

# **Eredene Capital Limited**

Annual Report and Financial Statements

Year ended 31 March 2015

Company number 05330839

# Eredene Capital Limited

## Annual report and financial statements for the year ended 31 March 2015

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# Eredene Capital Limited

## Corporate Information

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### **Directors**

D D S Robertson (Non-Executive Chairman)

The Hon C W Cayzer

R Shukla (Appointed 1 February 2015)

R J Arnold (Resigned 31 December 2014)

### **Investment manager, Secretary and Registered office**

Ocean Dial Asset Management Limited

Cayzer House

30 Buckingham Gate

London SW1E 6NN

### **Independent auditors**

Kingston Smith LLP

60 Goswell Road

London EC1M 7AD

### **Legal advisers**

Charles Russell Speechlys LLP

5 Fleet Place

London EC4M 7RD

### **Company number**

05330839

### **Website**

[www.eredene.com](http://www.eredene.com)

# Eredene Capital Limited

## Chairman's Statement for the year ended 31 March 2015

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On the 19 June 2015 Eredene announced that Eden, a newly incorporated Singaporean company representing a consortium of one corporate entity and seven individuals including Mr Raju Shukla, a non-executive director of the Company, acquired 26.34% of the issued ordinary share capital of the Company from existing shareholders at 5.5 pence per share. Following this acquisition Eden, together with its Concert Parties, held 53.64% of the issued ordinary share capital of the Company and was therefore required to make a mandatory cash offer to all the Company's other shareholders in accordance with Rule 9 of the City Code on Takeovers and Mergers. The Offer, which values Eredene at approximately £11.9m, will be made by way of a formal Offer Document which is expected to be issued within 28 days of the initial announcement.

During the course of the year the Board has continued to focus on how best to return value, over time, to the Company's shareholders by both extracting maximum value from its investment portfolio, using its considerable contacts in India, and by further reducing the operating costs of the Company. During the year the portfolio realisation programme resulted in the sale of Matheran Realty & Gopi Resorts for £3.0m and a 23% stake in Sattva CFS for £1.9m, following which £3.0m was returned to shareholders in December 2014 by way of share repurchases pursuant to a tender offer. At the same time the Company cancelled the listing of its ordinary shares on the Alternative Investment Market (AIM) and re-registered the Company as a private limited company so as to reduce the Company's operating costs and improve value extraction from the investment portfolio. At the year end Eredene's Indian Advisory business was closed so as to further reduce its operating costs by some £250,000. Since the year end Eredene's investment in Apeejay Infra-Logistics has been sold for a total of £791,000 (INR77.5m). The INR sale proceeds from this sale equate to the INR valuation at 31 March 2015, although the exchange rate at that time resulted in a Sterling valuation of £838,000.

This was the first full year of asset management by Ocean Dial Asset Management Limited. The board and I have been pleased with the focus and commitment of the team especially over the sale of the real estate portfolio where there were considerable further downside risks.

### **India's macroeconomic and political environment**

This was a positive year for India. The economy showed signs of stability following the BJP's landslide election victory in May 2014 and the Rupee has also been relatively stable due to proactive oversight from the Reserve Bank of India (RBI), which has taken advantage of the lower cost of imported oil as well as positive institutional portfolio flows, to build foreign exchange reserves to an all-time high of US\$341bn by the end of the financial year. Although it is clear the markets' expectations of the new Government to deliver are sizeable, there are many challenges and hurdles on the pathway towards sustainable growth. Overcapacity in the private sector is delaying a revival in the investment cycle. Meanwhile the Government has allocated substantial funding for public sector capex to kick start this process in its 2015 Budget, on roads, urban infrastructure and freight corridors, the lag between announcements and action on the ground may cause volatility in the markets. A period of macroeconomic stability coupled with a reform driven political environment has set the stage for sustainable growth, hopefully enabling India to achieve its long term potential.

### **Operating expenses**

Eredene has continued to significantly reduce its operating costs following the cost reduction programme announced in December 2013. The Group's operating expenses for the year were £1.0m, down from £2.4m in 2014 and £3.4m in 2013. Further, with the closure of the group's Indian advisory business in Mumbai at the end of the financial year, the operating costs for the year ended 31 March 2016 are budgeted to be in the region of £0.5m.

### **Financial results**

As at 31 March 2015, the Group had a net asset value ("NAV") attributable to equity shareholders of £24.0m (2014: £27.8m), representing 11.07p per share (2014: 11.30p per share) following the return to shareholders of £3.0m in December 2014, operating expenses of £1.0m and a net gain on the investment portfolio for the year of £0.4m (2014: loss £16.1m).

The Group had total consolidated cash balances of £1.4m at 31 March 2015 (2014: £1.5m) having received £3.0m from the sale of Matheran Realty & Gopi Resorts and £1.9m for the sale of a 23% stake in Sattva CFS & Logistics, whilst investing a further £0.6m into the current portfolio, returning £3.0m to shareholders and paying expenses of £1.4m.

### **Board changes**

In December 2014 Mr Robert Arnold stepped down from the board. I would like to thank him for his long standing valuable contribution and wise counsel over many years. In February 2015 Mr Raju Shukla was

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# Eredene Capital Limited

## Chairman's Statement for the year ended 31 March 2015

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appointed as a non-executive director. He is based in Singapore but spends a considerable amount of time in Mumbai and is the indirect majority shareholder of Ocean Dial Asset Management Limited, the manager of the Company which has successfully realised a number of investments in India.

Following completion of the Offer by Eden and its Concert Party referred to above, the Hon. Charles Cayzer and I will be resigning as directors.

### **Outlook**

The Company has cash on the balance sheet to continue an orderly process of realising its investments in India over the medium term but the future strategy of the Company will be determined by Eden once its Offer for the Company is complete.

**D D S Robertson**  
**Non-Executive Chairman**

14 July 2015

# Eredene Capital Limited

## Strategic Report (including the Investment manager's report) for the year ended 31 March 2015

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### The Company

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

At 31 March 2015 the Company had one wholly owned Indian subsidiary, Eredene Capital Advisors Private Limited, which provided independent investment advisory services to the Eredene Group until 31 March 2015 when it ceased trading. It is expected this subsidiary will be liquidated in the next twelve months. The Company also has seven wholly owned Mauritian holding company subsidiaries, five of which have a wholly owned Mauritian subsidiary acting as an investment holding company for each investment in the Company's portfolio.

The Company also has six wholly owned Mauritian companies in liquidation.

