional currency as it most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the support of its parent to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

In light of the COVID19 outbreak , management has made an assessment in respect of the entity's going

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. None of the Company's financial assets and liabilities is denominated in foreign currency at the reporting date and therefore is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company exposure to cash flow interest rate risk arises from interest received and interest paid on loans. Based on the simulation performed, the impact on pre-tax loss for the year ended 31 March 2020 of a 0.5% change in interest rates would be a maximum decrease/increase of **USD 432** (2019 – USD 904) mainly as a result of higher/lower interest.

(iii) Equity price risk

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to equity price risk at year end.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Financial risk factors (continued)

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from loan receivable from subsidiary, other receivables and cash and cash equivalents. The Company has limited its credit risk by carrying out transactions with related parties. The maximum exposure to credit risk is depicted in the table below:

	2020 USD	2019 USD
Loan receivable	1,998,766	5,884,900
Interest receivable	27,151	37,689
Cash and cash equivalents	210,369	12,083
	2,236,286	5,934,672

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the directors consider that the ECL is not material as the Company deals with highly reputable financial institutions in the country. Loan and interest receivable are considered to be of low credit risk with minimal probability of default and therefore ECL is deemed to be immaterial.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through funding from its parent and other stakeholder.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2020 based on contractual undiscounted payments:

	Within one year USD	More than one year USD	Total USD
2020			
Borrowings	5,091,380	-	5,091,380
Interest payable	36,090	-	36,090
Other payables	17,014	-	17,013
	5,144,484	-	5,144,483
2019			
Borrowings	1,912,500	6,932,500	8,845,000
Interest payable	33,873	-	33,873
Other payables	8,678	-	8,678
	1,955,051	6,932,500	8,887,551

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Financial instruments

(a) Financial instruments by category

Financial assets	**2020 USD**	2019 USD
Financial assets at amortised cost		
Loan receivable	**1,998,766**	5,884,900
Interest receivable	**27,151**	37,689
Cash and cash equivalents	**210,369**	12,083
	2,236,286	5,934,672

Financial liabilities	**2020 USD**	2019 USD
Other financial liabilities at amortised cost		
Borrowings	**5,091,380**	8,845,000
Interest payable	**36,090**	33,873
Other payables	**17,014**	8,678
	5,144,484	8,887,551

(b) Fair value of financial instruments

The carrying amounts of loan receivable, other receivables, cash and cash equivalents, borrowings and other payables approximate their fair values.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to pay its debts when they fall due and to continue as a going concern. Capital comprises of equity. In order to maintain or adjust the capital structure, the Company may issue shares or have recourse from funds of its parent.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalents (including bank overdraft if any). Capital is calculated as equity shown in the statement of financial position plus net debt.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital risk management (continued)

	2020 USD	2019 USD
Total borrowings	**5,091,380**	8,845,000
Less: Cash and cash equivalents	**(210,369)**	(12,083)
Net debt	**4,881,011**	8,832,917
Total equity	**861,387**	801,056
Total capital	**5,742,400**	9,633,973
Gearing Ratio	**85.0%**	91.69%

5 INCOME TAX

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. The Company has received its Category 1 Global Business Licence ("GBL1") on or before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

Capital gains are exempt from tax in Mauritius.

Mauritius

The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws. At 31 March 2020, the Company had a tax expense of **USD 74,790** (2019 – USD 101,329).

	2020 USD	2019 USD
The tax expense for the year consists of:		
Withholding tax charge	**74,790**	101,329

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

5 INCOME TAX (CONTINUED)

Mauritius

The Company is subject to withholding tax on dividend and interest at the rate of 10% and 15% respectively.

A reconciliation between the accounting profit and the tax charge is as follows:

	2019 USD	2018 USD
(Loss)/ profit before taxation	**(64,879)**	27,672
Applicable income tax rate @15%	**(9,731)**	4,151
Impact of:		
Foreign tax credit	**-**	(4,151)
Unutilised tax losses	**9,731**	-
Withholding tax charge	**74,790**	101,329
Income tax charge	**74,790**	101,329

6 INVESTMENT IN SUBSIDIARY

Unquoted investment at cost:	**2020 USD**	2019 USD
At beginning and at end of year	**3,701,969**	3,701,969

Details pertaining to the investment in subsidiary at 31 March 2020 are as follows:

Name of company	**Country of incorporation**	**Number of shares held**	**% holding**	**Cost USD**
Namingomba Tea Estates Limited	Malawi	1,283,574	100%	3,701,969

As at 31 March 2020, the directors are of the opinion that the investment has not suffered any impairment.

