BLOOM FOUNTAIN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

BLOOM FOUNTAIN LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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BLOOM FOUNTAIN LIMITED

CORPORATE INFORMATION

		Date of appointment
DIRECTORS:	Mr. Arun Kumar	24 April 2014
	ISLA Limited	31 Dec 2014

SECRETARY& ADMINISTRATOR:
CIM CORPORATE SERVICES LTD
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

REGISTERED OFFICE:
C/o CIM CORPORATE SERVICES LTD
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

AUDITOR:
Ernst & Young
9th Floor, NeXTeracom Tower I
Cybercity
Ebène
Mauritius

BANKER:
Standard Chartered Bank (Mauritius) Limited
Units 6A & 6B
6th Floor, Standard Chartered Tower
Lot 19, Cybercity
Ebène
Mauritius

BLOOM FOUNTAIN LIMITED
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of Bloom Fountain Limited (the “Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activities of the Company are investment holding and to provide consultancy services.

RESULTS AND DIVIDEND

The Company’s loss for the year ended 31 March 2017 is USD 203,118 (2016:USD 230,824,692).

The directors do not recommend any payment of dividend for the year ended 31 March 2017. (2016: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are required to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards, have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

In the auditor’s rotation process, the existing auditors, Deloitte Mauritius had been replaced by Ernst & Young, Mauritius. The Auditors, Ernst & Young, have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF

BLOOM FOUNTAIN LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bloom Fountain Limited (the “Company“), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements of the Company are prepared in all material respects, in accordance with the International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 19 to the financial statements, which indicates that the Company incurred a net loss for the year ended 31 March 2017 of USD 203,118 (2016: USD 230,824,692) and, as at that date, the Company’s total liabilities exceeded its total assets by USD 225,100,322 (2016: USD 224,897,204). These conditions along with other matters set forth in note 19 indicate the existence of a material uncertainty which may cast significant doubt on the entity’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Director, but does not include the financial statements and our auditor’s report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BLOOM FOUNTAIN LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards, as described in note 2 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BLOOM FOUNTAIN LIMITED (CONTINUED)

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the purpose of the financial statements and set out the basis of preparation. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of Bloom Fountain Limited and should not be distributed to or used by parties other than members of Bloom Fountain Limited.

Other matters

This report, including the opinion, has been prepared for and only for the members of Bloom Fountain Limited, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG, A.C.A
Licensed by FRC

Date: 07 July 2017

BLOOM FOUNTAIN LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	Notes	2017	2016
		USD	USD
ASSETS			
Non-current assets			
Investments in subsidiaries	5	**2**	1
Property, plant and equipment	6	**-**	-
Loan to related party	7	**475,000**	-
Total non-current assets		**475,002**	1
Current assets			
Other receivable	8	**478,864**	479,423
Cash and cash equivalents		**3,568**	96,648
Total current assets		**482,432**	576,071
Total assets		**957,434**	576,072
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	9	**2,201,000,001**	1,000,001
Accumulated losses		**(226,100,323)**	(225,897,205)
Other equity reserve	5	**(2,200,000,000)**	-
Shareholder's deficit		**(225,100,322)**	(224,897,204)
Non-current liabilities			
Borrowings	10	**3,536,419**	3,141,419
Optionally Convertible Redeemable Preference Shares	11	**222,040,000**	222,040,000
Total non-current liabilities		**225,576,419**	225,181,419
Current liabilities			
Other payables	12	**481,337**	291,857
Total liabilities		**226,057,756**	225,473,276
Total equity and liabilities		**957,434**	576,072

Approved by the Board of Directors and authorised for issue on 07 July 2017
and signed on its behalf by:

____________________ ____________________
Director Director

The notes on pages 11 to 25 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

BLOOM FOUNTAIN LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		USD	USD
REVENUES			
Sale of services		**-**	11,457
		-	11,457
EXPENSES			
Audit fees		**(6,000)**	(6,900)
Professional fees		**(13,845)**	(14,069)
Licence fees		**(737)**	(330)
Depreciation and amortization		**-**	(276)
Loss on sale of plant and equipment		**-**	(13,390)
Bank charges		**(1,638)**	(1,181)
		(22,220)	(36,146)
Provision for impairment of investment in subsidiaries	5	**-**	(133,103,674)
Provision for impairment of loan receivables	7	**-**	(99,478,644)
Net finance (cost)/ income	13	**(180,898)**	1,782,315
Loss before taxation		**(203,118)**	(230,824,692)
Income tax expense	14	**-**	-
Loss for the year		**(203,118)**	(230,824,692)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(203,118)**	(230,824,692)

