

Eredene Capital Limited

Annual Report and Financial Statements

Year ended 31 March 2018.

Company number 05330839

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Eredene Capital Limited

Annual report and financial statements for the year ended 31 March 2018

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Eredene Capital Limited

Corporate Information

Directors

R Shukla
R D Sellers

Secretary and Registered office

Ocean Dial Asset Management Limited
14 Buckingham Street
London
WC2N 6DF

Investment manager

Ariana Advisers Private Limited
4th Floor, 402A, Poonam Chambers A Wing
Dr. Annie Besant Road
Mumbai 400 018
India

Independent auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Legal advisers

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD

Company number

05330839

Eredene Capital Limited

Strategic Report (including the Investment Manager's report) for the year ended 31 March 2018

The Company

Eredene Capital Limited (the "Company") was registered in England and Wales on 12 January 2005 as a closed-ended investment company listed on AIM of the London Stock Exchange. On 10 December 2014 the Board requested the cancellation of the admission of the Company's ordinary shares for trading on AIM and thereafter re-registered the Company as a private limited company.

At 31 March 2018 the Company had four wholly owned Mauritian holding company subsidiaries, one of which holds Debentures in an investment company sold in 2014 and three of which hold a wholly owned Mauritian investment company subsidiary. One of these held the remaining investment in the Company's portfolio at the year end.

Principal activities, investing policy and future developments

The Company was an equity investor in Indian infrastructure operating companies and held its investments as part of an investment portfolio. Since 2012 the Company has concentrated on extracting maximum value from its investment portfolio and returning cash to shareholders. In accordance with this strategy, the Company's two remaining investments, along with two Mauritian holding company subsidiaries, were sold at fair value in June 2018.

Consequently in July 2018, having sold all the investments in the Company's portfolio and having provided for all contractual liabilities and future commitments, capital totalling £16.9m was returned to shareholders by way of a HMRC approved B Share issue and redemption.

Following this capital return to shareholders, and to minimise future operating costs of the Company, the remaining Mauritian subsidiaries have been put in to members' voluntary liquidation and consequently, subject to the directors being satisfied that no future costs or liabilities of the Company will arise, the directors intend to put the Company into liquidation.

The directors do not expect any further distributions to shareholders prior to, and as a result of, the Company being liquidated.

Review of the business and net asset value

A detailed review of business and the performance of the investment portfolio are provided in the investment manager's report which follows. The net asset value ("NAV") is the only Key Performance Indicator ("KPI") for the business given the company's activities and its strategy of realising assets and returning cash to shareholders.

As at 31 March 2018, the NAV attributable to equity shareholders was £18.4m (2017: £22.0m), representing 8.48p per share (2017: 10.15p per share).

The company's investments are held in Rupees whilst cash balances are held in Sterling. Therefore the 16.5% decrease in the NAV is principally attributable to a 14.1% weakening of the Indian Rupee compared to Sterling over the year from an exchange rate of 80.88 at the beginning of the year to 92.25 at the end of the year.

Principal risks and uncertainties including financial risk management

The execution of the current strategy is subject to a number of risks and uncertainties which include:

- Investment in India is subject to a number of Government rules and regulations governing foreign investment and taxation and changes in those rules may adversely affect the Group's investments. The Group monitors this risk by seeking advice from specialist lawyers and tax advisors in India and by structuring its investments accordingly.
- The Group places its funds with financial institutions and so is exposed to credit risk. The Group manages that risk by placing funds primarily with institutions with a Standard & Poors credit rating of A- or higher or which are Government owned.
- The Group invests in Indian companies and the fair value and held for sale value of those investments is denominated in Indian Rupees. A movement in foreign exchange rates would affect the carrying value of those investments and the unrealised gain or loss.

Eredene Capital Limited

Strategic Report (including the Investment Manager's report) for the year ended 31 March 2018

- The Group's investee companies are, in certain cases, dependent on bank financing and that financing may be difficult to obtain or renew on acceptable commercial terms.
- The Company is subject to the UK Bribery Act 2010 and operates in a jurisdiction which has a higher perceived risk of corruption. The Company has adopted an Anti-Corruption and Bribery policy following consultation with its lawyers and taken appropriate measures to ensure that it has effective procedures in place to prevent corruption and bribery. This policy and the procedures underpinning it have been communicated to all directors, officers, employees and agents of the Company.

The Board will continue to monitor and, where possible, control the risks and uncertainties which could affect the business.

INVESTMENT MANAGER'S REPORT

The strategy of extracting and realising maximum value from the investment portfolio so as to return cash to shareholders has continued, realising a net £8.0m in cash in the financial year from the sale of MJ Logistic Services Limited ("MJ Logistics"), details of which are summarised below in "Sales during the year".

Portfolio summary

At 31 March 2018 two investments were held at fair value in the portfolio:

Contrans Logistics Private Limited ("Contrans") Pipavav CFS in Gujarat in Northwest India and a 128 acre greenfield site at Baroda in central Gujarat have a combined fair value at 31 March 2018 of £4.8m (2017: £6.3m). Pipavav CFS remains operational and profitable and Contrans continues to renew commercial permissions for the land at Baroda. However there has been no interest of substance to separately acquire this land. Consequently the land was sold along with the business in June 2018 which is explained further in this Report.

Aboyne Mauritius Limited ("Aboyne"), which owns real estate projects, Matheran Realty and Gopi Resorts, was sold in July 2014. However, subject to the future profitability of these real estate projects, a further INR200.0m was due to be received for this sale, settled by the redemption of Aboyne's Redeemable Preference Shares (RPSs) which had a redemption date of 18 September 2017. Aboyne failed to redeem these RPSs due to financial difficulties of its real estate projects so these RPSs were swapped for Debentures of the same nominal value. However since this paper swap, the financial difficulties of the real estate projects have worsened resulting in the Debentures being regarded as worthless. The fair value of this investment was £Nil at both 31 March 2018 and all prior year ends since its ownership.