### Principal activities, investing policy and future developments

The Company is an equity investor in Indian infrastructure operating companies and holds its investments as part of an investment portfolio. It has no restrictions or maximum exposure limits on its investments. Currently the Company does not envisage making further investments in new projects and has concentrated on extracting maximum value from the existing portfolio, however the future strategy of the Company will be determined by Eden once its Offer for the Company is complete.

### 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 below.

As at 31 March 2015, the net asset value ("NAV") attributable to equity shareholders was £24.0m (2014: £27.8m), representing 11.07p per share (2014: 11.30p per share).

### Principal risks and uncertainties including financial risk management

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

- Infrastructure investments are early stage, long-term, illiquid investments and so the Group may not be able to exit at the time and at the price which it had forecast. The Group seeks to mitigate those risks by diversifying its portfolio across different sectors, different cities in India and different partners.
- 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.
- The Group receives interest income on its variable rate bank balances and fixed rate treasury deposits. A reduction in interest rates would reduce the Group's interest income.
- The Group invests in Indian companies and the fair 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.
- 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.

# Eredene Capital Limited

## Strategic Report (including the Investment manager's report) for the year ended 31 March 2015

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

### INVESTMENT MANAGER'S REPORT

#### Introduction

The financial year began on an optimistic note after the Indian national elections saw the BJP party elected with a clear majority and a mandate for significant reform of bureaucracy and "doing business in India". This reform process has however been slow and incremental with higher interest rates and infrastructure projects completing at an inadequate speed, although GDP growth rates have stabilised and are expected to improve in the next twelve months .

#### Investee companies at 31 March 2015

**Sattva CFS & Logistics'** container freight station (CFS) at Vichoor, a joint investment with the Sattva Business Group in Tamil Nadu, missed paying the dividend in its seventh year due to a fall in profitability and planned capacity expansion. It operates on a 26-acre site and handles containers from Chennai Port. Key customers include NYK Line, Maersk, CMA-CGM and MSC. The CFS handled 83,924 TEUs (twenty foot equivalent units, the length of a standard container) in 2014-15, compared to 78,689 TEUs in the previous year, a 7% increase. The CFS posted annual revenue of INR 296.1m, a year-on-year decrease of 25% in Indian Rupee terms owing to sharp fall in storage income due to increased rate of handling containers.

A second joint investment with the Sattva Business Group in Tamil Nadu, **Sattva Conware** CFS, is located on a 56-acre site within reach of both Ennore and Chennai ports and the newly opened Kattupalli container terminal. The CFS opened to EXIM business in the last quarter of the financial year 2013-14. The facility has a 92,000 square feet container yard and a 60,000 square feet EXIM cum bonded warehouse in addition to a 14,000 square feet domestic warehouse. The facility handled 8,719 TEUs in 2014-15 with major cargo comprising of rice, coir, granite and auto components.

**Contrans Logistic's** CFS near Pipavav port in Gujarat, one of two Contrans projects in Northwest India, recorded a profit for the third consecutive year on the back of an improvement in container volumes. The CFS saw a year-on-year growth in container volumes from 19,002 TEUs to 20,452 TEUs with pick up in exports of agricultural commodities and imports of steel scrap. Major customers included shippers Maersk India, Hapag-Lloyd and J.M. Baxi & Co, global chemical and textile company GHCL. In addition to the 23 acre CFS the company has around 55 acres of surplus land at Pipavav which it will gradually sell over a period of time to focus on its core operations.

Options are being explored to sell Contrans Logistics' other project, a 128 acre greenfield site at Baroda in central Gujarat which has planning permission to develop a rail and road Inland Container Depot (ICD) on the busy Delhi-Mumbai freight corridor. The company continues to renew commercial permissions for this land in a phased manner and seeking buyers. The lack of liquidity in the local real estate market has kept most potential buyers on hold.

At 31 March 2015 Eredene had two logistic parks in East India with investment partner Apeejay Surrendra Group, the Kolkata-based tea and shipping conglomerate. The two facilities - at Haldia and Kalinganagar - operated in a 50/50 joint company, **Apeejay Infra-Logistics**. They offer integrated services for multi-model logistics through warehousing, container logistics and transportation, and both have customs bonded facilities.

By June 2015 Eredene had sold these investments to the Apeejay Surrendra Group and related parties for a total consideration of £0.791m.

**MJ Logistic Services** (MJL), a multi-user third party logistics business in North India, posted revenue of INR 441.1m for the financial year ended 31 March 2015, a 16% increase over the previous year in Indian Rupee terms, and generated positive Profit After Tax for the very first time.

MJL operates 800,000 square feet warehousing capacity in North India. Its 200,000 square feet fully automated hub warehouse at Palwal, on the Delhi-Agra Highway, provides both ambient and cold storage warehousing. The major ambient customer is Tata Motors Limited. Cold chain customers include PepsiCo, Subway, DuPont Danisco and Unilever.

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# Eredene Capital Limited

## Strategic Report (including the Investment manager's report) for the year ended 31 March 2015

### Sales during the period

In September 2014, Aboyne Mauritius Limited, the Mauritian holding company which holds the investment in the real estate projects, Matheran Realty and Gopi Resorts, was sold for a total consideration of up to INR 500.0m of which INR 300.0m (£3.0m) was received in cash on the date of sale. Subject to the future profitability of the real estate projects, the balance of INR 200.0m is expected to be satisfied by the redemption of Redeemable Preference Shares (RPS's) with a maturity of three years ending on 18 September 2017. Given the early development stage of these projects and uncertainty over their future cashflows, the RPS's have been valued at the nominal amount of £1 as at 31 March 2015.

In July 2014, a 23% stake in Sattva CFS & Logistics Pvt Limited was sold for £1.9m in cash. The remaining stake of 16% is included in the Group's investment portfolio.