The notes on pages 11 to 25 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

BLOOM FOUNTAIN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Issued capital	**Accumulated losses**	**Other equity reserve**	**Total**
	USD	USD	USD	USD
At 1 April 2015	1,000,001	4,927,487	-	5,927,488
Loss for the year and total comprehensive loss	-	(230,824,692)	-	(230,824,692)
At 31 March 2016	1,000,001	(225,897,205)	-	(224,897,204)
At 1 April 2016	1,000,001	(225,897,205)	**-**	**(224,897,204)**
Issue of shares	**2,200,000,000**	**-**	**-**	**2,200,000,000**
Impairment of investment (Refer note no 5)	**-**	**-**	**(2,200,000,000)**	**(2,200,000,000)**
Loss for the year and total comprehensive loss	**-**	**(203,118)**	**-**	**(203,118)**
At 31 March 2017	**2,201,000,001**	**(226,100,323)**	**(2,200,000,000)**	**(225,100,322)**

The notes on pages 11 to 25 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

BLOOM FOUNTAIN LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
		USD	USD
Net cash used in operating activities	15	**(13,079)**	(31,976)
Investing activities			
Acquisition of investment	5	**(2,200,000,001)**	-
Loan to subsidiary		**(475,000)**	(745,000)
Proceeds from sale of plant and equipment		**-**	11,259
Net cash used in investing activities		**(2,200,475,001)**	(733,741)
Financing activities			
Proceeds from borrowings		**395,000**	841,419
Proceeds from issue of shares		**2,200,000,000**	-
Net cash generated from financing activities		**2,200,395,000**	841,419
Net (decrease)/increase in cash and cash equivalents		**(93,080)**	75,702
Cash and cash equivalents at the beginning of year		**96,648**	20,946
Cash and cash equivalents at end of year		**3,568**	96,648

The notes on pages 11 to 25 form an integral part of these financial statements.
Independent auditor’s report on pages 4 to 6.

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. CORPORATE INFORMATION

Bloom Fountain Limited (the "Company") was incorporated in Mauritius as a private company under the Companies Act 2001 on 23 June 2011 and was licenced as a Category 2 Global Business Company on 24 June 2011. The Company's registered office address at c/o Cim Corporate Services Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.

The Company's principal activity is investment holding and to provide consultancy services.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of preparation

The financial statements are prepared for the purpose of providing financial information to the members and have been prepared on a historical-cost basis and are denominated in United States Dollars ("USD").

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Functional currency

The directors consider the USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results to the members. Therefore, management considers the USD as the currency that most represents the economic effects of the underlying transactions, events and conditions.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has access to resources to continue in business for the foreseeable future. Refer to note 19 for more details.

Estimates and assumptions

At the reporting date, there were no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Changes in accounting policies

The accounting policies adopted in these financial statements are consistent with those of the previous financial year. There were a number of new standards and interpretations which were effective for this financial year, none of which have an impact on the Company.

Accounting standards and interpretations issued but not yet effective

A number of new standards, amendments to existing standards and interpretations have been issued and are not yet effective at the end of the issuance of the financial statements of the company. The company does not intend to early adopt these standards and interpretations as the directors do not consider these to have a material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently, is set out below:

(a) Functional and presentation currency

The directors consider USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives capital contribution from its investors. This determination also considers the competitive environment in which the Company operates. The Company's financial statements are prepared in USD.

Foreign currency translations

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss as part of the 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss as 'Net foreign exchange gains/(losses)'.

(b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The specific recognition criteria described below must also be met before revenue is recognized.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Revenue recognition (cont'd)

Consultancy fees

Consultancy fees are recognised on an accrual basis in accordance with the substance of the relevant agreement, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

(c) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(d) Expense Recognition

Expenses are accounted for in profit or loss on an accrual basis.

(e) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial Recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The financial assets of the company comprises of loan to related party, other receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial Instruments (cont'd)

Effective interest method (cont'd)

effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial Instruments (cont'd)

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

Ordinary shares are classified as equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to stated capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

(f) Financial liabilities

Financial liabilities are classified as "other financial liabilities".

Other financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial liabilities (cont'd)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, loans and borrowings and optionally convertible redeemable preference shares.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation (if any) is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

(g) Investment in subsidiaries

Investments in subsidiary is stated at cost. Any impairment in the value of the investment is recognised by reducing the carrying amount of the investment to its recoverable amount and charging the difference to profit or loss.