Sales during the year

In February 2018 MJ Logistics, the warehousing and third party logistics business located in the Delhi region, was sold for £9.2m following the investment of a further £1.3m to purchase the 15.3% minority interest not owned by the Company prior to sale. This investment was held at a fair value at 31 March 2017 of £9.5m.

Outlook

In June 2018 Contrans Logistics and its Mauritian holding company were sold for their fair value of £4.8m and Aboyne Mauritius Limited was sold for its nominal fair value. Consequently having sold all the investments in the Company's portfolio and having provided for all contractual liabilities and future commitments, cash totalling £16.9m was returned to shareholders by way of a HMRC approved B Share issue and redemption in July 2018.

Following this capital return to shareholders, and to minimise future operating costs of the Company, the remaining five Mauritian subsidiaries have been put in to members' voluntary liquidation and consequently, subject to the directors being satisfied that no future costs or liabilities of the Company will arise, the directors intend to put the Company into liquidation.

Eredene Capital Limited

Strategic Report (including the Investment Manager's report) for the year ended 31 March 2018

The directors do not expect any further distributions to shareholders prior to, and as a result of, the Company being liquidated.

Approval

This strategic report was approved by the board and signed on its behalf by Robin Sellers, Director, on 4 September 2018.

A handwritten signature in dark ink, appearing to read 'R D Sellers', is written over a light blue horizontal line.

**R D Sellers
Director**

4 September 2018

Eredene Capital Limited

Report of the directors for the year ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Results and dividends

The performance of the Group during the year is discussed in the strategic report (including the investment manager's report) on pages 3 to 5.

The results for the year are set out in the consolidated statement of comprehensive income on page 12. The directors do not recommend the payment of a dividend (2017: Nil).

Directors

R Shukla
R D Sellers

Indemnity provisions for directors

The Articles of Association provide that subject to the provisions of the Companies Acts but without prejudice to any indemnity for which a director may otherwise be entitled, every director or other officer or auditor of the Company, or a director of any associated company, shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or the exercise of his powers or otherwise in relation thereto, including (but without limitation) any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Directors and Officers liability insurance cover is maintained by the Company, at its expense, on behalf of the directors of the Company, its subsidiaries and persons appointed a director of an investee company at the request of the Company.

Employees

The Company and the Group had no employees as at 31 March 2018 as operational and investment management was outsourced to independent specialist managers since December 2013.

Disclosure of the number of employees, including directors, during the year and the remuneration is set out in note 3.

Going concern

The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Eredene Capital Limited

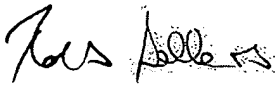
**Report of the directors
for the year ended 31 March 2018**

Statement as to Disclosure of Information to Auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the group's auditors are unaware, and
- the directors have taken all the necessary steps that they ought to have taken as directors in order make themselves aware of all relevant information and to establish that the group's auditors are aware of that information.

By order of the Board



**R D Sellers
Director**

4 September 2018

Eredene Capital Limited

Statement of directors' responsibilities for the year ended 31 March 2018

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and the financial performances and cash flows of the group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether in the preparation of the group financial statements, the group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Eredene Capital Limited

Report of the independent auditors to the members of Eredene Capital Limited

Independent Auditors' Report To The Members of Eredene Capital Limited

We have audited the financial statements of Eredene Capital Limited for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS).;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Eredene Capital Limited

Report of the independent auditors

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 (UK) 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 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 purposes 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.

Eredene Capital Limited

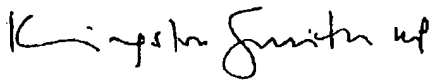
Report of the independent auditors

- 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 auditor's 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 auditor's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Thomas Moore (senior statutory auditor)
For and on behalf of Kingston Smith LLP

4 September 2018

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Eredene Capital Limited

Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

		Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Portfolio return and revenue	Note		
Realised (losses)/profits over fair value on disposal of investments		(1,477)	196
Unrealised adjustments on the revaluation of investments	8	(1,558)	3,714
		(3,035)	3,910
Operating expenses		(595)	(367)
Finance income		4	
(Loss) / Profit before taxation on continuing operations	2	(3,626)	3,543
Taxation		(2)	4
(Loss) / Profit for the year		(3,628)	3,547
Other comprehensive income			
Exchange differences on translating foreign operations			4
Total comprehensive (Loss) / Profit for the period		(3,628)	3,551


The notes on pages 16 to 34 form part of these financial statements.

Eredene Capital Limited

Consolidated Statement of Financial Position at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Non-Current Assets			
Intangible assets	6	-	-
Investments held at fair value	8	-	15,845
			<u>15,845</u>
Current Assets			
Trade and other receivables	9	273	52
Cash and cash equivalents		<u>13,772</u>	<u>6,505</u>
		14,045	6,557
Non-current assets held for sale	10	4,768	-
Total Assets		<u>18,813</u>	<u>22,402</u>
Current Liabilities			
Trade and other payables	11	(139)	(100)
Provisions	13	<u>(310)</u>	<u>(310)</u>
		(449)	(410)
TOTAL NET ASSETS		<u>18,364</u>	<u>21,992</u>
Equity			
Share capital	14	2,166	21,662
Special reserve		53,126	30,676
Capital redemption reserve		-	2,954
Translation reserve		(41)	(41)
Other reserves		997	997
Retained deficit		<u>(37,884)</u>	<u>(34,256)</u>
TOTAL EQUITY		<u>18,364</u>	<u>21,992</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 September 2018.



R D Sellers
Director
Company No. 05330839

The notes on pages 16 to 34 form part of these financial statements.