### Portfolio summary

#### Sattva CFS & Logistics – Vichoor CFS

Fair value as at 31 March 2015	£1.3m
Amount invested to 31 March 2015	£0.7m
Ownership stake at 31 March 2015	16%
Sector	Container Logistics
Location	Chennai, Tamil Nadu, South East India
Progress to date	Profitable
Investment partner	Sattva Business Group

#### Sattva Conware

Fair value as at 31 March 2015	£5.7m
Amount invested to 31 March 2015	£4.6m
Ownership stake at 31 March 2015	79%
Sector	Container Logistics
Location	Ennore, Tamil Nadu, South East India
Progress to date	Operational & revenue generating
Investment partner	Sattva Business Group

#### Contrans Logistic

Fair value as at 31 March 2015	£5.7m
Amount invested in total to 31 March 2015	£5.7m
Ownership stake at 31 March 2015	44%
Website	<a href="http://www.contrans.in">www.contrans.in</a>



# Eredene Capital Limited

## Strategic Report (including the Investment manager's report) for the year ended 31 March 2015

Contrans Project One	Pipavav CFS
Sector	Container Logistics
Location	Pipavav, Gujarat, North West India
Progress to date	Operational & Profitable

Contrans Project Two	Baroda ICD
Sector	Container Logistics
Location	Baroda, Gujarat, North West India
Progress to date	Pre-construction phase

### Apeejay Infra-Logistics (sold at fair value by June 2015)

Fair value as at 31 March 2015	£0.8m
Amount invested in total to 31 March 2015	£2.9m
Ownership stake	50%
Investment Partner	Apeejay Surrendra <a href="http://www.apeejaygroup.com">www.apeejaygroup.com</a>

Apeejay Infra-Logistics Project One	Haldia Logistics Park
Sector	Logistics Park
Location	Haldia, West Bengal, East India
Progress to date	Operational & revenue generating

Apeejay Infra-Logistics Project Two	Kalinganagar Logistics Park
Sector	Logistics Park
Location	Kalinganagar, Orissa, East India
Progress to date	Operational & revenue generating

### MJ Logistic Services

Fair value as at 31 March 2015	£9.4m
Amount invested to 31 March 2015	£11.0m
Ownership stake at 31 March 2015	86%
Website	<a href="http://www.mjisl.com">www.mjisl.com</a>

# Eredene Capital Limited

## Strategic Report (including the Investment manager's report) for the year ended 31 March 2015

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Sector	Warehousing & Third Party Logistics
Location	Delhi region, North India
Progress to date	Operational & Profitable

### **Outlook**

The Company has cash on the balance sheet to continue an orderly process of realising its investments in India over the medium term but the future strategy of the Company will be determined by Eden once its Offer for the Company is complete.

### **Approval**

This strategic report was approved by the board and signed on its behalf by

D D S Robertson  
Non-Executive Chairman

14 July 2015

# Eredene Capital Limited

## Report of the directors for the year ended 31 March 2015

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The directors present their report together with the audited financial statements for the year ended 31 March 2015.

### 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 4 to 9.

The results for the year are set out in the consolidated statement of comprehensive income on page 15. The directors do not recommend the payment of a dividend (2014: Nil).

### Directors

The directors of the Company during the period were:

D D S Robertson (Non-Executive Chairman)

The Hon C W Cayzer

R Shukla (Appointed 1 February 2015)

R J Arnold (resigned 31 December 2014)

### 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 2015 as operational and investment management was outsourced to an independent specialist manager in 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. See Note 1 on page 19 for further details.

### Auditors

The auditors, Kingston Smith LLP, were appointed during the year and 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 2015

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### 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

D D S Robertson  
Non-Executive Chairman

14 July 2015

# Eredene Capital Limited

## Statement of directors' responsibilities for the year ended 31 March 2015

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### **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; and
- 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

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### 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 2015 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

# Eredene Capital PLC

## Report of the independent auditors

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### **Matters on which we are required to report by exception**

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:

- 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.

Thomas Moore (senior statutory auditor)  
For and on behalf of Kingston Smith LLP, statutory auditor  
Devonshire House  
60 Goswell Road  
London  
United Kingdom  
EC1M 7AD

14 July 2015

# Eredene Capital Limited

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2015

	Note	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
<b>Portfolio return and revenue</b>			
Realised losses over fair value on disposal of investments		(302)	(529)
Unrealised adjustments on the revaluation of investments	10	684	(15,691)
Other portfolio income		11	86
		<u>393</u>	<u>(16,134)</u>
Operating expenses		(984)	(2,418)
Loss on foreign currency transactions		(7)	(278)
Other expenses		-	(334)
Finance income	5	6	32
		<u>(984)</u>	<u>(2,998)</u>
<b>Loss before taxation on continuing operations</b>	2	(592)	(19,132)
Loss on discontinued operations		(296)	-
		<u>(888)</u>	<u>(19,132)</u>
<b>Loss before taxation</b>	6	(888)	(19,132)
Taxation		(4)	(12)
		<u>(892)</u>	<u>(19,144)</u>
<b>Loss for the year</b>		(892)	(19,144)
<b>Other comprehensive income/ (losses):</b>			
Exchange differences on translating foreign operations		5	(52)
		<u>5</u>	<u>(52)</u>
<b>Total comprehensive loss for the period</b>		<u>(887)</u>	<u>(19,196)</u>

The notes on pages 19 to 39 form part of these financial statements.



# Eredene Capital Limited

## Consolidated Statement of Financial Position at 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
<b>Non-Current Assets</b>			
Property, plant and equipment	7	-	13
Intangible assets	8	-	-
Investments held at fair value	10	22,108	26,832
Other receivables	11	6	5
		<u>22,114</u>	<u>26,850</u>
<b>Current Assets</b>			
Trade and other receivables	11	45	70
Cash and cash equivalents		1,439	1,516
		<u>1,484</u>	<u>1,586</u>
Non-current assets held for sale	12	838	-
<b>Total Assets</b>		<u>24,436</u>	<u>28,436</u>
<b>Current Liabilities</b>			
Trade and other payables	13	(143)	(297)
Provisions	13	(310)	(310)
		<u>(453)</u>	<u>(607)</u>
<b>Non-Current Liabilities</b>			
Corporation tax liabilities	13	-	(5)
<b>Total Liabilities</b>		<u>(453)</u>	<u>(612)</u>
<b>TOTAL NET ASSETS</b>		<u>23,983</u>	<u>27,824</u>
<b>Equity</b>			
Share capital	16	21,662	24,616
Special reserve		30,676	33,630
Capital redemption reserve		2,954	-
Translation reserve		(44)	(49)
Other reserves		997	997
Retained deficit		(32,262)	(31,370)
<b>TOTAL EQUITY</b>		<u>23,983</u>	<u>27,824</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 July 2015.

**D D S Robertson**  
**Non-Executive Chairman**  
Company No. 05330839

The notes on pages 19 to 39 form part of these financial statements.

