

CDC India Opportunities Limited Annual Accounts

Year ended 31 December 2018

Company Number: 08523625



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Directors' report

The Directors are pleased to present their report together with the financial statements of the Company for the period ended 31 December 2018.

Directors

Clive MacTavish
Jane Earl
John Diess

Appointed 28 April 2016
Appointed 19 June 2017
Appointed 14 July 2015, resigned 30 November 2018

The Company's articles of association provide that one third of the Directors retire by rotation at each annual general meeting. The Director retiring by rotation at the forthcoming annual general meeting is Clive MacTavish. Being eligible, Clive MacTavish offers himself for re-election

Principal activity

The principal activity of the Company is that of an investment company, investing in emerging markets.

Business and performance review

The Company recorded a net loss of US\$8,494,498 for the year ended 31 December 2018 (2017: restated net loss US\$8,422,771). The net asset value of the Company was US\$3,599,895 at 31 December 2018 (restated 2017: US\$12,094,393).

Financial statements

The Statement of Directors' Responsibilities is shown separately.

Notes 13 and 14 to the financial statements includes the Company's policies and processes for managing its financial risk, details of its financial instruments and hedging activities and its exposures to credit and liquidity risk. The Directors believe that the Company is well placed to manage its business risks successfully.

During 2018, it was identified that the fair value of one of the equity investments was overstated. This has been corrected by restating each of the affected financial statement items for prior periods. Refer to Note 18 to the financial statements for full details.

Principal risks

The Company invests in developing countries. The Company values its portfolio according to the valuation methodology described in note 16 to the accounts. Investments are valued at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Valuation risks are mitigated by comprehensive reviews of the application of the valuation methodology.

Other information

So far as each Director is aware at the date of approval of this report, there is no relevant audit information of which the Company's auditor is unaware and each Director confirms that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Appointment of auditor

Following an audit tender, the Board recommended that Deloitte be appointed as auditor in succession to KPMG LLP who will be retiring as the Company's auditor at the annual general meeting. In accordance with Section 489 of the Companies Act 2006, a resolution proposing the appointment of Deloitte as the Company's auditor will be put to members at the forthcoming annual general meeting.

On behalf of the Board



Clive MacTavish
Director
18 June 2019

Statement of Directors' Responsibilities

in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of CDC India Opportunities Limited

Opinion

We have audited the financial statements of CDC India Opportunities Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity, and related notes, including the accounting policies in note 16.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as valuation of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

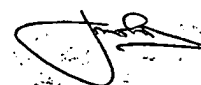
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
E14 5GL
18 June 2019

Statement of Financial Position

	Notes	31 December 2018 US\$	Restated* 31 December 2017 US\$	Restated* 1 January 2017 US\$
Assets				
Non-current assets				
Equity investments	2	63,339,067	67,824,650	43,979,696
Forward foreign exchange contracts		-	-	572,474
		63,339,067	67,824,650	44,552,170
Current assets				
Cash and cash equivalents	3	158,290	54,773	56,947
Forward foreign exchange contracts	5	-	2,109,816	107,112
		158,290	2,164,589	164,059
Total assets		63,497,357	69,989,239	44,716,229
Equity and liabilities				
Shareholders' equity				
Issued capital	4	17,736,000	17,736,000	11,336,000
Accumulated deficit		(14,136,105)	(5,641,607)	2,781,164
		3,599,895	12,094,393	14,117,164
Non-current liabilities				
Amounts due to parent company	10	41,380,000	41,380,000	26,380,000
Deferred tax liability		1,876,236	1,429,801	601,701
Forward foreign exchange contracts	5	-	-	1,033,244
		43,256,236	42,809,801	28,014,945
Current liabilities				
Amounts due to parent company	10	12,280,236	11,321,905	2,524,072
Forward foreign exchange contracts	5	4,350,649	3,752,349	50,060
Other payables	11	10,341	10,791	9,988
		16,641,226	15,085,045	2,584,120
Total liabilities		59,897,462	57,894,846	30,599,065
Total equity and liabilities		63,497,357	69,989,239	44,716,229

*Refer to Note 18

The Company registration number is 08523625.