Eredene Capital Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

	Share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Share holders equity £'000
Year ended 31 March 2018							
As at 1 April 2017	21,662	30,676	2,954	997	(41)	(34,256)	21,992
Loss for the year	-	-	-	-	-	(3,628)	(3,628)
Capital reduction	(19,496)	22,450	(2,954)	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(3,628)	(3,628)
As at 31 March 2018	2,166	53,126	-	997	(41)	(37,884)	18,364
Year ended 31 March 2017							
As at 1 April 2016	21,662	30,676	2,954	997	(45)	(37,803)	18,441
Profit for the year	-	-	-	-	-	3,547	3,547
Other comprehensive income for the year	-	-	-	-	4	-	4
Total comprehensive income for the year	-	-	-	-	4	3,547	3,551
As at 31 March 2017	21,662	30,676	(2,954)	997	(41)	(34,256)	21,992

The notes on pages 16 to 34 form part of these financial statements.

Eredene Capital Limited

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Cash flow from operating activities			
(Loss) / Profit before taxation		(3,626)	3,543
Adjustments for:			
Realised losses/(gains) over fair value on disposal of investments		1,477	(252)
Changes in the fair value of investments		1,558	(3,714)
Increase in trade and other receivables		(221)	(26)
Increase in trade and other payables		37	27
Taxation paid		(2)	4
Net cash used in operating activities		<u>(777)</u>	<u>(418)</u>
Cash flows from investing activities			
Purchase of investments		(1,258)	
Disposal of investments (net of cash)		9,303	5,122
Net cash received from investing activities		<u>8,045</u>	<u>5,122</u>
Cash flows from financing activities			
Net cash used in financing activities			
Net increase in cash and cash equivalents		7,268	4,704
Cash and cash equivalents at the beginning of the period		6,505	1,803
Exchange losses		(1)	(2)
Cash and cash equivalents at the end of the period	17	<u>13,772</u>	<u>6,505</u>

The notes on pages 16 to 34 form part of these financial statements.

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

1. Accounting policies

Eredene Capital Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Group for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

A. Going Concern

The directors have considered the appropriateness of preparing the accounts on a going concern basis in light of the decision to realise the Group's investments in an orderly basis (further details are given in the investment manager's report on page 4). There is no certainty over the timeframe that the investments will be realised and the directors believe that the business will be able to realise its assets and discharge its liabilities in the normal course of business.

The directors therefore consider that the Group has adequate resources to continue in operational existence for the foreseeable future and so it remains appropriate to prepare the financial statements on a going concern basis.

B. Basis of preparation

The financial statements are presented in Sterling, the functional currency of the Company, rounded to the nearest thousand pounds (£000) except where otherwise indicated. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

IFRS In Issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective and in some cases had not yet been adopted by the EU. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'
- Amendments to IAS 7, 'Disclosure Initiative'
- Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the Group in future periods except that IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 is a significant change to lease accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset except short term leases and leases of low value assets. The effect on the group is expected to be £nil.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

1. Accounting Policies (continued)

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities at fair value through profit and loss. Subsidiaries that provide investment related services or engage in permitted investment related activities with investees continue to be consolidated unless they are also investment entities. The criteria which define an investment entity are currently as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Group's annual and interim accounts clearly state its objective of investing directly into portfolio investments for the purpose of generating returns in the form of capital appreciation. The Group has always reported its investment in portfolio investments at fair value. It also produces reports for investors of the funds it manages and its internal management report on a fair value basis.

The Board has concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has also concluded that the Company therefore meets the definition of an investment entity. These conclusions will be reassessed on an annual basis for changes in any of these criteria or characteristics.

Use of estimates and judgements

The preparation of the Group's financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. 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. Actual results may differ from these estimates.

The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements.

Accounting for investments

The most significant estimates relate to the fair valuation of the investment portfolio.

The Group's investments held at fair value through profit or loss are valued based on the International Private Equity and Venture Capital Guidelines. An independent valuer, Bhuta Shah & Co LLP, was engaged to value the investments under those Guidelines. Valuations are made based on market conditions and information about the investment. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g interest rates, volatility and estimated cash flows). See notes 7 and 8 for details of the valuation methodologies employed.

The determination of fair value for an unlisted investment requires the use of estimates and assumptions. 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.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been consistently applied across all Group entities for the purposes of producing these consolidated financial statements.

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

1. Accounting Policies (continued)

C. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Most of the Group's interests in subsidiaries are recognised as fair value through profit or loss, and measured at fair value. Eredene Capital Advisors Private Limited, which provides investment advisory services, is not classified at fair value through profit or loss and continues to be consolidated. The Group also continues to consolidate the holding companies in Mauritius through which the investments are held.

The results for the discontinued operations carried out by group subsidiaries have been presented separately in the consolidated statement of comprehensive income in accordance with IFRS 5.

D. Impairment of intangible assets (including goodwill)

Goodwill is not subject to amortisation but is tested for impairment annually and whenever events or circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows (i.e. cash generating units).

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

1. Accounting Policies (continued)

E. Financial assets

Investments held at fair value through profit or loss

Investments in which the Group has a long-term interest and over whose operating and financial policies it exerts significant influence, but which are held as part of an investment portfolio, the value of which is through their marketable value as part of a basket of investments, are not regarded as joint ventures or associated undertakings. The treatment adopted is in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and the exemptions applying to venture capital organisations in IAS 28 'Investments in Associates' and IAS 31 'Interests in Joint Ventures' and IFRS 11 – "Joint arrangements"

These investments are measured at fair value through profit or loss. Gains and losses arising from changes in the fair value of these investments, including foreign exchange movements, are included in profit or loss for the period.

Unquoted investments are valued using appropriate valuation methodologies, based on the International Private Equity and Venture Capital Guidelines, which reflect the price at which an orderly transaction would take place between knowledgeable and willing market participants.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

In the current year, the controlling stake in Contrans Logistics Private Limited has been reclassified as a non-current asset as it was sold post year end and management had the intention to sell as at 31 March 2018.

Loans and receivables

- Other receivables are recognised and carried at amortised cost less an allowance for any uncollectible amounts. Unless otherwise indicated, the carrying amount of the Group's financial assets are a reasonable approximation to their fair value.
- Cash and cash equivalents comprise cash at bank and in hand and short term deposits of less than three months maturity.