# Eredene Capital Limited

## Consolidated Statement of Changes in Equity for the year ended 31 March 2015

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Share holders equity £'000
<b>Year ended 31 March 2015</b>								
As at 1 April 2014	<b>24,616</b>	-	<b>33,630</b>	-	<b>997</b>	<b>(49)</b>	<b>(31,370)</b>	<b>27,824</b>
Loss for the year	-	-	-	-	-	-	(892)	<b>(892)</b>
Other comprehensive income for the year	-	-	-	-	-	5	-	<b>5</b>
Total comprehensive income for the year	-	-	-	-	-	5	(892)	<b>(887)</b>
Purchase and cancellation of treasury shares	(2,954)	-	(2,954)	2,954	-	-	-	<b>(2,954)</b>
As at 31 March 2015	<b>21,662</b>	-	<b>30,676</b>	<b>2,954</b>	<b>997</b>	<b>(44)</b>	<b>(32,262)</b>	<b>23,983</b>
<b>Year ended 31 March 2014</b>								
As at 1 April 2013 (restated)	36,199	16,268	17,311	8,491	996	3	(12,226)	67,042
Loss for the year	-	-	-	-	-	-	(19,144)	(19,144)
Other comprehensive income for the year	-	-	-	-	-	(52)	-	(52)
Total comprehensive income for the period	-	-	-	-	-	(52)	(19,144)	(19,196)
Share based payment	-	-	-	-	1	-	-	1
Purchase and cancellation of treasury shares	(11,583)	-	(8,341)	-	-	-	-	(19,924)
Stamp duty	-	-	(99)	-	-	-	-	(99)
Reduction of share premium	-	(16,268)	24,759	(8,491)	-	-	-	-
As at 31 March 2014	24,616	-	33,630	-	997	(49)	(31,370)	27,824

The notes on pages 19 to 39 form part of these financial statements.

# Eredene Capital Limited

## Consolidated Statement of Cash Flows for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
<b>Cash flow from operating activities</b>			
Loss before taxation		(888)	(19,132)
Adjustments for:			
Other portfolio income		(11)	(87)
Realised profits over fair value on disposal of investments		302	564
Changes in the fair value of investments		(684)	15,691
Share based payment charge		-	2
Depreciation and amortisation		10	110
Decrease/(increase) in trade and other receivables		24	(31)
Decrease in trade and other payables		(154)	(187)
Taxation paid		(4)	(12)
Net cash used in operating activities		<u>(1,405)</u>	<u>(3,082)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1)	(12)
Purchase of investments		(603)	(1,362)
Disposal of investments (net of cash)		4,875	8,160
Dividends received		11	87
Net cash used in investing activities		<u>4,282</u>	<u>6,873</u>
<b>Cash flows from financing activities</b>			
Purchase of treasury shares		<u>(2,954)</u>	<u>(20,023)</u>
Net cash used in financing activities		<u>(2,954)</u>	<u>(20,023)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(77)</u>	<u>(16,232)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		1,516	17,799
Exchange losses		-	(51)
<b>Cash and cash equivalents at the end of the period</b>	20	<u>1,439</u>	<u>1,516</u>

The notes on pages 19 to 39 form part of these financial statements.

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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### 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 2015 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 policy on page 6). 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:

IFRSs in issue but not applied in the current financial statements:

The following IFRSs have been issued but have not been applied by the group in preparing these financial statements as they are not yet effective. The group intends to adopt these Standards when they become effective, rather than adopt them early.

- IAS 32 (Amended) ‘Financial instruments: Presentation’ clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet; and
- IAS 36 (Amended) ‘Impairment of assets’ removed certain disclosures of the recoverable amount of cash generating units which had been included by the issue of IFRS 13.

#### 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.

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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### 1. Accounting Policies (continued)

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, Grant Thornton India LLP, was engaged to value the investments under those Guidelines. Apart from Apeejay (see note F), the 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 9 and 10 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.

### 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.

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### 1. Accounting Policies (continued)

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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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 and 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).

### **E. Property, plant and equipment**

Property, plant and equipment is stated at cost less depreciation and impairment. Depreciation on property plant and equipment is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. It is calculated at the following rates:

Fixtures and fittings	-	6-20% per annum straight line basis
Office equipment	-	5-33% per annum straight line basis
Buildings	-	3-22% per annum straight line basis
Vehicles and machinery	-	5-10% per annum straight line basis

### **F. 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.

## **1. Accounting Policies – (continued)**

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# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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### **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 Apeejay Infra Logistics Pvt. Ltd has been classified as held for sale as it fulfilled the criteria.

### **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.

### **G. 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.

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.

### **H. 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.

## **1. Accounting Policies (continued)**

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# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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### I. Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is 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 are granted to persons other than employees, the profit or loss is charged with the fair value of goods and services received. If it is not possible to identify the fair value of these goods or services provided, the profit or loss is charged with the fair value of the options granted.

### J. 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.

### K. Pension costs

The Company contributes to directors' personal money-purchase pension schemes. Contributions are charged to the profit or loss in the period in which they become payable.

### L. 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.

### M. Operating leases

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

## 2. Operating loss

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

	Year ended	Year ended
	31 March 2015	31 March 2014

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# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

	£000	£000
Depreciation of tangible fixed assets	10	5
Amortisation of intangible fixed assets	-	104
Foreign exchange losses	7	278
Auditors' remuneration		
- audit services	33	53
- non-audit services		
- tax advisory	2	5
- accounts preparation	13	5

### 3. Employees

Staff costs consist of:	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Wages and salaries	465	874
Equity settled share-based payments	-	2
Social security costs	26	64
Other pension costs	1	40
Redundancy costs	-	206
	<u>492</u>	<u>1,186</u>

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

	Year ended 31 March 2015	Year ended 31 March 2014
Management and administration	<u>3</u>	<u>6</u>

### 4. Directors' emoluments

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Directors' emoluments	113	554
Social security costs	26	60
Contributions to directors' money purchase pension schemes	1	30
Share based payments	-	1
Redundancy costs	-	185
	<u>140</u>	<u>830</u>

### 4. Directors' emoluments (continued)

The Directors are considered to be the key management personnel.

The Group made contributions to no directors' own money purchase pension schemes in the year (2014: 2).

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

The highest paid director's emoluments totalled £58,000 (2014: £392,000).

### 5. Finance income

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Interest receivable on bank deposits	<u>6</u>	<u>32</u>

### 6. Taxation

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Recognised in the income statement:		
<i>Current tax expense</i>		
Corporate income tax	<u>4</u>	<u>12</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 2015 £'000	Year ended 31 March 2014 £'000
Loss on ordinary activities before tax	<u>(888)</u>	<u>(19,132)</u>
Loss on ordinary activities at the standard rate of Corporation tax in the UK for the period of 21% (2014: 23%)	(186)	(4,400)
Effects of:		
(Income)/expenses not deductible for tax purposes	(357)	73
Depreciation less than capital allowances	(1)	2
Non-taxable (gains)/losses on investments	299	3,597
Non-UK recoverable overseas losses	115	286
Tax losses carried forward	134	454
Tax charge for period	<u>4</u>	<u>12</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 are £9.0m (2014: £8.0m).