Notes 1 to 18 form part of the financial statements.

The accounts were approved by the members of the Board on 18 June 2019 and were signed on their behalf by:



Clive MacTavish
Director

Statement of Comprehensive Income

For the 12 months to 31 December

	Notes	2018 Total US\$	Restated* 2017 Total US\$
Investment income		73,500	48,678
Fair value (losses)/gains	2	(4,485,583)	2,457,890
Administration fee		(1,613,428)	(1,098,557)
Administrative and other expenses	8	(16,256)	(13,231)
		(6,115,267)	1,346,102
(Loss)/profit from operations before tax and finance costs		(6,041,767)	1,394,780
Finance costs	9	(4,239,171)	(2,924,767)
Net foreign exchange differences	6	2,232,875	(6,064,684)
Loss from operations before tax		(8,048,063)	(7,594,671)
Income tax expense	7	(446,435)	(828,100)
Total comprehensive loss for the year		(8,494,498)	(8,422,771)

*Refer to Note 18

Notes 1 to 18 form part of the financial statements.

Statement of Cash Flows

For the 12 months to 31 December

	Notes	2018 US\$	Restated 2017 US\$
Cash flows from operating activities			
Loss from operations before tax		(8,048,063)	(7,594,671)
Finance costs		4,239,171	2,924,767
Change in value of equity investments	2	4,485,583	(2,457,890)
Foreign exchange movements		331	51,548
(Profit)/loss from operations before changes in working capital		677,022	(7,076,246)
Increase/(decrease) in amounts due to parent company		(3,280,840)	5,873,066
Increase/(decrease) in other payables		(450)	803
Increase/(decrease) in derivative financial instruments		2,708,116	1,238,815
Cash flows from operating activities		103,848	36,438
Cash flows from investing activities			
Acquisition of equity investments	2	-	(21,387,064)
Cash flows from investing activities		-	(21,387,064)
Cash flows from financing activities			
Loan advances from the parent company		-	15,000,000
Issue of share capital	4	-	6,400,000
Cash flows from financing activities		-	21,400,000
Net increase in cash and cash equivalents		103,848	49,374
Cash and cash equivalents at 1 January		54,773	56,947
Effect of exchange rate fluctuations on cash held		(331)	(51,548)
Cash and cash equivalents at 31 December		158,290	54,773

Notes 1 to 18 form part of the financial statements.

Statement of Changes in Equity

	Share capital US\$	Retained earnings/ (Accumulated deficit) US\$	Total US\$
At 1 January 2017	11,336,000	11,983,552	23,319,552
Correction of an error related to prior periods (note 18)	-	(9,202,388)	(9,202,388)
Restated at 1 January 2017	11,336,000	2,781,164	14,117,164
Changes in equity for 2017			
Total comprehensive loss for the year as restated	-	(8,422,771)	(8,422,771)
Issue of ordinary shares	6,400,000	-	6,400,000
Restated at 31 December 2017	17,736,000	(5,641,607)	12,094,393
Changes in equity for 2018			
Total comprehensive loss for the year	-	(8,494,498)	(8,494,498)
At 31 December 2018	17,736,000	(14,136,105)	3,599,895

Notes 1 to 18 form part of the financial statements.

Notes to the Accounts

1. Corporate information and accounts preparation

Corporate information

The financial statements of CDC India Opportunities Limited (the Company) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 18 June 2019. CDC India Opportunities Limited is a limited company incorporated in England and Wales. It is a wholly owned subsidiary of CDC Group plc, a public limited company incorporated in England and Wales. The Company's registered office is located at Level 1, 123 Victoria Street, London SW1E 6DE, England.

The principal activity of the Company is that of an investment company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and as adopted by the EU.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other financial instruments that have been presented and measured at fair value in accordance with relevant accounting standards.