On disposal of an investment the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

The total discount or premium on fixed term interest free loan is treated as capital contribution and is included in the carrying amount of investment in the subsidiary. The discount on the loan is unwound over the year of the loan and is included in profit or loss as interest income or expense.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimated accounted for on a prospective basis.

Motor vehicle – 10% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) Impairment of non financial assets

At each reporting date, the company determines whether there is objective evidence that the investment in the assets is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value, and then recognises the loss in the statement of profit or loss. An asset's recoverable amount is the higher of an asset's or CGU's(cash generating units) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

(j) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

(l) Related parties

Related parties are individuals and companies, including the management company, where the individual or the Company has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(m) Current v/s Non -current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

• Expected to be realised or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
Expected to be realised within twelve months after the reporting period
Or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period
Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities

(n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

5. **INVESTMENTS IN SUBSIDIARIES**

Western Cluster Limited

	2017	2016
	USD	USD
As at 1 April	**-**	133,033,343
Deemed capital contribution	**-**	70,231
Impairment during the year	**-**	(133,103,674)
At 31 March	**-**	-

Twin Star Energy Holding Limited

	2017	2016
	USD	USD
As at 1 April	**1**	1
Addition during the year	**-**	-
Disposal during the year	**-**	-
At 31 March	**1**	1

Twin Star Mauritius Holdings Limited

	2017	2016
	USD	USD
As at 1 April	**-**	-
Addition during the year	**2,200,000,000**	-
Impairment during the year (refer note below)	**(2,200,000,000)**	-
At 31 March	**-**	-

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

5. **INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Sesa Sterlite Mauritius Limited

	2017	2016
	USD	USD
As at 1 April	**-**	-
Addition during the year	**1**	-
Disposal during the year	**-**	-
At 31 March	**1**	-

The Company had invested in redeemable preference shares (RPS) of USD 2,200,000,000 issued by Twin Star Mauritius Holdings Limited (TSMHL), a wholly owned step down subsidiary of the Company. TSMHL was holding shares of Cairn India Limited ("Cairn India"), a fellow subsidiary of the Company. During the current year the merger of Cairn India into another of the Company's intermediate holding company, Vedanta Limited ("Vedanta"), was substantially completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented. Hence, the Company has made an impairment provision of USD 2,200,000,000 against the investment in RPS issued by TSMHL and the consequential effects have been carried through the statement of changes in equity.

Details of the investments held at 31 March 2017 and 2016 are provided below:

Subsidiary	**Principal Activity**	**Country of Incorporation**	**Type of Shares**	**No of Shares Held**		**% Holding**		**Carrying Value**	
				2017	**2016**	**2017**	**2016**	**2017**	**2016**
								USD	**USD**
Western Cluster Limited	Mining	Liberia	Ordinary shares	100	100	100%	100%	-	-
Twin Star Mauritius Holdings Limited	Investment Holding	Mauritius	Redeemable Preference Share	220,00,000	-	-	-	-	-
Sesa Sterlite Mauritius Limited	Investment Holding	Mauritius	Ordinary shares	1	-	100%	-	1	-
Twin Star Energy Holdings Ltd.	Investment Holding	Mauritius	Ordinary shares	60,010	60,010	100%	100%	1	1

The Company has adopted the policy of measuring its investments at cost less impairment.

Western Cluster Limited has a group of iron ore properties northwest of Monrovia in Liberia (under the name of Bomi, Bea and Mano). Exploratory drilling of approximately 120,000 meters had been done so far at Liberia which had resulted in externally certified resource determination of 3.8 Billion tons. The project had been put on hold during the financial year 2015 due to Ebola situation. Post Ebola, low Iron ore prices have triggered the need to review the carrying value of both the investment and the loan. The asset is presently at an exploratory stage. Due to a downward revision of cash flow projections relating to the expected persistence of a lower iron ore price, there is continued uncertainty on committing any capex at this stage of the Project.

Hence, considering the continued uncertainty, the total carrying value of the investment and the loan receivable has been impaired.

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

6. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicle
	USD
Cost	
At 1 April 2015	**34,861**
Disposal	**(34,861)**
At 31 March 2016 and 2017	**-**
Depreciation	
At 1 April 2015	**9,936**
Additions	**276**
Disposal	**(10,212)**
At 31 March 2016 and 2017	**-**

7. LOAN TO RELATED PARTY

	2017	2016
	USD	USD
At 1 April	**-**	96,853,313
Additions during the year	**475,000**	745,000
Notional Interest expense		(70,231)
Amount unwound during the year	**-**	1,950,562
Impairment during the year	**-**	(99,478,644)
At 31 March	**475,000**	-

Loan to related party is interest free, unsecured and repayable in 5 years.