### 7. Property, plant and equipment

	Fixtures & fittings £'000	IT £'000	Motor Vehicle £'000	Office Equipment £'000	Total £'000
<b>Year ending 31 March 2015</b>					

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

<b>Cost</b>					
At 1 April 2014	4	4	10	1	19
Additions	-	1	-	-	1
Disposals	(4)	(5)	(10)	(1)	(20)
Exchange differences					
At 31 March 2015	-	-	-	-	-
<b>Depreciation</b>					
At 1 April 2014	2	1	3	-	6
Provided for in the period	3	1	5	1	10
Disposals	(5)	(2)	(8)	(1)	(16)
At 31 March 2015	-	-	-	-	-
<b>Net book value at 31 March 2015</b>	-	-	-	-	-
<b>Year ending 31 March 2014</b>					
<b>Cost</b>					
At 1 April 2013	4	42	-	2	48
Additions	1	2	10	-	13
Disposals	(1)	(39)	-	-	(40)
Exchange differences	-	(1)	-	(1)	(2)
At 31 March 2014	4	4	10	1	19
<b>Depreciation</b>					
At 1 April 2013	-	40	-	-	40
Provided for in the period	2	-	3	-	5
Disposals	-	(39)	-	-	(39)
At 31 March 2014	2	1	3	-	6
<b>Net book value at 31 March 2014</b>	2	3	7	1	13

### 8. Intangible assets

	Acquired Intangible Asset £'000
<b>Year ending 31 March 2015</b>	
<b>Cost</b>	
At 1 April 2014	245

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

Exchange differences	-
At 31 March 2015	245
<b>Aggregate amortisation and impairment</b>	
At 1 April 2014	245
Amortisation charge for period	-
At 31 March 2015	245
<b>Net book value at 31 March 2015</b>	-
<b>Year ending 31 March 2014</b>	
<b>Cost</b>	
At 1 April 2013	245
Exchange differences	-
At 31 March 2014	245
<b>Aggregate amortisation and impairment</b>	
At 1 April 2013	141
Amortisation charge for period	104
At 31 March 2014	245
<b>Net book value At 31 March 2014</b>	-

### 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. The amortisation charge for the period was included within operating expenses.

## 9. Investment portfolio

As a result of the early adoption of IFRS 10, and the exemption from consolidation, the proportion of the investment portfolio held by the Group's unconsolidated subsidiaries is now 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:

<b>Non-Current</b>	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Opening book value	26,832	49,887
Additions	603	1,359
Disposals	(5,173)	(8,723)
Transfer to assets classified as held for sale	(838)	-
Fair value movement on investments held at fair value through Profit and loss	684	(15,691)
Closing book value	22,108	26,832

## 9. Investment portfolio (continued)

All investments are unquoted investments. The holding period of Eredene's investment portfolio is on average greater than one year. For this reason the portfolio is classified as non-current. It is not possible to identify with certainty investments that will be sold within one year.

### Fair value hierarchy

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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 10.

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
2014	-	-	26,832	26,832
<b>2015</b>	-	-	22,108	22,108
<b>Company</b>	£'000	£'000	£'000	£'000
2014	-	-	48,219	48,219
<b>2015</b>	-	-	23,274	23,274

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 10 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 £302,000 (2014: £529,000) and dividend income of £11,000 (2014: £87,000)

Level 3 inputs are sensitive to assumptions made when ascertaining fair value as described in the Note 10. A reasonable alternative assumption would be to apply a standard marketability discount of 5% for all assets rather than the specific approach adopted. This would have a positive impact on the directly held unquoted investment portfolio of £1.3m (2014: £1.3m).

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

### 10. Investments held at fair value through profit or loss

The Group has the following principal investments held at fair value through profit or loss, all of which are incorporated in India:

	Class of shares held	Net Assets/ (Liabilities) £'000	Profit/ (loss) before tax £'000	Date of financial statements	% held 31 March 2015	% held 31 March 2014
Contrans Logistic	Ord.	6,303	372	31-Mar-15	44.0%	44.0%
MJ Logistic Services	Ord.	7,964	76	31-Mar-15	86.0%	86.0%
Sattva CFS & Logistics	Ord.	4,632	284	31-Mar-15	16.0%	39.0%
Sattva Conware	Ord.	4,663	(443)	31-Mar-15	79.0%	79.0%

Details of the Company's subsidiaries are provided in note 4 to the Company financial statements.

At 31 March 2015 the cost and valuation of the Group's investments was as follows:

	Historical cost at 31/3/15 £'000	Prior periods Fair Value adjustments £'000	Additions £'000	Fair value adjustment on shares disposed £'000	Fair Value adjustments 1/4/14 – 31/3/15 £'000	Fair value at 31/3/15 £'000
Contrans Logistic	5,687	(171)	-	-	174	5,690
Gopi Resorts	2,542	(1,551)	-	(991)	-	-
Matheran Realty	13,553	(11,330)	220	(2,443)	-	-
MJ Logistic Services	11,001	(2,294)	-	-	703	9,410
Sattva CFS & Logistics	697	2,349	-	(1,739)	(36)	1,271
Sattva Conware	4,177	1,422	383	-	(245)	5,737
	<b>37,657</b>	<b>(11,575)</b>	<b>603</b>	<b>(5,173)</b>	<b>596</b>	<b>22,108</b>

At 31 March 2014 the restated cost and valuation of the Group's investments was as follows:

	Historical cost at 31/3/14 £'000	Prior periods Fair Value adjustments £'000	Fair value adjustment on shares disposed £'000	Fair Value adjustments 1/4/13 – 31/3/14 £'000	Fair value at 31/3/14 £'000
Apeejay Infra-Logistics	2,900	1,206	-	(3,356)	750
Contrans Logistic	5,687	2,871	-	(3,042)	5,516
Gopi Resorts	2,542	(132)	-	(1,419)	991
Matheran Realty	13,553	(7,707)	-	(3,623)	2,223
MJ Logistic Services	11,001	(272)	-	(2,022)	8,707
Sattva CFS & Logistics	697	3,770	-	(1,421)	3,046
Sattva Conware	4,177	2,230	-	(808)	5,599
	<b>40,557</b>	<b>1,966</b>	<b>-</b>	<b>(15,691)</b>	<b>26,832</b>

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

### 10. Investments held at fair value through profit or loss (continued)

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 2015 by Grant Thornton India 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.