Financial liabilities held at amortised cost

- Trade payables and other payables are recognised and carried at amortised cost and are a short term liability of the Group.

F. Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the reporting date. Any differences are taken to the profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

Eredene Capital Limited
Notes to the Consolidated Financial Statements
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1. Accounting Policies (continued)

On consolidation, the assets and liabilities of the Group's overseas subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and translated to a foreign exchange reserve.

G. Portfolio return and revenue

Change in fair value of equity investments represents revaluation gains and losses on the Group's portfolio of investments.

Dividends receivable from equity shares are included within other portfolio income and recognised on the ex-dividend date or, where no ex-dividend date is quoted, are recognised when the Group's right to receive payment is established.

H. Share-based payments

Where share options were awarded to employees, the fair value of the options at the date of grant was determined using an option pricing model and charged to the profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where equity instruments were granted to persons other than employees, the profit or loss was charged with the fair value of goods and services received. If it was not possible to identify the fair value of these goods or services provided, the profit or loss was charged with the fair value of the options granted.

I. Deferred tax

Deferred tax expected to be payable or recoverable on differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of the transaction, affects neither the taxable profit nor the accounting profit. Deferred tax is calculated at the rates of taxation enacted or substantively enacted at the reporting date.

J. National Insurance on share options

To the extent that the share price at the reporting date is greater than the exercise price on options granted under unapproved schemes, provision for any national insurance contributions has been made based on the prevailing rate of national insurance. The provision is accrued over the performance period attaching to the award.

K. Operating leases

Operating lease rentals are charged to the profit or loss on a straight-line basis over the term of the lease.

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

2. Operating profit

Group operating profit for the year is stated after charging the following:

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Foreign exchange losses	-	4
Auditors' remuneration		
- parent company audit services	17	17
- subsidiary company audit services	10	17

3. Employees

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Staff costs consist of:		
Wages and salaries	20	20
Social security costs		
	<u>20</u>	<u>20</u>

The average number of employees, including directors, employed by the group during the year was:

	Year ended 31 March 2018	Year ended 31 March 2017
Management and administration	<u>1</u>	<u>1</u>

4. Directors' emoluments

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Directors' emoluments	20	61
Social security costs		6
	<u>20</u>	<u>67</u>

The directors are considered to be the key management personnel. The highest paid director's emoluments totalled £20,000 (2017: £20,000).

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

5. Taxation

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Recognised in profit or loss:		
<i>Current tax expense</i>		
Corporate income tax	<u>2</u>	<u>(4)</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to the Group profit before tax. The differences are explained below:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Loss on ordinary activities before tax	<u>(3,626)</u>	<u>3,543</u>
Loss on ordinary activities at the standard rate of Corporation tax in the UK for the period of 19% (2017: 20%)	(689)	532
Effects of:		
Expenses/(income) not deductible for tax purposes	612	(473)
Difference in tax rates for subsidiaries	17	12
Deferred tax asset not recognised	2	12
Tax losses carried forward	56	(63)
Tax charge for period	<u>2</u>	<u>(4)</u>

Deferred tax

No deferred tax asset has been recognised on unutilised taxable losses due to lack of certainty that taxable profits will be available against which deductible temporary differences can be utilised. The unutilised tax losses carried forward, which includes capital losses, are £31.8m (2017: £10.4m).

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

6. Intangible assets

	Acquired Intangible Asset £'000
Year ending 31 March 2018	
Cost	
At 1 April 2017	245
Exchange differences	-
At 31 March 2018	<u>245</u>
Aggregate amortisation and impairment	
At 1 April 2017	245
Amortisation charge for period	-
At 31 March 2018	<u>245</u>
Net book value at 31 March 2018	<u>-</u>
Year ending 31 March 2017	
Cost	
At 1 April 2016	245
Exchange differences	-
At 31 March 2017	<u>245</u>
Aggregate amortisation and impairment	
At 1 April 2016	245
Amortisation charge for period	-
At 31 March 2017	<u>245</u>
Net book value at 31 March 2017	<u>-</u>

Acquired intangible asset

In June 2007 Eredene acquired Aboyne Mauritius Limited for the sum of £245,000. The assets acquired by Eredene were a deal pipeline of potential projects. Previously, the pipeline of investments has been amortised over the period of 10 years. However, in 2014 the Board concluded there was no longer any value in the pipeline and the asset was impaired to £nil.

7. Investment portfolio

In accordance with IFRS 10, the proportion of the investment portfolio held by the Group's unconsolidated subsidiaries is presented as part of 'investments held at fair value through profit and loss'. A reconciliation of the fair value of investments through profit and loss is shown below:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Non-Current		
Opening book value	15,845	4,425
Additions	1,258	-
Disposal	(10,777)	-
Transfer (to) / from assets classified as held for sale	(4,768)	7,706
Fair value movement on investments held at fair value through profit and loss	(1,558)	3,714
Closing book value	<u>-</u>	<u>15,845</u>

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

7. Investment portfolio (continued)

All investments are unquoted investments. The expected holding period of Eredene's investment portfolio is now less than one year based on the new strategy as outlined in the Strategic Report. For this reason the portfolio is classified as a non-current asset held for sale.

Fair value hierarchy

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input decisions	Financial Instruments
Level 1	Quoted prices (unadjusted) from active market	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from price)	
Level 3	Inputs that are not based on observable market data - Unquoted equity instruments and loan instrument	Inputs that are not based on observable market data - Unquoted equity instruments and loan instrument

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement. Further information regarding the valuation of unquoted equity instruments and debt instruments can be found in note 12.

The Group's investment portfolio for equity instruments is classified by the fair value hierarchy as follows:

Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
2017	-	-	15,845	15,845
2018	-	-	-	-

This disclosure only relates to the directly held investment portfolio.

Level 3 fair value reconciliation

All investments held by the Group are unquoted; therefore refer to the table at the start of Note 8 for a reconciliation.

