

SBM INDIA FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

SBM INDIA FUND

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**SBM INDIA FUND
CORPORATE INFORMATION**

1.

DIRECTORS

Mr Muhammad Assad Yussuf Abdullatiff
Mr Shaan Kundomaal
Mr Venkateswara Rao Parvateneni
Mr Lakshmana Lutchmenarraido

Date of Appointment

05 February 2013
27 July 2015
21 March 2016
03 March 2017

Date of Resignation

-
-
13 September 2018
-

INVESTMENT MANAGER

SBM Mauritius Asset Managers Ltd
SBM Tower
1 Queen Elizabeth II Avenue
Port Louis
Mauritius

ADMINISTRATOR

SBM Fund Services Ltd
SBM Tower
1, Queen Elizabeth II Avenue
Port Louis, Mauritius

BANKER (LOCAL)

SBM Bank (Mauritius) Ltd
SBM Tower
1, Queen Elizabeth II Avenue
Port Louis, Mauritius

BANKER (FOREIGN)

SBM Bank (Mauritius) Ltd
1st Floor Raheja Center
Free Press Journal Marg
Nariman Point Mumbai-21
India

CUSTODIAN

IL&FS Securities Services Limited
IL&FS House, Plot No.14, Raheja Vihar
Chandivili, Andheri (East), Mumbai India

REGISTERED OFFICE

C/o Rogers Capital Fund Services Ltd
Rogers House
5, President John Kennedy Street
Port Louis, Mauritius

AUDITOR

Ernst & Young
9th Floor, Tower 1, NeXTeracom
Cybercity, Ebene
Mauritius

Manager's Statement

Dear Shareholders,

We are pleased to present you with the annual report together with the audited financial statements of SBM India Fund (the "Fund") for the year ended 30 June 2019.

Global markets were impacted by several events during the year, including, the on-going trade dispute between US and China, uncertainty surrounding Brexit, global economic slowdown and interest rate hikes by the Federal Reserve. Emerging markets have been particularly impacted by the rise in rates in the first half of the year with the strong dollar hurting commodities and export-oriented emerging economies.

In India, the rupee has been highly volatile during the year following the upward trajectory of oil prices and on account of the twin deficit, namely, fiscal and current account deficits. Markets were dragged down by the on-going crisis in the NBFC sector with the default of IL&FS and Dewan Housing Finance.

Equity markets' downtrend worsened following the liquidity crisis of NBFC and SEBI's revision of mutual funds' holdings reclassification of small- and mid-cap stocks which triggered a major sell off on the market. The BSE 500 returned 4.6% led by few large-cap stocks whereas the BSE mid-cap index and BSE small-cap index registered corresponding performances of -4.8% and -11.8% in USD terms. The Fund lost -17.1% during the financial year weighed down by exposure to smaller caps and depreciation rupee.

We would like to thank the management team and all the stakeholders for their contribution towards enhancing the value of the Fund as well as the unit holders for their confidence in us.

SBM Mauritius Asset Managers Ltd
26 September 2019

A handwritten signature in blue ink, consisting of a stylized, cursive script that appears to be the name of the signatory.

