KPMG

Spargo Enterprises Pte Ltd
Registration Number: 198305825G

Annual Report
Year ended 31 March 2017

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2017.

In our opinion:

(a) the financial statements set out on pages FS1 to FS16 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Anil Kumar Hirjee
Jayant Shripad Gadgil
Tan Soo Gek

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related companies are as follows:

Name of director and company in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ultimate holding company		
Bombay Burmah Trading Corporation Ltd		
Ordinary shares fully paid		
Anil Kumar Hirjee	1,850	1,850

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related companies, either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Anil Kumar Hirjee
Director

Jayant Shripad Gadgil
Director

24 MAY 2017

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Spargo Enterprises Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Spargo Enterprises Pte Ltd ('the Company'), which comprise the statement of financial position as at 31 March 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS16.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). 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 the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement, as set out on page 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KPMG

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 controls.

- Obtain an understanding of internal controls 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 controls.

KPMG

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 May 2017

Statement of financial position
As at 31 March 2017

	Note	2017 $	2016 $
Assets			
Available-for-sale financial assets	4	101,572,589	76,191,181
Non-current assets		101,572,589	76,191,181
Amounts due from intermediate holding company (non-trade)	5	3,032,903	3,171,312
Cash and cash equivalents		57,577	77,260
Current assets		3,090,480	3,248,572
Total assets		104,663,069	79,439,753
Equity attributable to owner of the Company			
Share capital	6	491,740	491,740
Fair value reserve	7	100,979,297	75,597,889
Retained earnings		3,117,910	3,256,906
Total equity		104,588,947	79,346,535
Liabilities			
Accrued operating expenses		7,546	7,546
Amounts due to related companies (non-trade)	8	66,576	85,672
Current liabilities/Total liabilities		74,122	93,218
Total equity and liabilities		104,663,069	79,439,753

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2017

	Note	2017 $	2016 $
Revenue	9	550,584	482,630
Foreign exchange loss		(136,871)	(106,916)
Other operating expenses		(7,869)	(7,502)
Profit before tax		405,844	368,212
Tax expense	10	–	–
Profit for the year		405,844	368,212
Other comprehensive income that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		25,381,408	10,065,059
Total comprehensive income for the year		25,787,252	10,433,271

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

Statement of changes in equity
Year ended 31 March 2017

	Share capital $	Fair value reserve $	Retained earnings $	Total $
At 1 April 2015	491,740	65,532,830	3,368,774	69,393,344
Total comprehensive income for the year				
Profit for the year	–	–	368,212	368,212
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	10,065,059	–	10,065,059
Total comprehensive income for the year	–	10,065,059	368,212	10,433,271
Transaction with owner, recorded directly in equity				
Distribution to owner				
Interim one-tier tax exempt dividend of $96,016 per share	–	–	(480,080)	(480,080)
Total transaction with owner	–	–	(480,080)	(480,080)
At 31 March 2016	491,740	75,597,889	3,256,906	79,346,535
At 1 April 2016	491,740	75,597,889	3,256,906	79,346,535
Total comprehensive income for the year				
Profit for the year	–	–	405,844	405,844
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	25,381,408	–	25,381,408
Total comprehensive income for the year	–	25,381,408	405,844	25,787,252
Transaction with owner, recorded directly in equity				
Distribution to owner				
Interim one-tier tax exempt dividend of $108,968 per share	–	–	(544,840)	(544,840)
Total transaction with owner	–	–	(544,840)	(544,840)
At 31 March 2017	491,740	100,979,297	3,117,910	104,588,947

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

Statement of cash flows
Year ended 31 March 2017

	2017	2016
	$	$
Cash flows from operating activities		
Profit for the year	405,844	368,212
Adjustments for:		
Dividend income	(550,577)	(482,622)
Interest income	(7)	(8)
	(144,740)	(114,418)
Change in accrued operating expenses	–	1,000
Net cash used in operating activities	(144,740)	(113,418)
Cash flows from investing activities		
Dividend received	550,577	482,622
Interest received	7	8
Amounts due from intermediate holding company	138,409	105,644
Net cash from investing activities	688,993	588,274
Cash flows from financing activities		
Amounts due to related companies	(19,096)	6,285
Dividend paid	(544,840)	(480,080)
Net cash used in financing activities	(563,936)	(473,795)
Net (decrease)/increase in cash and cash equivalents	(19,683)	1,061
Cash and cash equivalents at beginning of year	77,260	76,199
Cash and cash equivalents at end of year	57,577	77,260

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

Notes to the financial statements

These notes form an integral part of the financial statements.

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

1 Domicile and activities

Spargo Enterprises Pte Ltd (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 3 Joan Road, Singapore 298897.

The principal activity of the Company is that of investment holding.

The Company's immediate and ultimate holding companies during the financial year are Associated Biscuits International Ltd (a company incorporated in United Kingdom) and The Bombay Burmah Trading Corporation Ltd (a company incorporated in India) respectively.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no significant areas of critical judgements in the application of accounting policies that have significant effect on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on retranslation of available-for-sale equity instruments which is recognised in other comprehensive income.

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise amounts due from intermediate holding company and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.3) and foreign currency differences on available-for-sale debt instruments (see note 3.1), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise accrued operating expenses and amounts due to related companies.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4 Revenue

Dividend income

Dividend income is recognised when the right to receive payment is established which in the case of quoted securities is normally the ex-dividend date.

Interest income

Interest income is recognised using the effective interest method.

3.5 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.6 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the reporting date.

4 Financial assets, available-for-sale

	2017	2016
	$	$
Quoted equity shares of a corporation listed on the Bombay Stock Exchange		
At beginning of financial year	76,191,181	66,126,122
Fair value gain recognised in equity	25,381,408	10,065,059
At end of financial year	101,572,589	76,191,181

The Company's exposure to foreign currency and price risks and fair value measurement is disclosed in note 12.