Notwithstanding net current liabilities of US\$16,482,936 as at 31 December 2018 and a loss for the year then ended of US\$8,494,498, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The parent company has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, CDC Group plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on CDC Group plc not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to US\$53,660,236, and providing additional financial support during that period. CDC Group plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The financial statements are presented US dollars, which is also the Company's functional currency. Assets and liabilities are retranslated at spot rates at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of assets and liabilities denominated in foreign currencies at the yearend exchange rate are recognised in the statement of comprehensive income.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. The area on which the most significant estimates and judgements are made is on the fair value of equity investments. The Company's fair value methodology for equity investments is disclosed in note 16.

CDC has applied IFRS 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of this new accounting standards are described in note 17.

Certain comparative amounts in the financial statements have been restated as a result of a correction of a prior-period error (see Note 18).

A summary of other significant accounting policies can be found in note 16.

Notes to the Accounts

Continued

2. Equity investments

	2018 Listed Shares US\$	2018 Unlisted Shares US\$	2018 Total US\$	Restated 2017 Listed Shares US\$	Restated 2017 Unlisted Shares US\$	Restated 2017 Total US\$
At 1 January, at fair value (restated)	20,377,818	47,446,832	67,824,650	21,977,534	22,002,162	43,979,696
Additions	-	-	-	-	21,387,064	21,387,064
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
(Decrease)/increase in fair value for the year	(8,153,769)	3,668,186	(4,485,583)	(1,599,716)	4,057,606	2,457,890
At 31 December, at fair value	12,224,049	51,115,018	63,339,067	20,377,818	47,446,832	67,824,650

Listed shares represent Level 1 of the fair value hierarchy. Unlisted shares are included within Level 3 of the fair value hierarchy. The Company holds no Level 2 investments. There have been nil (2017: nil) transfers from Level 3 (unlisted shares) to Level 1 (listed shares) during the year.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Company's fair value methodology for equity investments is disclosed in note 16.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

Level 3 valuations are reviewed on a quarterly basis by the valuation committee who report to the Board of Directors on a quarterly basis. The committee considers the appropriateness of the valuation model inputs, as well as the valuation results, using various valuation methods and techniques generally recognised as standard within the industry.

Level 3 equity investments amount to US\$51,115,018 and consist of private equity positions. Direct equity investments which are valued based on unobservable inputs are included in Level 3. The valuation techniques that require significant unobservable inputs are the comparable trading multiples.

Trading Multiples

US\$51,115,018 of the Company's portfolio is valued using comparable trading multiples. Management determines comparable public companies (peers) based on industry, size, developmental stage and strategy. Management then calculates a trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by either its earnings before interest, taxes, depreciation and amortisation (EBITDA) or book value. The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies based on company-specific facts and circumstances.

Description	Fair value at 31 Dec 2018 US\$m	Valuation Technique	Unobservable Inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in Valuation US\$m
Global Equity Securities	51.1	Comparable trading multiples	EBITDA multiple	19.3	10%	2.0
			Discount to multiple	15%	10%	3.0

The fair value hierarchy also applies to forward foreign exchange contracts, see note 5 for further details.

3. Cash and cash equivalents

	2018 US\$	2017 US\$
Cash at bank and in hand	158,290	54,773
Total cash and cash equivalents	158,290	54,773

Cash at bank and in hand earns no interest. The fair value of cash and cash equivalents is US\$158,290 (2017: US\$54,773).