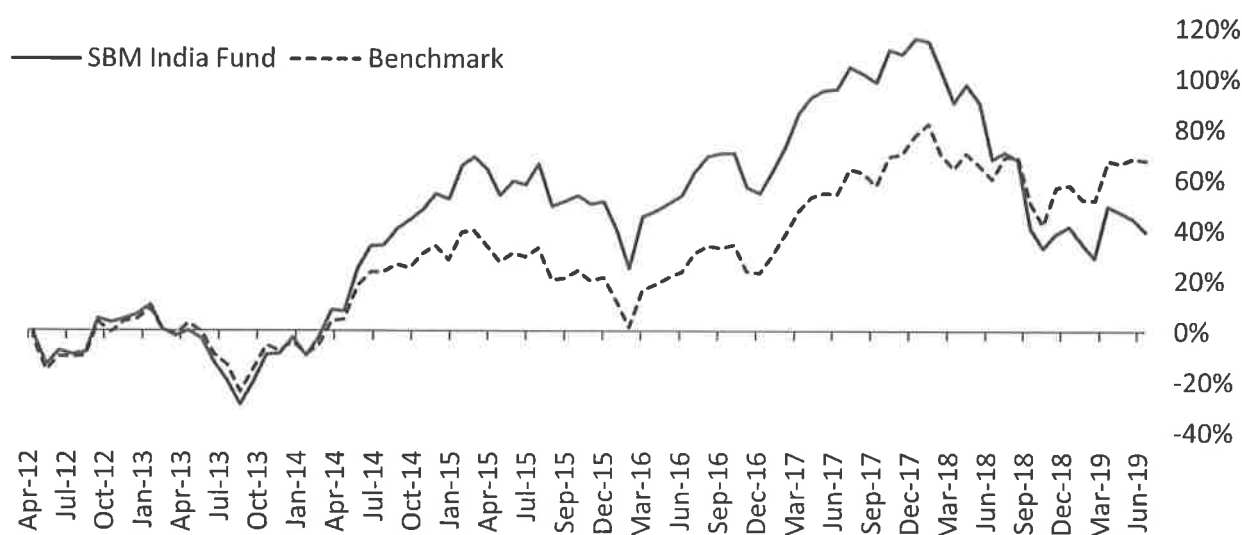
1. Performance

1.1 Performance review

The net assets of SBM India Fund (the "Fund") fell from USD 8.0M to USD 6.6M over the year with Net Asset Value (NAV) per unit falling from USD 168.2 to USD 139.4. The Fund registered a return of -17.1% for the year ended 30 June 2019 compared to 4.6% for its reference index (S&P BSE 500 Index). However, small- and mid-caps companies displayed different performances with the BSE mid-cap index and BSE small-cap index registered respective returns of -4.8% and -11.8% in USD terms

Equity markets took a hit in the second half of 2018 as the NBFC sector experienced severe liquidity constraints. The rupee reached a record low of INR 74.9 as crude oil prices peaked to USD 86.3/barrel in October 2018. Over the first half of 2019, markets peaked shortly during elections of May but market sentiments were dented by lower-than-expected earnings and global cues.

Cumulative return of SBM India Fund vs S&P BSE 500



Cumulative return

	1 M	3 M	6M	1 Y	3 Y	5 Y	Inception	Annualized
SBM India Fund	-3.5%	-6.7%	-1.4%	-17.1%	-9.4%	4.4%	39.4%	4.7%
S&P BSE 500	-0.5%	0.1%	6.3%	4.6%	35.8%	36.0%	67.6%	7.4%

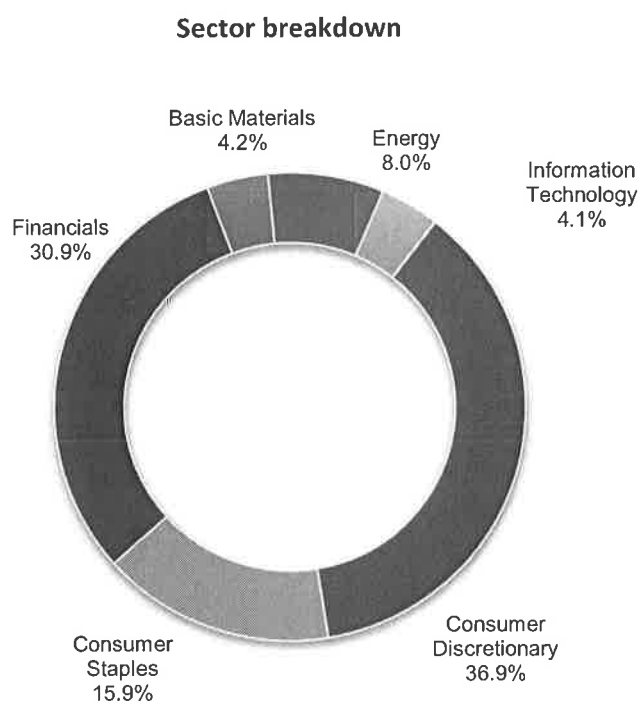
Cumulative return (Financial Year)

	2012*	2013	2014	2015	2016	2017	2018	2019
SBM India Fund	-7.8%	-5.0%	52.5%	18.4%	-2.7%	27.3%	-14.1%	-17.1%
S&P BSE 500	-10.2%	1.1%	35.8%	5.0%	-4.6%	24.8%	4.1%	4.6%

*Since April 2012

1.2 Portfolio review

Total assets stood at USD 6.6M as at 30 June 2019 against USD 8.0M as at 30 June 2018. The portfolio can be broadly decomposed into 97.8% equity and 2.2% cash. The Fund is mainly invested in the consumer and financial sectors based on fundamental drivers of the economy.