Unquoted investments valued using Level 3 inputs also had the following impact on the Statement of Comprehensive Income; realised losses over value on disposal of investment of £1,477,000 (2017: realised profit of £196,000) and dividend income of £9,140,000 (2017: £5,090,000)

Level 3 inputs are sensitive to assumptions made when ascertaining fair value as described in the Note 8. A reasonable alternative assumption would be to apply a standard marketability discount of 5% less for all assets rather than the current percentages adopted in each case. This would have a positive impact on the directly held unquoted investment portfolio of £nil (2017: £0.5m).

Eredene Capital Limited
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for the year ended 31 March 2018

8. Investments held at fair value through profit or loss

At 31 March 2018 the cost and valuation of the Group's investments was as follows:

	Historical cost at 31/3/17 £'000	Prior periods Fair Value adjustments £'000	Disposals £'000	Fair Value adjustments 1/4/17 – 31/3/18 £'000	Fair value at 31/3/18 £'000
Contrans Logistics	5,687	639	-	(1,558)	4,768
M J Logistics	11,001	(1,482)	(9,519)	-	-

The investment in Contrans Logistics Private Limited has been reclassified from investments held at fair value to assets classified as held for sale on the basis that it was sold in June 2018.

At 31 March 2017 the cost and valuation of the Group's investments was as follows:

	Historical cost at 31/3/16 £'000	Prior periods Fair Value adjustments £'000	Fair Value adjustments 1/4/16 – 31/3/17 £'000	Fair value at 31/3/17 £'000
Contrans Logistics	5,687	(1,262)	1,900	6,325
M J Logistics	11,001	(3,296)	1,814	9,519

The Group's holdings in the above investments are all held by wholly owned intermediate Mauritian registered holding companies.

Valuation policy

The investments were independently valued at 31 March 2018 by Bhuta Shah & Co LLP. The investments are valued using appropriate valuation methodologies, in accordance with the International Private Equity and Venture Capital Guidelines endorsed by the British & European Venture Capital Associations, which reflect the amount for which an asset could be exchanged between knowledgeable, willing parties on an arm's length basis. The companies in which the Group has invested are at various stages of development. The methodology used in the valuation of these investments was Discounted Cash Flow.

Eredene Capital Limited
Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

8. Investments held at fair value through profit and loss (continued)

Bhuta Shah & Co LLP has independently valued investments as explained above. The valuation method has taken into account sales made post year end relating to said investments.

Discounted Cash Flow – this methodology involves deriving the value of a business by calculating the present value of expected future cash flows. The cash flows and the terminal value are those of the underlying business rather than from the investment itself. A suitable discount rate is estimated based on the weighted average cost of capital of the business.

The actual methodologies used varied from investment to investment with the independent valuers applying an appropriate methodology based on the particular circumstances of the underlying business.

The movements in non-current investments were as follows:

	£'000
Carrying value at 1 April 2016	4,425
Fair value adjustment	3,714
Re-categorised from assets held for sale	7,706
Carrying value at 31 March 2017	15,845
Purchases, at cost	1,258
Disposal	(10,777)
Fair value adjustment	(1,558)
Re-categorised as assets held for sale	(4,768)
Carrying value at 31 March 2018	

The table below summarises the valuation methodologies used in relation to each investment:

Investment	Valuation methodology
Contrans Logistic	DCF & land value

Quantitative information of significant unobservable inputs – Level 3

For those investments using the DCF valuation technique the range of unobservable inputs were:

Unobservable input	Lowest rate	Highest rate
Revenue growth	-3%	10%
EBIT margin	19%	37%
Discount rate	16.2%	18.2%
Discount for lack of liquidity	0.0%	15.0%
Terminal growth rate	1.0%	2.0%

Eredene Capital Limited
Notes to the Consolidated Financial Statements
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8. Investments held at fair value through profit and loss (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018 are as shown below:

Input	Sensitivity used	Effect on fair value £'000
Revenue growth	-5%	(20)
EBIT margin	-5%	(136)
Discount for lack of liquidity	-3.2%	(112)

9. Trade and other receivables

	31 March 2018 £'000	31 March 2017 £'000
Amounts falling due within one year:		
Prepayments and accrued income	268	43
Other taxes and social security receivable	5	9
	<u>273</u>	<u>52</u>

10. Assets classified as held for sale

Non-current assets held for sale

	31 March 2018 £'000	31 March 2017 £'000
Investments	<u>4,768</u>	

The investment in Contrans Logistics Private Limited has been reclassified from investments held at fair value on the basis that it was sold in June 2018.

11. Trade and other payables

	31 March 2018 £'000	31 March 2017 £'000
Trade payables		1
Accruals and deferred income	137	99
Corporation tax	2	
	<u>139</u>	<u>100</u>

Eredene Capital Limited
Notes to the Consolidated Financial Statements
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12. Financial instruments and risk management

The Group finances its activities through the cash and short term deposits. Historically, the group cancelled the listing of its ordinary shares on the Alternative Investment Market (AIM) and re-registered the group as a private limited company so as to reduce the group's operating costs. Borrowing has been taken by the Company's Indian subsidiaries however; no debt funding has been taken at the parent company level.

The Group's financial instruments comprise investments held at fair value through profit or loss, cash and cash equivalents and other items such as trade and other payables and receivables which arise from its operations. The Group does not trade in financial instruments. The Group had no hedging transactions outstanding at the period end.

The main type of risk that the Group is exposed to is market risk. Market risk involves the potential for losses and gains and includes price risk, interest rate risk and currency risk.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and increase or decrease debt. The Group only borrows in subsidiaries with no debt held at the parent company level.

The Group has committed to continue this capital management programme through the return of further capital to shareholders whenever appropriate.

Currency risk

The Group is exposed to currency risk as its investment commitments may be denominated in Indian Rupees and may be made in phased stages. The Group may hedge its pending investment commitments for commercial reasons, and not for accounting purposes, when it has reasonable certainty of the timing and quantum of the transfer and where it considers hedging is appropriate.