Notes to the Accounts

Continued

4. Issued capital

	2018		2017	
	No. of shares		No. of shares	
Authorised				
Ordinary shares of US\$1 each	16,000		16,000	
Class A ordinary shares of US\$10,000 each	3,000		3,000	

	2018	2018	2017	2017
	No. of shares	US\$	No. of shares	US\$
Allotted, called up and fully paid Class A Ordinary shares				
At 1 January, Ordinary shares of US\$10,000 each	1,772	17,720,000	1,132	11,320,000
Issued Ordinary shares of US\$10,000 each	-	-	640	6,400,000
At 31 December, Ordinary shares of US\$10,000 each	1,772	17,720,000	1,772	17,720,000

	2018	2018	2017	2017
	No. of shares	US\$	No. of shares	US\$
Allotted, called up and fully paid ordinary shares				
At 1 January, Class A ordinary shares of US\$1 each	16,000	16,000	16,000	16,000
Issued Class A ordinary shares of US\$1 each	-	-	-	-
At 31 December, Class A ordinary shares of US\$1 each	16,000	16,000	16,000	16,000

5. Forward foreign exchange contracts ('FFEC')

Forward foreign exchange contracts (non-current) with parent company comprises:

	2018	2017
	US\$	US\$
Gross foreign exchange contracts in profit	-	2,109,816
Gross foreign exchange contracts in loss	(4,350,649)	(3,752,349)
Total forward foreign exchange contracts	(4,350,649)	(1,642,533)

In the statement of financial position, these are analysed as follows:

	2018	2017
	US\$	US\$
Current assets	-	2,109,816
Current liabilities	(4,350,649)	(3,752,349)
Total forward foreign exchange contracts	(4,350,649)	(1,642,533)

In accordance with the fair value hierarchy described in note 2, forward foreign exchange contracts are measured using Level 2 inputs.

The Company's US Dollar denominated contracts with parent company comprise:

	2018	2018	2018	2017	2017	2017
	Foreign	Average		Foreign	Average	
	currency	spot price	US\$	currency	spot price	US\$
	in millions			in millions		
Foreign currency						
Indian rupee	6,403.0	72.69833	88,076,297	3,709.0	63.18723	58,698,571

Gains or losses arising from the movement in fair value of this FFEC are taken to the statement of comprehensive income.

6. Net foreign exchange differences

	2018	2017
	US\$	US\$
Exchange losses arising on forward foreign exchange contracts	2,233,206	(6,013,044)
Exchange losses arising on cash and cash equivalents	(331)	(51,548)
Other exchange differences	-	(92)
Total net foreign exchange differences	2,232,875	(6,064,684)

Notes to the Accounts

Continued

7. Income tax expense

	2018 US\$	Restated 2017 US\$
Deferred tax charge	446,435	828,100
Total income tax expense per the statement of comprehensive income	446,435	828,100

The UK Corporation tax rate is reconciled to the effective tax rate for the year as follows:

	2018 %	Restated 2017 %
UK Corporation rate	19.0	19.3
Effect of current year losses for which no deferred tax assets has been recognised	-	(19.3)
Non-taxable fair value adjustment	(10.6)	-
Effect of overseas taxation	(5.5)	7.7
Effect of non-taxable dividends	0.2	-
Effect of non-deductible expenses	(3.8)	-
Effect of UK transfer pricing adjustment	(7.4)	-
Effect of prior year unrecognised losses	2.6	-
Effect of derecognition of previously unrecognised losses	-	(19.0)
Adjustment in respect of prior year	-	0.4
Effective tax rate for the year	(5.5)	(10.9)

8. Administrative and other expenses

	2018 US\$	2017 US\$
Auditor remuneration	10,324	13,152
Other expenses	5,932	79
Total administrative and other expenses	16,256	13,231

9. Finance costs

	2018 US\$	2017 US\$
Loan interest payable to CDC Group plc	4,195,472	2,811,889
Loan commitment fee payable to CDC Group plc	43,699	112,878
Total finance costs	4,239,171	2,924,767

10. Amounts due to parent company

	2018 US\$	2017 US\$
Loan due to CDC Group plc	41,380,000	41,380,000
Current account payable to CDC Group plc	3,707,625	6,988,465
Loan interest and commitment fees due to CDC Group plc	8,572,611	4,333,440
Total amounts due to parent company	53,660,236	52,701,905

11. Other payables

	2018 US\$	2017 US\$
Other payables	10,341	10,791
Total other payables	10,341	10,791

Notes to the Accounts

Continued

12. Related party transactions

During the year, the Company entered into transactions with its parent company, all of which were carried out on an arm's length basis.