Whilst Grant Thornton India LLP has independently valued the investments as explained above, the directors have valued the investment in Apeejay Infra-Logistics Pvt Ltd based upon the sale value achieved for the investment post year end.

*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.

*Investment Value* – the directors have valued the investment in Apeejay Infra-Logistics Pvt Ltd based upon the sale value achieved for the investment post year end.

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:

	<b>£'000</b>
Carrying value at 1 April 2013	33,689
Purchases, at cost	579
Fair value adjustment	(15,691)
Re-categorised as assets held for sale	8,255
Carrying value at 31 March 2014	26,832
Purchases, at cost	603
Fair value adjustment	596
Disposals	(5,173)
Re-categorised as assets held for sale	(750)
<b>Carrying value at 31 March 2015</b>	<b>22,108</b>

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

<b>Investment</b>	<b>Valuation methodology</b>
Apeejay Infra-Logistics	Investment value
Contrans Logistic	DCF & land value
MJ Logistic Services	DCF & land value
Sattva CFS & Logistics	DCF
Sattva Conware	DCF & land value

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

### 10 Investments held at fair value through profit and loss (continued)

#### 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	102.8%	1551%
EBIT margin	8%	62.0%
Discount rate	15.7%	19.7%
Discount for lack of liquidity	0.0%	15.0%
Terminal growth rate	4.0%	4.0%

For those investments including a land valuation the capital value per acre ranged from a low of £58,000 to a high of £259,000.

#### 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 2015 are as shown below:

Input	Sensitivity used	Effect on fair value £'000
Revenue growth	-5%	(322) to (1,735)
EBIT margin	-5%	(181) to (679)
Discount for lack of liquidity	17.7%	(47) to (4,612)

### 11. Trade and other receivables

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due within one year:		
Other receivables	5	9
Prepayments and accrued income	1	2
Income tax receivable	-	4
Other taxes and social security receivable	39	55
	<u>45</u>	<u>70</u>
Amounts falling due in more than one year:		
Other receivables	6	5
	<u>6</u>	<u>5</u>



# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

### 12. Assets classified as held for sale

#### Non-current assets held for sale

	31 March 2015 £'000	31 March 2014 £'000
Investments	838	-

At 31 March 2015, the sale of Apeejay Infra-Logistics Pvt Ltd was imminent, and therefore it has been reclassified as an asset held for sale. This disposal completed in June 2015.

### 13. Trade and other payables

	31 March 2015 £'000	31 March 2014 £'000
Trade payables	18	35
Other taxes and social security payable	24	20
Accruals and deferred income	101	242
	<u>143</u>	<u>297</u>
Amounts falling due in more than one year:		
Corporation tax	-	5
	<u>-</u>	<u>5</u>

### 14. Financial instruments and risk management

The Group finances its activities through the cash and short term deposits. During the year, 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 took the decision in 2012 to return surplus capital to its shareholders following any material investments realisation rather than re-investing that capital into new investments. In December 2014, further capital management was achieved through the tender offer for £3m of ordinary shares. The 29,538,745 shares acquired by the Company were subsequently cancelled.

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

### 14. Financial instruments and risk management (continued)

The company's shares were delisted from the London Stock Exchange's Alternative Investment Market during the year.

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 Grant Thornton India LLP (other than Apeejay) 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 increase in the unrealised fair value loss of £1m (2014: increase in loss of £1.6m).

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

<b>At 31 March 2015</b>	<b>UK</b>	<b>US</b>	<b>Indian</b>
<b>Financial assets</b>	<b>Sterling</b>	<b>Dollars</b>	<b>Rupees</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fair value through profit or loss</b>			
Investments held at fair value through profit or loss	-	-	22,108
Assets classified as held for sale			838
	<u>1,391</u>	<u>-</u>	<u>23,005</u>
<b>Loans and receivables</b>			
Other receivables due in more than one year	-	-	6
Cash and cash equivalents	1,391	-	48
Other receivables due in less than one year	-	-	5
	<u>1,391</u>	<u>-</u>	<u>23,005</u>
<b>At 31 March 2014</b>			
<b>Financial assets</b>			
<b>Fair value through profit or loss</b>			
Investments held at fair value through profit or loss	-	-	26,832
<b>Loans and receivables</b>			
Other receivables due in more than one year	-	-	5
Cash and cash equivalents	1,484	20	12
Other receivables due in less than one year	-	-	13
	<u>1,484</u>	<u>20</u>	<u>26,861</u>

### 14. Financial instruments and risk management (continued)

<b>At 31 March 2015</b>	<b>UK</b>	<b>US</b>	<b>Indian</b>
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# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

	Sterling £'000	Dollars £'000	Rupees £'000
<b>Financial liabilities held at amortised cost</b>			
Trade payables	-	-	18
Other payables	2	-	22
Accruals	101	-	-
	103	-	40
<b>At 31 March 2014</b>			
<b>Financial liabilities held at amortised cost</b>			
Trade payables	30	-	5
Other payables	20	-	5
Accruals	242	-	-
	292	-	10

### 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. 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 2015, 83% of the Group's cash balances were placed with entities with a credit rating of A- or higher (31 March 2014: 82%).

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

	31 March 2015 £'000	31 March 2014 £'000
<b>Cash at bank and bank term deposits</b>		
Standard & Poors credit rating		
AA or AA-	48	44
A or A-	1,145	1,213
BBB-	-	-
Not S&P rated	246	259
Total	1,439	1,516

### 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 £2.1m (2014: £1.7m).

### Liquidity risk

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

## 14. Financial instruments and risk management (continued)

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

<b>Maturity of undiscounted financial liabilities</b>	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>More than 5 years £'000</b>
<b>At 31 March 2015</b>				
Trade payables	18	-	-	-
Other payables	24	-	-	-
Accruals	101	-	-	-
	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2014</b>				
Trade payables	35	-	-	-
Other payables	20	5	-	-
Accruals	242	-	-	-
	<u>297</u>	<u>5</u>	<u>-</u>	<u>-</u>