The Group's investments are held in the accounts at fair value and that fair value was determined by Bhuta Shah & Co as part of an independent fair valuation exercise. The value of the investments was estimated in Indian Rupees as all the Group's investee companies operate in India. A 5% adverse change in the Pound Sterling/Indian Rupee exchange rate at year end would have led to an unrealised fair value loss of £0.2m (2017: increase in loss of £0.8m).

Eredene Capital Limited
Notes to the Consolidated Financial Statements
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12. Financial instruments and risk management (continued)

The Group has financial assets and liabilities denominated in Sterling and Indian Rupees.

	UK Sterling £'000	Indian Rupees £'000
At 31 March 2018		
Financial assets		
Fair value through profit or loss		
Investments held at fair value through profit or loss	-	-
Assets Classified as held for sale	-	4,478
Loans and receivables		
Cash and cash equivalents	13,772	-
Other receivables due in less than one year	273	-
	<u>14,045</u>	<u>4,778</u>
At 31 March 2017		
Financial assets		
Fair value through profit or loss		
Investments held at fair value through profit or loss	-	15,845
Assets classified as held for sale	-	-
Loans and receivables		
Cash and cash equivalents	6,490	15
Other receivables due in less than one year	-	52
	<u>6,490</u>	<u>15,912</u>
At 31 March 2018		
	UK Sterling £'000	Indian Rupees £'000
Financial liabilities held at amortised cost		
Trade payables	-	-
Other payables	-	-
Accruals	137	-
	<u>137</u>	<u>-</u>
At 31 March 2017		
Financial liabilities held at amortised cost		
Trade payables	-	-
Other payables	-	-
Accruals	52	48
	<u>52</u>	<u>48</u>

Credit risk

Credit risk is managed through the Company and its direct subsidiaries depositing funds primarily with banks with a Standard & Poor's rating of A- or higher or which are government owned. Where a bank's credit rating is reduced to less than A- then the Company will seek to move funds from that bank as term deposits expire. At 31 March 2018, 99% of the Group's cash balances were placed with entities with a credit rating of A- or higher or which are Government owned (31 March 2017: 99%).

Eredene Capital Limited
Notes to the Consolidated Financial Statements
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12. Financial instruments and risk management (continued)

The Group's Indian subsidiary places funds with Indian banks whose credit rating may be less than A-

	31 March 2018 £'000	31 March 2017 £'000
Cash at bank and bank term deposits		
Standard & Poors credit rating		
AA or AA-		15
Government owned	13,671	6,448
Not S&P rated	101	42
Total	13,772	6,505

Price risk

The Group has invested in unquoted Indian companies. Those investments are held at fair value and the value of those investments may be affected by market conditions. Management continues to monitor this risk. A 10% fall in the value of these investments would have increased the loss for the period by £0.5 (2017: £1.6m).

Liquidity risk

As the Group is primarily equity funded and has high cash reserves, liquidity risk is deemed to be low.

Maturity of undiscounted financial liabilities	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000
At 31 March 2018				
Trade payables				
Accruals	137			
	137			
At 31 March 2017				
Trade payables	1			
Other payables				
Accruals	99			
	100			

Eredene Capital Limited
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12. Financial instruments and risk management (continued)

Interest rate risk

	Non-interest bearing financial assets £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000
At 31 March 2018			
Investments held at fair value through profit or loss	-	-	-
Assets classified as held for sale	4,768	-	-
Other receivables due in more than one year	-	-	-
Cash and cash equivalents	-	13,772	-
Other receivables due in less than one year	273	-	-
	<u>5,041</u>	<u>13,772</u>	<u>-</u>
At 31 March 2017			
Investments held at fair value through profit or loss	15,845	-	-
Assets classified as held for sale	-	-	-
Cash and cash equivalents	-	6,505	-
Other receivables due in less than one year	273	-	-
	<u>15,897</u>	<u>6,505</u>	<u>-</u>

The Group has financial liabilities in the form of non-interest bearing trade payables, other payables and accruals.

	Non-interest bearing financial liabilities £'000	Floating - rate financial liabilities £'000	Fixed rate financial liabilities £'000
At 31 March 2018			
Trade payables	-	-	-
Other payables	-	-	-
Accruals	137	-	-
	<u>137</u>	<u>-</u>	<u>-</u>
At 31 March 2017			
Trade payables	1	-	-
Other payables	-	-	-
Accruals	99	-	-
	<u>100</u>	<u>-</u>	<u>-</u>

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13. Provision for liabilities

	31 March 2018 £'000	31 March 2017 £'000
<i>Current</i>		
At beginning of period	310	310
Charged to profit or loss	-	-
Utilised during period	-	-
At end of period	<u>310</u>	<u>310</u>

The Company has provided for its estimated £310,000 share of the remaining net liabilities and winding up costs of its investee company, Bay of Bengal Gateway Terminal Pvt Ltd.

There was no provision for National Insurance on share options as the share price at 31 March 2018 was less than the lowest share option exercise price. The eventual liability to National Insurance on share options is dependent on the following factors:

- the market price of the Company's shares at the date of exercise;
- the number of options that will be exercised; and
- the prevailing rate of National Insurance at the date of exercise.

14. Called up share capital

	31 March 2018 £'000	31 March 2017 £'000
<i>Allotted, called up and fully paid</i>		
216,617,465 (2017: 216,617,465 ordinary shares of 10p each) ordinary shares of 1p each	2,166	21,662

On 1 February 2018, the share capital of the company was reduced by £19,495,572 from £21,661,747 to £2,166,175 by cancelling and extinguishing capital to the extent of 9p on each issued fully paid up ordinary share of 10p.

Eredene Capital Limited
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15. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium account - the share premium account arose on the issue of shares by the Company at a premium to their nominal value. Expenses of share issues are charged to this reserve.

Special reserve account - the special reserve account was created on the cancellation of the then share premium account balance in July 2007. The Company is able to use the special reserve account to make market purchases of its own shares as undertaken in February 2018.