The transactions entered into and trading balances outstanding at 31 December were as follows:

	2018 US\$	2017 US\$
Statement of comprehensive income		
Finance cost	(4,239,171)	(2,924,767)
Administration fee	(1,613,428)	(1,098,557)
Statement of financial position		
Forward foreign exchange contracts	(4,350,649)	(1,642,533)
Amounts due to parent company	(53,660,236)	(52,701,905)

Included in the amounts due to the parent company was an inter-group loan of US\$41,380,000 (2017: US\$41,380,000) which attracts a 10% interest rate charge due semi-annually to the parent company. The total size of the inter-group loan facility is US\$50,000,000 (2017: US\$50,000,000).

13. Financial instruments

The Company's principal financial assets (as defined in IFRS 7) comprise cash, equity investments and foreign exchange contracts. For the purposes of this note, the disclosure on financial assets has been split between these asset classes in order to give more meaningful information. Financial liabilities comprise amounts due to parent company and foreign exchange contracts.

Interest rate exposures

	Fixed rate US\$	Floating rate US\$	No interest US\$	Total US\$	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
Financial assets: Cash							
2018	-	-	158,290	158,290	-	-	*
2017	-	-	54,773	54,773	-	-	*

* The Company's no interest cash is repayable on demand.

Currency exposures

The tables below show the Company's currency exposures that give rise to exchange rate gains and losses that are recognised in the statement of comprehensive income. Such exposures comprise those monetary assets and liabilities that are not denominated in the Company's functional currency. In order to protect the Company's US dollar statement of financial position and reduce cash flow risk, the Company uses forward foreign exchange contracts to hedge foreign exposures.

The following table shows the Company's foreign currency denominated cash balances:

Functional currency	2018 US\$	2017 US\$
Indian rupee	4,352	4,731
Total	4,352	4,731

The following table shows the functional currency of the Company's equity investments:

Functional currency	2018 Listed Shares US\$	2018 Unlisted Shares US\$	Restated 2017 Listed Shares US\$	Restated 2017 Unlisted Shares US\$
Indian rupee	12,224,049	51,115,018	20,377,818	47,446,832
Total	12,224,049	51,115,018	20,377,818	47,446,832

Notes to the Accounts

Continued

13. Financial instruments (continued)

Liquidity risk

The following tables show the maturity profile of the Company's financial assets and liabilities other than cash and equity investments:

	2018 Forward foreign exchange contract US\$	2017 Forward foreign exchange contract US\$
Financial assets: Maturity profile		
Due within one year, but not on demand	-	2,109,816
Due within two to three years	-	-
Total	-	2,109,816

	2018 Forward foreign exchange contract US\$	2018 Amounts owed to parent company US\$
Financial liabilities: Maturity profile		
Due within one year, but not on demand	4,350,649	12,280,236
Due within two to three years	-	-
Due after five years	-	41,380,000
Total	4,350,649	53,660,236

	2017 Forward foreign exchange contract US\$	2017 Amounts owed to parent company US\$
Financial liabilities: Maturity profile		
Due within one year, but not on demand	3,752,349	11,321,905
Due within three to four years	-	-
Due after five years	-	41,380,000
Total	3,752,349	52,701,905

The Company does not net off contractual amounts of financial assets and liabilities.

Fair value of financial assets and liabilities

Financial assets

Unquoted equity investments are included in the statement of financial position at fair value. There is no material difference between the fair value and the book value of the Company's cash.

Financial liabilities

There is no material difference between the fair value and the book value of the Company's amounts payable to parent company. The Company's foreign exchange contracts in loss is held in the statement of financial position at fair value.

14. Financial risk management

The Company's activities expose them to a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. Market risk includes foreign currency risk, interest rate risk and price risk. The main financial risks managed by the Company are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Company use forward foreign exchange contracts, to manage their financial risks associated with their underlying business activities and the financing of those activities. The Company do not undertake any trading activity in financial instruments.