### Interest rate risk

	<b>Non-interest bearing financial assets £'000</b>	<b>Floating rate financial assets £'000</b>	<b>Fixed rate financial assets £'000</b>
<b>At 31 March 2015</b>			
Investments held at fair value through profit or loss	22,108	-	-
Assets classified as held for sale	838	-	-
Other receivables due in more than one year	6	-	-
Cash and cash equivalents	-	1,439	-
Other receivables due in less than one year	45	-	-
	<u>22,997</u>	<u>1,439</u>	<u>-</u>
<b>At 31 March 2014</b>			
Investments held at fair value through profit or loss	26,832	-	-
Other receivables due in more than one year	5	-	-
Cash and cash equivalents	15	1,501	-
Other receivables due in less than one year	75	-	-
	<u>26,927</u>	<u>1,501</u>	<u>-</u>

## 14. Financial instruments and risk management (continued)

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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

	<b>Non-interest bearing financial liabilities £'000</b>	<b>Floating - rate financial liabilities £'000</b>	<b>Fixed rate financial liabilities £'000</b>
<b>At 31 March 2015</b>			
Trade payables	18	-	-
Other payables	24	-	-
Accruals	101	-	-
	<hr/> 143	<hr/> -	<hr/> -
<b>At 31 March 2014</b>			
Trade payables	35	-	-
Other payables	20	-	-
Accruals	242	-	-
	<hr/> 297	<hr/> -	<hr/> -

### 15. Provision for liabilities

	<b>31 March 2015 £'000</b>	31 March 2014 £'000
<i>Current</i>		
At beginning of period	310	310
Charged to profit or loss	-	-
Utilised during period	-	-
At end of period	<hr/> 310	<hr/> 310

The Company has provided for its estimated £310,000 potential 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 2015 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.

### 16. Called up share capital

31 March 2015	31 March 2014 £'000
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# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

£'000

*Allotted, called up and fully paid*

216,617,465 (2014: 246,156,210) ordinary shares of  
10p each

21,662

24,616

The Company returned £2,953,875 to shareholders in December 2014 by way of a tender for 29,538,740 Ordinary shares. The shares acquired by the Company were subsequently cancelled.

Ordinary shares of 10p each	2015 Number	Issued and fully paid		
		2015 £'000	2014 Number	2014 £'000
At 1 April	246,156,210	24,616	361,994,426	36,199
Cancellation of shares	(29,538,745)	(2,954)	(115,838,216)	(11,583)
At 31 March	216,617,465	21,662	246,156,210	24,616

### 17. 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.

*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 translation of foreign subsidiaries.

### 18. Share based payment

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

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

	Weighted average exercise price (pence) 2015	Number 2015	Weighted average exercise price (pence) 2014	Number 2014
Outstanding at the beginning of period	21.4p	19,429,465	21.4p	23,058,131
Outstanding at the end of the period	21.4p	19,429,465	21.4p	23,058,131

The following options were outstanding at 31 March 2015.

Date of grant	Exercise price	Exercisable in full from	Expiry Date	Number of options outstanding
<i>HMRC Approved Scheme</i>				
5 October 2006	30.25p	10/5/06	5/10/16	198,346
<i>Individual Option Agreements</i>				
10 May 2006	25.0p	10/5/09	10/5/16	9,549,986
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
18 February 2011	17.5p	See below	18/2/21	1,500,000
				19,429,465

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.

The options issued on 18 February 2011 become exercisable in respect of one third of the ordinary shares over which they are granted on the first, second and third anniversary of 18 February 2011, subject to the Company's share price reaching 19.25p, 21.2p and 23.3p respectively. None of those hurdles had been achieved by 31 March 2015.

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 2 years (2014: 3 years).

Of the total number of options outstanding at the end of the period 17,929,465 (2014: 18,885,465) had vested and were exercisable at the end of the period.

No share options were exercised or granted during the period (2014: None).

### 18. Share based payment (continued)

	31 March 2015	31 March 2014
The share-based remuneration expense comprises:	£'000	£'000

# Eredene Capital Limited

## Notes to the consolidated financial statements for the year ended 31 March 2015

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Equity-settled schemes	-	1
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### 19. Commitments

#### Operating lease commitments

The Group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2015 £'000	31 March 2014 £'000
Less than one year	-	2

### 20. Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:	2015 £'000	2014 £'000
Cash available on demand	1,439	1,516

### 21. Contingencies

The Group entered into two deeds of undertaking with L&T Finance Limited of India in relation to the Group's former investment in Apeejay Infra-Logistics Pvt Ltd. Under the terms of those undertakings, Haldia Mauritius Ltd, a wholly owned Group company until 11 June 2015, agreed to provide additional funds to Apeejay Infra-Logistics Pvt Ltd and its subsidiary company, Apeejay Logistics Park Pvt Ltd (together "the Apeejay Infra-Logistics Group") in the event that there was a shortfall in the Apeejay Infra-Logistics Group's ability to service its debt. The debt facilities provided by L&T Finance Limited total INR 745m (£7.4m) and the undertaking was provided on a joint and several basis by Haldia Mauritius Ltd and its joint venture partner, Apeejay Shipping Ltd.

### 22. Related party transactions

Ocean Dial Asset Management Limited (ODAM), the company secretary, charged the group Investment Management fees of £270,000 (2014: £80,000) during the year. At the reporting date a balance of £25,000 (£20,000) was payable to ODAM.

### 23. Ultimate Parent Undertaking and Controlling Party

As at 31 March 2015, there was no single controlling party.

### 24. Post Balance sheet events

On 11 February 2015, Haldia Mauritius Limited (HML) entered an agreement with Apeejay Shipping Limited to sell 2,305,695 shares (98%) out of 2,352,750 shares HML held in Apeejay Infra Logistics Private Limited for a consideration of INR75,950,000. On 11 June 2015, Haldia Mauritius Holdings Limited entered into a share purchase agreement to dispose of its entire shareholding in HML for consideration of £15,500.



# Eredene Capital Limited

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**Eredene Capital Limited**

**Annual report for the company**

**Year ended 31 March 2015**

# Eredene Capital Limited

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

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We have audited the parent company financial statements of Eredene Capital Limited for the year ended 31 March 2015 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion 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.