8. OTHER RECEIVABLE

	2017	2016
	USD	USD
Amount due from subsidiary (Western Cluster Limited)	**478,864**	478,864
Other prepaid expenses	**-**	559
	478,864	479,423

Amount receivable from Western Cluster Limited is towards consultancy fees and advances and the directors believe that this will be received in next twelve months.

9. ISSUED CAPITAL

	2017	2016
	USD	USD
Issued and fully paid		
Ordinary Share of USD 1.00 each		
At 1 April	**1,000,001**	1,000,001
Issued during the year	**2,200,000,000**	-
At 31 March	**2,201,000,001**	1,000,001

The stated capital of the Company comprise of 2,201,000,001 ordinary shares of par value USD 1 held by Vedanta Limited. The ordinary shares carry voting rights and a right to dividend.

10. BORROWINGS

	2017	2016
	USD	USD
Current		
At 1 April	**-**	2,300,000
Addition	**395,000**	841,419
Reclassified to non-current	**(395,000)**	(3,141,419)
At 31 March	**-**	-

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

10. **BORROWINGS (cont'd)**

	2017 USD	2016 USD
Non-Current		
At 1 April	**3,141,419**	-
Reclassified from current	**395,000**	3,141,419
At 31 March	**3,536,419**	3,141,419

During the year 2017, the Company has taken an additional loan of USD 3,536,419 from THL Zinc Ltd. The loan is unsecured, bears interest at the rate of 2.6% per annum and is repayable by 28 February 2018 or such later day as may be agreed by the parties.

11. **OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")**

There is no movement in the number of Optionally Redeemable Preference Shares during 2016-17.

	OCRPS of USD 1 each and premium of USD 99	OCRPS of USD 100 each	Number of shares
At 1 April 2016	18,59,900	3,60,500	22,20,400
Issued during the year	-	-	-
At 31 March 2016	18,59,900	3,60,500	22,20,400
Issued during the year	**-**	**-**	**-**
At 31 March 2017	**18,59,900**	**3,60,500**	**22,20,400**

Each Optionally Redeemable Preference Shares can be converted at the option of the investor into variable number of equity shares and can be redeemed at the option of the Company at any time.

In accordance with paragraph 16 of IAS 32 Financial Instruments: Presentation, the Optionally Convertible Redeemable Preference Shares (OCRPS) have been classified as a liability.

The Directors have confirmed that the OCRPS will not be redeemed within the next twelve months as from the date of this financials statements.

12. **OTHER PAYABLES**

	2017 USD	2016 USD
Audit fees	**6,000**	4,025
Management consultancy fees	**4,026**	-
Accrued interest on Optionally Convertible Redeemable preference shares	**295,298**	200,522
Interest payable	**176,013**	87,310
	481,337	291,857

13. **NET FINANCE COSTS/ (INCOME)**

	2017 USD	2016 USD
Interest income:		
-Notional interest income	**-**	1,950,562
	-	1,950,562
Interest on borrowings	**86,123**	73,487
Interest on Optionally Convertible Redeemable Preference Shares	**94,775**	94,760
	180,898	(1,782,315)

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

14. TAXATION

The Company, being the holder of a Category 2 - Global Business Licence, is not liable to tax in Mauritius.

15. NET CASH GENERATED USED IN OPERATING ACTIVITIES

	2017	2016
	USD	USD
Loss before tax	**(203,118)**	(230,824,692)
Adjustments for:		
Provision for impairment of investment in subsidiary	-	133,103,674
Provision for impairment of loan receivable	-	99,478,644
Interest income	-	(1,950,562)
Depreciation on plant and equipment	-	276
Loss on sale of plant and equipment	-	13,390
Changes in working capital:		
Decrease/ (increase) in other receivables	**559**	(10,329)
Increase in other payables	**189,480**	157,623
Net cash used in operating activities	**(13,079)**	(31,976)

16. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of the Company's financial assets and liabilities approximate their fair values.