Liquidity risk

The Company's policy on liquidity risk is to ensure that they always have sufficient funding to meet all short to medium-term funding requirements. The Company's cash balance at 31 December 2018 was US\$158,290 (2017: US\$54,773) and its capital commitments including long-term commitments were nil (2017: nil).

The Company's contractual maturity of the forward foreign exchange contracts is disclosed in note 13 Financial instruments.

Notes to the Accounts

Continued

14. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was:

	Notes	2018 US\$	Restated 2017 US\$
Equity investments	2	63,339,067	67,824,650
Cash and cash equivalents	3	158,290	54,773
Total		63,497,357	67,879,423

The Company's policy is to recognise an impairment loss when objective evidence exists that the estimated future cash flows of the asset have decreased and that this decrease can be reliably estimated. Several factors are considered when identifying indicators of impairment including breach of contract or financial difficulties being experienced by the obligor. Based on historical trends the Company believes no impairment allowance is necessary in respect of financial assets not past due.

Credit risk on the Company's cash balances and FFECs is mitigated as the Company transact with institutions with high credit ratings. If possible, cash is deposited with financial institutions that have a long-term credit rating ascribed by Moody's of A2 or above.

Market risk

Foreign currency risk

Exposure to currency risk arises in the normal course of the Company's investment business. The Company has exposure to the Indian rupee. As at 31 December 2018 and 2017, all equity investments held by the Company, were denominated in Indian rupee. In addition, the Company has a cash balance of US\$4,352 as at 31 December 2018 (2017: US\$4,731) denominated in Indian rupee. In order to protect the Company's US dollar statement of financial position and reduce cash flow risk, the Company uses forward foreign exchange contracts to hedge foreign exposures.

A 10% movement in the average exchange rate for the Indian rupee against US dollar with all other variables held constant would impact loss by US\$3,184,241 (2017: 10% movement, impact profit: US\$6,456,914).

Equity price risk

Equity investment are valued in accordance with CDC valuation methodology and included in the financial statements at fair value, with gains and losses being taken to the statement of comprehensive income.

A 10% change in the fair value of the Company's equity investment would impact the Company's loss by US\$6,333,907 (2017: 10% change, impact profit US\$6,782,465).

Valuation risk

The Company values its portfolio according to CDC valuation methodology. CDC valuation guidelines have been developed in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments are valued at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants given current market conditions at the measurement date. The detailed valuation methodology sets out best practice with respect to valuing investments. Valuation risks are mitigated by comprehensive reviews of underlying investments in the private equity funds and direct investments carried out by the managers of the private equity funds at least twice a year. These valuations are reviewed by CDC management and then considered by the Audit, Compliance and Risk Committee. The details of the valuation methodology are given in note 14 to the accounts under the Investments heading.

Capital management

CDC considers its capital to be the total equity shown in statement of changes of equity. The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- to maintain a strong capital base to support the development of the Company's businesses.

The Board monitors the results of the Company and its financial position.

15. Capital commitments and contingencies

Amounts contracted for but not provided for in the accounts amounted to nil (2017: nil) for investment commitments (see note 14).

There are no contingencies as at the reporting date (2017: nil).

Notes to the Accounts

Continued

16. Summary of significant accounting policies

Non-current assets

Investments

The Company classifies their equity investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition. Apart from loans and receivables, financial instruments are designated as fair value through profit and loss because the fair value of the investment portfolio is a key performance indicator for the Company.

Financial assets at fair value through profit and loss

These financial assets are designated as assets held at fair value through profit and loss by management at the date of inception. FFECs are also classified as held for trading in this category unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

The Company's fair value methodology has been derived using the International Private Equity and Venture Capital Valuation Guidelines. This methodology is applied to direct investments and investments held within funds. The approach to calculating the fair value is as follows:

- the enterprise value is determined for the investee company or fund using a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio using reasonable assumptions and estimates;
- the enterprise value is adjusted for surplus assets or liabilities or any other relevant factor;
- higher ranking financial instruments are deducted taking into account any financial structuring that may dilute the investment holding;
- the net attributable enterprise value is apportioned between the financial instruments held according to their ranking; and
- the amounts derived are allocated according to the holding in each financial instrument, representing their fair value.