5 Amounts due from intermediate holding company

Amounts due from intermediate holding company are unsecured, interest-free and repayable on demand.

The Company's exposure to credit and foreign currency risks and impairment losses to amounts due from intermediate holding company is disclosed in note 12.

6 Share capital

	2017	2016
	No. of shares	No. of shares
Issued and fully paid ordinary shares, with no par value:		
At beginning and end of financial year	5	5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

7 Fair value reserve

The fair value reserve relates to the cumulative net change in the fair value of available-for-sale financial assets until the assets is derecognised or impaired.

Fair value reserve is not distributable.

8 Amounts due to related companies

Amounts due to related companies are unsecured, interest-free and repayable on demand.

The Company's exposure to foreign currency and liquidity risks related to amounts due to related companies is disclosed in note 12.

9 Revenue

	2017	2016
	$	$
Dividend income from quoted equity investment	550,577	482,622
Interest income	7	8
	550,584	482,630

10 Tax expense

	2017	2016
	$	$
Reconciliation of effective tax rate		
Profit before tax	405,844	368,212
Tax using the Singapore tax rate of 17% (2016: 17%)	68,993	62,596
Tax exempt income	(93,598)	(82,046)
Non-deductible expenses	24,605	19,450
	–	–

11 Significant related party transactions

Key management personnel compensation

The directors are considered as employee of a related company and the Company does not reimburse the related company for their services rendered.

12 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- price risk
- foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company, as and when they fall due.

The Company's primary exposure to credit risk arises from the amounts due from intermediate holding company. These balances are not past due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's maximum exposure to credit is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The expected contractual undiscounted cash outflows of accrued operating expenses and amounts due to related companies are expected to be repaid within one year.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all instruments traded in the market.

The Company has available-for-sale financial assets in equity securities and is exposed to price risk. These securities are listed in India. The Company is not exposed to commodity price risk.

Sensitivity analysis

If prices for the equity securities listed in India change by 10% with all other variables including tax rate being held constant, the impact on the fair value reserve will be as follows:

	2017		**2016**	
	10% price increase	**10% price decrease**	**10% price increase**	**10% price decrease**
	\$	**\$**	**\$**	**\$**
Listed in India	10,157,259	(10,157,259)	7,619,118	(7,619,118)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
2017				
Available-for-sale financial assets	101,572,589	–	–	101,572,589
2016				
Available-for-sale financial assets	76,191,181	–	–	76,191,181

There was no transfer between levels during the financial year.

Foreign currency risk

The Company incurs foreign currency risk primarily on amounts due from intermediate holding company, cash and cash equivalents and available-for-sale financial assets that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily United States dollars (USD), Great Britain Pounds (GBP) and Indian Rupees (INR).

The Company's exposures to foreign currencies are as follows:

	USD $	GBP $	INR $
2017			
Amounts due from intermediate holding company	1,410,497	1,644,764	–
Cash and cash equivalents	57,575	–	–
Available-for-sale financial assets	–	–	101,572,589
	1,468,072	1,644,764	101,572,589
2016			
Amounts due from intermediate holding company	1,366,989	1,826,683	–
Cash and cash equivalents	77,258	–	–
Available-for-sale financial assets	–	–	76,191,181
	1,444,247	1,826,683	76,191,181

Sensitivity analysis

A 5% strengthening of Singapore dollar as indicated below, against USD, GBP and INR at 31 March would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant as indicated below:

	2017		2016	
	Equity $	Profit or loss $	Equity $	Profit or loss $
USD	–	(73,404)	–	(72,212)
GBP	–	(82,238)	–	(91,334)
INR	(5,078,629)	–	(3,809,559)	–

A 5% weakening of Singapore dollar against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong net assets in order to maximise shareholders value. The Company has determined that it is in a sound capital position given its capital and resources available. The Company monitors the capital requirements to ensure that it is able to support its existing business.

The Company defined "capital" as including all components of equity. The capital structure of the Company consists of equity attributable to owners of the Company, comprising share capital, fair value reserves and retained earnings.

There are no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

Estimation of fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including amounts due from intermediate holding company, cash and cash equivalents, amounts due to related companies and accrued operating expenses) are assumed to approximate their fair values. The carrying values of financial assets and liabilities approximate to their fair values due to the short period to maturity.

Financial instruments by category

Set out below is a comparison by category of carrying amounts of all the Company's financial instruments that are carried in the financial statements.

	Loan and receivables $	Available-for-sale $	Financial liabilities $	Total $
2017				
Financial assets not measured at fair value				
Amounts due from intermediate holding company	3,032,903	–	–	3,032,903
Cash and cash equivalents	57,577	–	–	57,577
	3,090,480	–	–	3,090,480
Financial asset measured at fair value				
Available-for-sale equity securities	–	101,572,589	–	101,572,589
Financial liabilities not measured at fair value				
Accrued operating expenses	–	–	7,546	7,546
Amounts due to related companies	–	–	66,576	66,576
	–	–	74,122	74,122
2016				
Financial assets not measured at fair value				
Amounts due from intermediate holding company	3,171,312	–	–	3,171,312
Cash and cash equivalents	77,260	–	–	77,260
	3,248,572	–	–	3,248,572
Financial asset measured at fair value				
Available-for-sale equity securities	–	76,191,181	–	76,191,181
Financial liabilities not measured at fair value				
Accrued operating expenses	–	–	7,546	7,546
Amounts due to related companies	–	–	85,672	85,672
	–	–	93,218	93,218

13 Contingent liabilities (unsecured)

The assets (except for available-for-sale financial assets) of the Company were pledged to a bank for banking facilities granted to intermediate holding company.