Capital redemption reserve - the capital redemption reserve was created on the cancellation of the shares purchased in the August 2012, October 2013 and December 2014 tender offers.

Retained earnings - the retained earnings represents cumulative net gains and losses recognised in the Group Income Statement.

Other reserves - represents the cumulative movement in share options.

Foreign exchange reserve - arises on the consolidation of subsidiaries that do not prepare their financial statement in the Company's functional currency.

16. Share based payment

Eredene Capital Limited has issued share options under individual option agreements and under an HMRC approved scheme.

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of period	21.4p	8,181,133	21.4p	19,429,465
Options lapsing during the period			21.4p	(11,248,332)
Outstanding at the end of the period	21.4p	8,181,133	21.4p	8,181,133

Eredene Capital Limited
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16. Share based payment (continued)

The following options were outstanding at 31 March 2018.

Date of grant	Exercise price	Exercisable in full from	Expiry Date	Number of options outstanding
<i>Individual Option Agreements</i>				
23 June 2008	19.25p	23/6/11	23/6/18	6,500,000
29 April 2009	13.5p	See below	29/4/19	1,681,133
				<u>8,181,133</u>

The options issued on 29 April 2009 become exercisable in respect of one third of the ordinary shares over which they are granted on the first, second and third anniversary of 29 April 2009. The first two tranches have vested and the third tranche will vest if the Company's share price reaches 18p per share.

Both sets of options will become exercisable in full in the event of an offer for the Company becoming unconditional in all respects.

The weighted average remaining contractual life of options outstanding at the end of the period was zero years (2017: one year).

Of the total number of options outstanding at the end of the period 8,181,133 (2017: 8,181,133) had vested and were exercisable at the end of the period. No share options were exercised or granted during the period (2017: None).

17. Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:	2018 £'000	2017 £'000
Cash available on demand	<u>13,772</u>	<u>6,505</u>

18. Related party transactions

Ocean Dial Asset Management Limited (ODAM), the company secretary, charged the group administration fees of £12,000 (2017: Investment management fee of £207,498) during the year. At the reporting date a balance of £1,000 was payable to ODA (2017: £nil).

19. Ultimate parent undertaking and controlling party

As at 31 March 2018 the immediate controlling company was Eden Investment Holdings Pte. Limited, a company registered in Singapore. There is no single controlling party.

20. Post balance sheet events

On 4 June 2018, Pipavav Mauritius Holding Limited sold its shares in Pipavav Mauritius Limited for consideration of £2,608,367 to Raju Shukla, a director of the company.

On 28 June 2018, 1,689,616,227 redeemable preference B shares of £0.01 were issued at par value. These shares were redeemed on the same day.

On 12 July 2018, the share capital of the company was reduced from £2,166,175 to £21,662 by cancelling and extinguishing capital to the extent of £0.0099 on each issued fully paid up ordinary share of £0.01.

On 13 July 2018, 216,617,465 redeemable preference B shares of £0.01 were issued at par value. These shares were redeemed on the same day.

Eredene Capital Limited

Eredene Capital Limited

Annual report for the company

Year ended 31 March 2018

Eredene Capital Limited

Report of the independent auditors to the members of Eredene Capital Limited

We have audited the financial statements of Eredene Capital Limited for the year ended 31 March 2018 which comprise the Parent Company Balance Sheet and Parent Company Statement of Changes in Equity and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS);
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Eredene Capital Limited

Report of the independent auditors to the members of Eredene Capital Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 (UK) 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 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 purposes of expressing an opinion on the effectiveness of the company's internal control.
-

Eredene Capital Limited

Report of the Independent auditors to the members of Eredene Capital Limited

- 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 auditor's 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 auditor's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Thomas Moore (senior statutory auditor)
For and on behalf of Kingston Smith LLP

4 September 2018

Chartered Accountants
Statutory Auditor

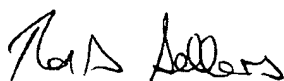
Devonshire House
60 Goswell Road
London
EC1M 7AD

Eredene Capital Limited

Report of the independent auditors to the members of Eredene Capital Limited

	Note	31 March 2018 £'000	31 March 2017 £'000
Fixed assets			
Investments	3	4,778	15,886
		<u>4,778</u>	<u>15,886</u>
Current assets			
Debtors	4	267	10
Cash at bank and in hand		13,672	6,448
		<u>13,672</u>	<u>6,458</u>
Creditors: amounts falling due within one year	5	(93)	(41)
Net current assets		<u>13,846</u>	<u>6,417</u>
Total assets less current liabilities		18,624	22,303
Provisions	6	(310)	(310)
Net assets		<u>18,314</u>	<u>21,993</u>
Capital and reserves			
Share capital	7	2,166	21,662
Special reserve		53,127	30,677
Capital redemption reserve			2,954
Profit and loss account		(36,979)	(33,300)
Shareholders' funds		<u>18,314</u>	<u>21,993</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 September 2018.



R D Sellers
Director

Company No. 05330839

The notes on pages 41 to 45 form part of these financial statements.

Eredene Capital Limited

Statement of Changes in Equity for the year ended 31 March 2018

	Share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Retained deficit £'000	Share holders equity £'000
Year ended 31 March 2017					
As at 1 April 2016	21,662	30,677	2,954	(36,851)	18,442
Profit for the year	-	-	-	3,551	3,551
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,551	3,551
As at 31 March 2017	21,662	30,677	2,954	(33,330)	21,993
Year ended 31 March 2018					
As at 1 April 2017	21,662	30,677	2,954	(33,300)	21,993
Loss for the year	-	-	-	(3,679)	(3,679)
Capital reduction	(19,496)	22,450	(2,954)	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,679)	(3,679)
As at 31 March 2018	2,166	53,127	-	(36,979)	18,314

The notes on pages 41 to 45 form part of these financial statements.