Valuation methodologies used are as follows:

- investments where fair value derives mainly from the underlying assets, such as funds managed by fund managers, are valued at net asset value using appropriate valuation measures for the underlying assets and liabilities;
- quoted equity is normally valued at the quoted share price. However, in certain circumstances the quoted price may be considered to not represent fair value for example: shares are closely held by related parties; the shares are very thinly traded and small trades lead to excessive volatility in quoted price; or substantial transactions occur at a price that is not the quoted price. Where this is considered the situation an appropriate alternative methodology is used;
- realisations in process are valued at the expected realisation proceeds, although discounts are applied to reflect the level of certainty of the transaction completion;
- if there has been a recent investment in the company, the price of the recent investment, less any impairment charge, is used to determine fair value;
- early stage companies without positive cash flow or profit are valued using an appropriate industry benchmark if that gives a reliable estimate of fair value;
- companies with maintainable profits or cash flows are valued on an earnings basis using an appropriate earnings multiple from companies in similar sectors and markets;
- companies in industries with specific valuation metrics are valued using those specific valuation metrics where they provide the most reliable estimate of fair value;
- companies with no maintainable profits or cash flows at present, but whose cash flows can be forecast with confidence, are valued using future cash flows discounted at the appropriate risk-adjusted discount rate; and
- in exceptional cases, where fair value cannot be reliably measured, the investment is valued at the previous carrying value unless there is evidence of value impairment, in which case value is reduced to reflect the extent of estimated impairment.

Gains and losses realised on disposal or redemption, by reference to the valuation at the previous statement of financial position date and unrealised gains and losses from changes in the fair values of the equity portfolio are taken to the statement of comprehensive income.

The Company uses settlement date accounting when accounting for regular purchases or sales. When the Company becomes party to a sales contract of an equity investment, it de-recognises the asset on the day ownership is transferred. Any gains or losses arising on purchases between trade and settlement date are accounted for in the statement of comprehensive income.

Notes to the Accounts

Continued

16. Summary of significant accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise either when the Company provides money to a counterparty in the form of loans with no intention of trading it, or, in the case of trade receivables and note receivables, in the normal course of business.

Loans are recognised at amortised cost; initially, this is measured as the fair value of the cash given to originate the loan. They are subsequently measured at amortised cost using the effective interest method. Maturities greater than 12 months are included in non-current assets with the remainder in current assets. Gains or losses are recognised in the statement of comprehensive income when the loan is de-recognised or impaired, as well as through the amortisation process. Where there is objective evidence that a loan's carrying value exceeds the present value of the discounted future cash flows expected to be generated from the asset, the loan is deemed to be impaired and the carrying value reduced accordingly, with the loss recognised in the statement of comprehensive income.

Forward foreign exchange contracts ('FFECs')

The Company use FFECs as part of their asset management activities to manage exposures to foreign currency risk. The Company does not use FFECs for speculative purposes.

Gains and losses on FFECs transacted as economic hedges but not qualifying for hedge accounting are taken to the statement of comprehensive income

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Impairment of assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

A '12-month expected credit loss' is recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The carrying amounts of assets and financial instruments are reviewed at each statement of financial position date to determine whether there is any indication of impairment.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Notes to the Accounts

Continued

16. Summary of significant accounting policies (continued)

The recoverable amount of the Company's assets is the greater of their fair value less costs to sell and value in use, calculated as the present value of expected future cash flows. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of all assets is reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial liabilities

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, contractual obligations, excluding FFECs, to deliver cash or another financial asset to another entity are measured at amortised cost using the effective interest method.