# Eredene Capital Limited

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

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### Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Thomas Moore (senior statutory auditor)  
For and on behalf of Kingston Smith LLP, statutory auditor  
Devonshire House  
60 Goswell Road  
London  
United Kingdom  
EC1M 7AD

14 July 2015

# Eredene Capital Limited

## Balance Sheet at 31 March 2015

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	Note	31 March 2015 £'000	31 March 2014 £'000
<b>Fixed assets</b>			
Tangible fixed assets	3	-	-
Investments	4	23,274	48,219
		<u>23,274</u>	<u>48,219</u>
<b>Current assets</b>			
Debtors	5	60	39
Cash at bank and in hand		1,145	1,178
		<u>1,205</u>	<u>1,217</u>
Creditors: amounts falling due within one year	6	(78)	(263)
<b>Net current assets</b>		<u>1,127</u>	<u>954</u>
<b>Total assets less current liabilities</b>		24,401	49,173
Provisions	7	(310)	(310)
<b>Net assets</b>		<u>24,091</u>	<u>48,863</u>
<b>Capital and reserves</b>			
Share capital	8	21,662	24,616
Special reserve	9	30,677	33,631
Capital redemption reserve	9	2,954	-
Profit and loss account	9	(31,202)	(9,384)
<b>Shareholders' funds</b>	10	<u>24,091</u>	<u>48,863</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 July 2015

**DDS Robertson**  
**Non-Executive Chairman**

Company No. 05330839

The notes on pages 44 to 47 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 2015

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### 1. Accounting policies

The following principal accounting policies have been applied:

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and Company law.

#### **Fixed asset investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

#### **Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is 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 are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received. If it is not possible to identify the fair value of these goods or services provided, the profit and loss account is 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 18 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.

#### **Pension costs**

The Company contributes to directors and employees personal money-purchase pension schemes. Contributions are charged to the profit and loss account in the period in which they become payable.

#### **Cashflow Statement**

The Company has used the exemption under FRS1 Cashflow Statements, not to prepare a cashflow statement, as a consolidated cashflow statement is included in the financial statements of its ultimate holding company which are publicly available.

#### **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.

#### **Operating leases**

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

#### **Related party disclosures**

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures', not to disclose transactions with other group companies.

### 2. Loss for the financial period

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# Eredene Capital Limited

## Notes forming part of the Eredene Capital Limited company financial statements for the year ended 31 March 2015

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 £21.8m (2014: loss of £0.8m).

### 3. Tangible fixed assets

	Office equipment £'000
<b>Cost</b>	
At 1 April 2014	39
Disposals	(39)
At 31 March 2015	-
<b>Depreciation</b>	
At 1 April 2014	39
On disposals	(39)
At 31 March 2015	-
<b>Net book value</b>	
At 31 March 2015 and 31 March 2014	-

### 4. Fixed asset investments

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

	Country of Incorporation	Class of shares held	Ownership 2015	2014
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%	100%
Coloba Mauritius Ltd	Mauritius	Ordinary	100%	100%
Ennore Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Ennore Mauritius Ltd	Mauritius	Ordinary	100%	100%
Eredene Ennore Mauritius Holding Ltd*	Mauritius	Ordinary	0%	100%
Eredene Ennore Mauritius Ltd*	Mauritius	Ordinary	0%	0%
Haldia Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Haldia Mauritius Ltd	Mauritius	Ordinary	100%	100%
Juhu Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Juhu Mauritius Ltd	Mauritius	Ordinary	100%	100%
West Coast Port Holding Ltd*	Mauritius	Ordinary	0%	100%
West Coast Port Ltd*	Mauritius	Ordinary	0%	0%
West Port Services Holding Ltd*	Mauritius	Ordinary	0%	0%
West Port Services Ltd*	Mauritius	Ordinary	0%	0%
Pipavav Mauritius Holding Ltd	Mauritius	Ordinary	100%	100%
Pipavav Mauritius Ltd	Mauritius	Ordinary	100%	100%
Eredene Capital Advisors Pvt Ltd	India	Ordinary	100%	100%

\*\* In liquidation

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 India.

### 4. Fixed asset investments (continued)

# Eredene Capital Limited

## Notes forming part of the Eredene Capital Limited company financial statements for the year ended 31 March 2015

<b>Total investment in subsidiaries</b>	2015 £'000	2014 £'000
At beginning of period	48,219	54,500
Additions	900	1,118
Disposals	(16,506)	(7,399)
Impairments	(9,339)	-
<b>At end of period</b>	<b>23,274</b>	<b>48,219</b>

Additions represent subscriptions for shares in the companies.

### 5. Debtors

	31 March 2015 £'000	31 March 2014 £'000
Other debtors due within one year	39	37
Prepayments and accrued income	1	2
Amounts due from group undertakings	20	-
	<b>60</b>	<b>39</b>

### 6. Creditors: amounts falling due within one year

	31 March 2015 £'000	31 March 2014 £'000
Trade creditors	-	30
Other taxes and social security	3	3
Accruals and deferred income	75	230
	<b>78</b>	<b>263</b>

### 7. Provision for liabilities

	31 March 2015 £'000	31 March 2014 £'000
At beginning of period	310	310
Released in period	-	-
<b>At end of period</b>	<b>310</b>	<b>310</b>

The Company has provided for its estimated £310,000 potential 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 at the period end as the share price at 31 March 2015 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.

### 8. Share capital

# Eredene Capital Limited

## Notes forming part of the Eredene Capital Limited company financial statements for the year ended 31 March 2015

Details of the share capital of the Company are included in note 16 to the consolidated financial statements.

### 9. Reserves

	Special reserve £'000	Capital redemption reserve £'000	Profit & loss reserve £'000
At 31 March 2014	33,631	-	(9,384)
Loss for the period	-	-	(21,818)
Share buyback	(2,954)	2,954	-
<b>At 31 March 2015</b>	<b>30,677</b>	<b>2,954</b>	<b>(31,202)</b>

The capital redemption reserve was created on the cancellation of 29,538,745 10p shares purchased on 4 December 2014.

### 10. Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Loss for the period	(21,818)	(1,790)
Share based payment	-	1
Share buyback	(2,954)	(20,023)
	<u>(24,772)</u>	<u>(21,812)</u>
Opening shareholders' funds	48,863	70,675
Closing shareholders' funds	<u>24,091</u>	<u>48,863</u>

### 11. Related party transactions

Details of the Company's related party transactions are included in note 22 to the Group financial statements.

### 12. Control

There is no single controlling party.

### 13. Post Balance Sheet Events

On 11 February 2015, Haldia Mauritius Limited (HML) entered an agreement with Apeejay Shipping Limited to sell 2,305,695 shares (98%) out of 2,352,750 shares HML held in Apeejay Infra Logistics Private Limited for a consideration of INR75,950,000. On 11 June 2015, Haldia Mauritius Holdings Limited entered into a share purchase agreement to dispose of its entire shareholding in HML for consideration of £15,500.