Eredene Capital Limited

Notes forming part of the Eredene Capital Limited company financial statements for the year ended 31 March 2018

1. Accounting policies

The following principal accounting policies have been applied:

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions under the provisions of FRS 102:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to prepare a statement of cash flows on the basis that the Company is a qualifying entity and the Company's cash flows is included in the consolidated financial statements.
- From disclosing the Company key management personnel compensation, as required by paragraph 33.7.

Going concern

The directors have considered the appropriateness of preparing the accounts on a going concern basis in light of the decision to realise the Group's investments in an orderly basis (further details are given in the investment manager's report on page 4). There is no certainty over the timeframe that the investments will be realised and the directors believe that the business will be able to realise its assets and discharge its liabilities in the normal course of business.

The directors therefore consider that the Group has adequate resources to continue in operational existence for the foreseeable future and so it remains appropriate to prepare the financial statements on a going concern basis.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Eredene Capital Limited

Notes forming part of the Eredene Capital Limited company financial statements for the year ended 31 March 2018

1. Accounting policies (continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Eredene Capital Limited

Notes forming part of the Eredene Capital Limited company financial statements for the year ended 31 March 2018

1. Accounting policies (continued)

Share-based payments

Where share options were awarded to employees, the fair value of the options at the date of grant was charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where equity instruments were granted to persons other than employees, the profit and loss account was charged with fair value of goods and services received. If it was not possible to identify the fair value of these goods or services provided, the profit and loss account was charged with the fair value of the options granted.

The charge for share-based payments is calculated in accordance with the analysis described in note 16 to the Group financial statements. The option valuation model used requires highly subjective assumptions to be made including expected volatility, dividend yields, risk-free interest rates and expected staff turnover. The directors draw on a variety of external sources to aid in the determination of the appropriate data to use in such calculations.

National Insurance on share options

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

Related party disclosures

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with other group companies.

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Carrying value of fixed asset investments

The Company carries its investments in subsidiaries at cost less provision for impairment.

2. Loss for the financial period

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its profit and loss account in these financial statements. The loss for the year dealt with in the profit and loss account of the Company was £3.68m (2017: profit of £3.55m).

Eredene Capital Limited

**Notes forming part of the Eredene Capital Limited company financial statements
for the year ended 31 March 2018**

3. Fixed asset Investments

The Company had the following principal and indirect subsidiaries during the period:

	Country of Incorporation	Registered office	Class of shares held	Ownership 2018	2017
Aboyne Mauritius Holding Ltd*	Mauritius		Ordinary	100%	100%
Bandra Mauritius Holding Ltd*	Mauritius		Ordinary	100%	100%
Bandra Mauritius Ltd*	Mauritius		Ordinary	100%	100%
Coloba Mauritius Holding Ltd*	Mauritius		Ordinary	-	100%
Coloba Mauritius Ltd*	Mauritius		Ordinary	-	100%
Ennore Mauritius Holding Ltd*	Mauritius	*19, Church Street, Port Louis, Republic of Mauritius	Ordinary	-	100%
Ennore Mauritius Ltd*	Mauritius		Ordinary	-	100%
Haldia Mauritius Holding Ltd*	Mauritius		Ordinary	-	100%
Haldia Mauritius Ltd*	Mauritius		Ordinary	-	100%
Juhu Mauritius Holding Ltd*	Mauritius		Ordinary	100%	100%
Juhu Mauritius Ltd*	Mauritius		Ordinary	100%	100%
Pipavav Mauritius Holding Ltd*	Mauritius		Ordinary	100%	100%
Pipavav Mauritius Ltd*	Mauritius		Ordinary	100%	100%
Eredene Capital Advisors Pvt Ltd	India	702/A Chandrakant Residency, Padmavati Nagar 150ft Road, Bhayander West, Thane 4001101	Ordinary	100%	100%

All of the above subsidiaries are investment holding companies except for Eredene Capital Advisors Pvt Ltd that provides support services to other group companies in Mauritius in respect of their investments in India. The Mauritian subsidiaries no longer held at 31 March 2018 were liquidated during the year, and Eredene Capital Advisors Pvt Ltd was put into liquidation during the period, and the gain on disposal of these subsidiaries of £93,000 is recognised in the Consolidated Statement of Comprehensive Income.

Total investment in subsidiaries	2018	2017
	£'000	£'000
At beginning of period	15,886	17,064
Additions	1,335	83
Disposals	(16)	(4,554)
Fair value movement on investments held at fair value through the profit and loss	(12,427)	3,293
At end of period	4,778	15,886

Eredene Capital Limited

Notes forming part of the Eredene Capital Limited company financial statements
for the year ended 31 March 2018

4. Debtors

	31 March 2018 £'000	31 March 2017 £'000
Other debtors due within one year	5	10
Prepayments	262	-
	<u>267</u>	<u>10</u>

5. Creditors: amounts falling due within one year

	31 March 2018 £'000	31 March 2017 £'000
Accruals and deferred income	93	41
	<u>93</u>	<u>41</u>

6. Provision for liabilities

	31 March 2018 £'000	31 March 2017 £'000
At beginning of period	310	310
Released in period	-	-
At end of period	<u>310</u>	<u>310</u>

The Company has provided for its estimated £310,000 share of the remaining net liabilities and winding up costs of its former investee company, Bay of Bengal Gateway Terminal Pvt Ltd.

There was no provision for National Insurance on share options at the period end as the share price at 31 March 2018 was less than the lowest share option exercise price. The eventual liability to National Insurance on share options is dependent on the following factors:

- the market price of the Company's shares at the date of exercise;
- the number of options that will be exercised; and
- the prevailing rate of National Insurance at the date of exercise.

7. Share capital

Details of the share capital of the Company are included in note 14 to the consolidated financial statements.

8. Related party transactions

Details of the Company's related party transactions are included in note 18 to the Group financial statements.

9. Control

As at 31 March 2018 the immediate controlling company was Eden Investment Holdings Pte. Limited, a company registered in Singapore. There is no single controlling party.