Provisions, contingent liabilities and contingent assets

Provisions are recognised if there is a present obligation, whether legal or constructive, which has arisen as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Interest is recognised as earned on an accruals basis, but is excluded if it becomes more than ninety days overdue. Investment income is accounted for on an accruals basis unless collectability is in doubt.

Income tax

Current tax is recognised as income or expense and is included in the net profit for the year, unless it relates to a transaction or event which is recognised directly in equity, whereupon the current tax is charged or credited to equity accordingly.

Current and deferred tax assets and liabilities are offset only when they arise from the same tax reporting Company and relate to the same tax authority and when the legal right to offset exists.

Current and deferred taxes are recognised as a tax credit or expense in the year in which they arise except for deferred taxes recognised or disposed of upon the acquisition or disposal of a subsidiary.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Non-UK withholding tax is calculated on investment income (currently classified as fair value gains) which is due on investments held outside the UK.

IFRSs issued but not yet effective

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

The following standards are issued but not yet effective, and have not been applied to these financial statements. The Company intends to adopt these standards when they become effective. These are not expected to have a material impact on the Company's financial statements:

- Amendments to IFRS 9: Prepayment features with Negative Compensation;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to Conceptual Framework in IFRS Standards; and
- Annual improvements to IFRSs 2015-2017 Cycle.

The standards listed below are issued but not yet effective and are not expected to have an impact on the Company:

- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures;
- Amendments to IFRS 3: Definition of a Business; and
- IFRS 17: Insurance Contracts.
- IFRS 16: Leases;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement;

Notes to the Accounts

Continued

17. Changes in accounting policies and disclosures

The Company has applied IFRS 9 for the first time.

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

IFRS 9 also contains new requirements on the application of hedge accounting however the Company opts not to apply hedge accounting therefore the new accounting requirements do not impact the Company's financial statements.

The adoption of IFRS 9 has had no impact on the recognition, measurement and classification of the company's financial assets and liabilities.

18. Prior year adjustment

During 2018, it was identified that the incorrect shareholding percentage was used to calculate the fair value of one of the equity investments since 2016. As a consequence, the equity investments and related fair value gains and losses were overstated in the Company's financial statements. The equity investment is also a direct investment of the parent company (CDC Group plc) and, at a group level, the correct overall shareholding percentage was applied. Therefore, the overstatement in the Company was offset by an equal understatement in the parent company and thus resulted in no overall loss or change to the value of the investment at a group level.

The errors have been corrected by restating each of the affect financial statement items for prior periods. The table below summarises the impacts on the Company's financial statement line items.

Impact on the statement of financial position

	Notes	Previously reported 31 December 2017 US\$	Adjustments US\$	Restated 31 December 2017 US\$	Previously reported 31 December 2016 US\$	Adjustments US\$	Restated 31 December 2016 US\$
Equity Investments	2	80,671,405	(12,846,755)	67,824,650	54,927,832	(10,948,136)	43,979,696
Deferred Tax		(2,714,476)	1,284,675	(1,429,801)	(2,347,449)	1,745,748	(601,701)
Retained earnings		5,920,473	(11,562,080)	(5,641,607)	11,983,552	(9,202,388)	2,781,164

Impact on the statement of comprehensive income

	Previously reported For the year ended 31 December 2017 US\$	Adjustments US\$	Restated For the year ended 31 December 2017 US\$	Previously reported For the year ended 31 December 2016 US\$	Adjustments US\$	Restated For the year ended 31 December 2016 US\$
Fair value gains/(losses)	4,356,509	(1,898,619)	2,457,890	22,109,227	(10,948,136)	11,161,091
Income tax expense	(367,027)	(461,073)	(828,100)	(2,347,449)	1,745,748	(601,701)
Total impact on comprehensive (loss)/profit for the year	(6,063,079)	(2,359,692)	(8,422,771)	15,206,185	(9,202,388)	6,003,797

CDC India Opportunities Limited Annual Accounts 2018

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