7 LOAN RECEIVABLE

Loan receivable from subsidiary	**2020 USD**	2019 USD
At beginning of year	**5,884,900**	**7,145,950**
Refund received during the year	**(3,886,134)**	**(1,261,050)**
At end of year	**1,998,766**	**5,884,900**

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

8 OTHER RECEIVABLES

	2020 USD	2019 USD
Interest receivable	27,151	37,689
Prepayments	67,616	51,966
	94,767	89,655

9 STATED CAPITAL

	2020 Number of shares	2020 USD	2019 Number of shares	2019 USD
Issued and fully paid:				
Ordinary shares of USD 1 each				
At beginning of year	940,000	940,000	410,000	410,000
Issue of shares	200,000	200,000	530,000	530,000
At end of year	1,140,000	1,140,000	940,000	940,000

Rights and restrictions attached to ordinary shares:

Voting rights

Each ordinary share shall entitle its holder to receive notice of, to attend and vote at any meeting of the Company.

Rights relating to dividends

Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

Rights relating to repayment of capital

Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS - FOR YEAR ENDED 31 MARCH 2020

10 BORROWINGS

(i) Axis Bank Limited, Singapore Branch:	**2020 USD**	2019 USD
At beginning of year	**8,845,000**	10,587,500
Repayment during the year	**(3,753,620)**	(1,742,500)
At end of the year	**5,091,380**	8,845,000
Less: current portion	**(5,091,380)**	(1,912,500)
Non-current portion	**-**	6,932,500

The loan has been secured by Axis Bank Limited, India who has offered a standby letter of credit of **USD 7,150,000** (2019 – USD 9,100,000) to Axis Bank Limited, IBU Gift City Ltd, Gandhi Nagar, India.

The loan bears interest at the rate of 3 months LIBOR plus 290 basis points per annum and is repayable by March 2021.

(ii) Gillanders Arbuthnot and Company Limited:	**2020 USD**	2019 USD
At beginning of year	**-**	-
Additions during the year	**2,000,000**	-
Repayment during the year	**(2,000,000)**	-
At end of the year	**-**	-
Total current borrowings	**5,091,380**	1,912,500

The loan from parent company bears interest at 10.55% per annum and is for a period not exceeding 6 months from date of first disbursement i.e. 16 August 2019. At the sole discretion of the lender, the tenure of the loan may be extended from time to time.

The loan has been repaid during the financial year pursuant to the terms of the loan agreement.

11 OTHER PAYABLES

	2020 USD	2019 USD
Interest payable	**36,090**	33,873
Amount due to parent (Note 12 (i))	**894**	1,178
Accruals	**16,120**	7,500
	53.104	42.551

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

12 RELATED PARTY TRANSACTIONS

During the year under review, the Company had the following transactions with related parties. Details of the nature, volume of transactions and the balance with related parties are as follows:

		2020 USD	2019 USD
(i)	*Amount due to parent:*		
	Gillanders Arbuthnot and Company Limited		
	At beginning of the year	**1,178**	1,430
	Amount repaid during the year	**(1,178)**	(2,762)
	Commission payable for the year	**894**	2,510
	At end of the year (Note 11)	**894**	1,178

The amount due to parent is unsecured, interest free and repayable within one year.

		2020	2019
(ii)	*Remuneration to key management personnel*		
	Directors' fees	**3,605**	3,437
	Administrator's fees	**25,092**	16,600

The compensation to key management personnel is provided on commercial terms and conditions.

(iii) Loan to subsidiary

The loan to subsidiary is disclosed in note 7.

(iv) Loan from parent

The loan from parent is disclosed in note 10 (ii).

13 NOTES TO THE STATEMENT OF CASH FLOWS

Net debt reconciliation

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash changes		Non-cash changes	
	01 April 2019 USD	Net Cash flows USD	Interest paid USD	Interest expense USD	**31 March 2020 USD**
Liabilities arising from financing activities:					
Borrowings	8,845,000	(3,753,620)	(377,873)	377,873	**5,091,380**

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2020

14 GOING CONCERN

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the financial support of its parent to continue in business for the foreseeable future. The Company has incurred a loss of **USD 139,669** (2019 – USD 73,657) for the year ended 31 March 2020 and it has a shareholder's equity of **USD 861,387** (2019 – USD 801,056) and a net current liability of **USD 4,839,348** (2019 – USD 1,853,313). Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, on the validity of this assumption, the financial statements have been prepared on the going concern basis.

15 PARENT AND ULTIMATE PARENT

The directors consider Gillanders Arbuthnot and Company Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange of India, as its parent and ultimate parent.

16 EVENTS AFTER REPORTING DATE

There are no significant events after the reporting period which needs disclosures in or amendments to the 31 March 2020 financial statements.