	Total
At 31 March 2017	**USD**
Financial assets	
Loan receivables	**475,000**
Other receivables	**478,864**
Cash and cash equivalents	**3,568**
Total financial assets	**957,432**
Financial liabilities	
Other payables	**481,337**
Borrowings	**3,536,419**
Optionally Convertible Redeemable Preference Shares	**222,040,000**
Total financial liabilities	**226,057,756**

	Total
At 31 March 2016	USD
Financial assets	
Other receivables	478,864
Cash and cash equivalents	96,648
Total financial assets	575,512
Financial liabilities	
Other payables	291,857
Borrowings	3,141,419
Optionally Convertible Redeemable Preference Shares	222,040,000
Total financial liabilities	225,473,276

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

16. FINANCIAL INSTRUMENTS (CONT'D)

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2017	Financial liabilities 2017	Financial assets 2016	Financial liabilities 2016
	USD	USD	USD	USD
United States Dollars	**957,432**	**226,057,756**	575,512	225,473,276

The Company is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 March 2017 and 2016, the Company did not have any interest bearing financial assets and liabilities, and hence, was not exposed to interest rate risk

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not exposed to credit risk for the years ended 31 March 2017 and 2016.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation. At 31 March 2017, the Company had financial liabilities of USD 226,057,756 (2016: 225,473,276), with a maturity date of one year. These consist mostly of borrowings from related party, amount due to related parties and other payables. At reporting date, the bank balance amounted to USD 3,568 (2016: USD 96,648), which is insufficient to finance the Company`s financial liabilities.

However, the Company has recourse to its holding companies for such financing and the intermediate parent has indicated its intention to continue to provide financial support for at least 12 months as from the date of this report. As such, liquidity risk is considered as minimal.
The maturity profile of the company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below:

	Less than 1 year	More than 1 year	Total
	USD	USD	USD
31 March 2017			
Liabilities			
Borrowings	**-**	**3,536,419**	**3,536,419**
Optionally Convertible Redeemable Preference Shares	-	**222,040,000**	**222,040,000**
Other payables	**481,337**	**-**	**481,337**
	481,337	**225,576,419**	**226,057,756**

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

16. FINANCIAL INSTRUMENTS (CONT'D)

31 March 2016

Liabilities

Borrowings	-	3,141,419	3,141,419
Optionally Convertible Redeemable Preference Shares	-	222,040,000	222,040,000
Other payables	291,857	-	291,857
	291,857	225,181,419	225,473,276

Capital risk management

For the purpose of the Company's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

17. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2017, the Company transacted with certain related parties. The nature and volume of transactions with the entities are as follows:

Name of company	Relationship	Nature of Transaction	2017 USD	2016 USD
Transactions				
Western Cluster Limited	Subsidiary	Consultancy services	**-**	11,457
		Additional loan given	**475,000**	745,000
		Notional interest expense	**-**	(70,231)
		Amount unwound during the year	**-**	1,950,562
THL Zinc Ltd	Group Company	Additional loan taken	**395,000**	841,419
		Interest expenses	**86,123**	73,847
Vedanta Limited	Holding Company	Interest on Optionally Convertible Redeemable Preference Shares	**94,775**	94,760
Outstanding balances				
Western Cluster Limited	Subsidiary	Other receivables (Refer note 8)	**478,864**	478,864

BLOOM FOUNTAIN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

17. RELATED PARTY TRANSACTIONS (cont'd)

Vedanta Limited	Holding Company	Optionally Convertible Redeemable Preference Shares	**222,040,000**	222,040,000
		Accrued interest on Optionally Convertible Redeemable Preference Shares	**295,298**	200,522
THL Zinc Ltd	Group Company	Loan payables Refer note 10)	**3,536,419**	3,141,419
		Interest payable (Refer note 12)	**176,013**	87,310

Compensation to Key Management Personnel

No compensation to key management personnel was paid during the year ended 31 March 2017 (2016: NIL).

Other related party transactions
Fees charged by management of the Company

	2017	2016
	USD	USD
Transactions		
Total fees charged by management entity	**2,585**	2,565

Included in total fees charged by management entity, is an amount of USD 750 (2016: USD 750) pertaining to professional fees for the provision of directorship services.

18. HOLDING, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES

The Company's immediate holding company is Vedanta Limited. The intermediate holding company is Vedanta Resources Holdings Ltd, a company established in the United Kingdom and listed on the London Stock Exchange. The ultimate holding company is Volcan Investments Limited, a company established in the Bahamas.

19. GOING CONCERN

The Company incurred a net loss of USD 203,118 (2016: USD 230,824,692) for the year ended 31 March 2017 and as at that date, its total liabilities exceeded its total assets by USD 225,100,322 (2016: USD 224,897,204).

The directors have received a letter of support from Vedanta Limited, the intermediate holding company, who will provide financial support to the Company to enable the latter to meet its obligations as and when they fall due and to carry on its current business for the next 12 months.

These conditions give rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive the support of its ultimate holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

20. EVENTS AFTER REPORTING PERIOD

There have been no material events after the reporting period, which would require disclosure or adjustment to the year ended 31 March 2017 financial statements.