The top 10 holdings of the Fund as at 30 June 2019 are well diversified across various sectors.

Stocks	Sector	Holdings
Vardhman Textiles Ltd	Consumer Discretionary	9.0%
KRBL Ltd	Consumer Staples	8.4%
ICICI Bank Ltd	Financials	8.4%
Tata Motors	Consumer Discretionary	8.3%
Coal India Ltd	Energy	8.0%
ITC Ltd	Consumer Staples	7.5%
Equitas Holdings Limited	Financials	7.0%
Repco Home Finance Ltd	Financials	6.4%
LUX Industries Ltd	Consumer Discretionary	5.9%

Thomas Cook India) Ltd	Consumer Discretionary	5.5%
TOTAL		74.4%

2. Market review

India's economic momentum slowed during the fiscal year 2018-2019 with real GDP growing by 6.8% compared to 7.2% in the preceding year – led by slowdown in private consumption and investment. Economic activities were negatively impacted by rural distress and tighter lending conditions being the result of fundamental issues within the NBFC sector.

Equity markets delivered mixed returns over the year with BSE 500 returning 4.6% while BSE midcap index returned -4.8% in USD terms. In October 2018, the NBFC sector was under severe liquidity stress as infrastructure finance and loan companies had the highest outstanding borrowings in the market. SEBI imposed a reclassification of mid- and small-caps holdings on mutual funds which caused a major sell off in that space.

In 2018, FPIs (Foreign Portfolio Investment) turned net sellers with a total outflow of INR 330Mn reported for the year. Although markets recovered slightly in March 2019 around the elections period and further to the MPC's change in stance from neutral to accommodative, sentiments were dented by lower-than-expected earnings. The worst performing sectors (in USD) were auto (-27.2%), metal (-21.6%) and consumer discretionary (-15.1%).

The rupee reached a record low of INR74.86/USD in October 2018 when crude oil prices touched a year peak of USD 86.29/barrel. While the RBI adopted a hawkish stance during the first half of the year, softer oil prices and lower inflationary pressures in a slowing economy compelled policymakers to cut rates. Inflation remained broadly stable at 3.0% during the year and the Monetary Policy Committee (MPC) cut its rate by 75 basis points on three occasions between February-19 and June-19 to reach 5.75%. Bond markets benefited from the change in monetary policy with yields on 10Y Government of India securities falling from 7.90% as at June-18 to 6.88% in June-19.

3. Market outlook

India's growth forecast for fiscal year (FY) 19-20 has been revised down to 7.0% by the International Monetary Fund on account of weakened domestic demand. The current NBFC crisis is likely to exert negatively impact consumption and investment activities. The end of preferential trade treatment with the US under the Generalized System of Preferences is expected to have minimum impact on the economy. Growth is however projected to rebound to 7.2% in FY21 from lower base effect and demand growth.

In anticipation of weaker economic activity growth, the Reserve Bank of India has projected CPI inflation to be at 3.0%-3.1% for FY 19-20 and 3.4% -3.7% FY 20-21. With the on-going trade tensions between US-China and global economic slowdown, crude oil prices trajectory continue to be hazy. Crude price remain key to inflation and the INR level given its impact on the real effective exchange rates.

The Union Budget 2019-2020 has introduced several measures like an increase in FPI's limit to sectoral cap (increase in statutory limit for FPI investment in a company from 24% to sectoral foreign investment limit); subscription to listed debt securities issued by real estate and infrastructure investment; rationalising and streamlining the existing KYC norms for FPIs to make it more investor-friendly; merge the NRI-Portfolio Investment Scheme Route with the Foreign Portfolio Investment Route. However, an upward tax revision in the union budget may adversely impact FPIs and may prompt them to turn underweight on this market.

The Fund is likely to diversify the portfolio in the coming year and raise exposure to large caps in reducing overall volatility. Although mid- and small-caps' valuations have decreased significantly after the market corrections, they still trade at small premiums relative to large caps and with slower earnings growth, the Fund is likely to reduce existing allocations.

Corporate Governance Report

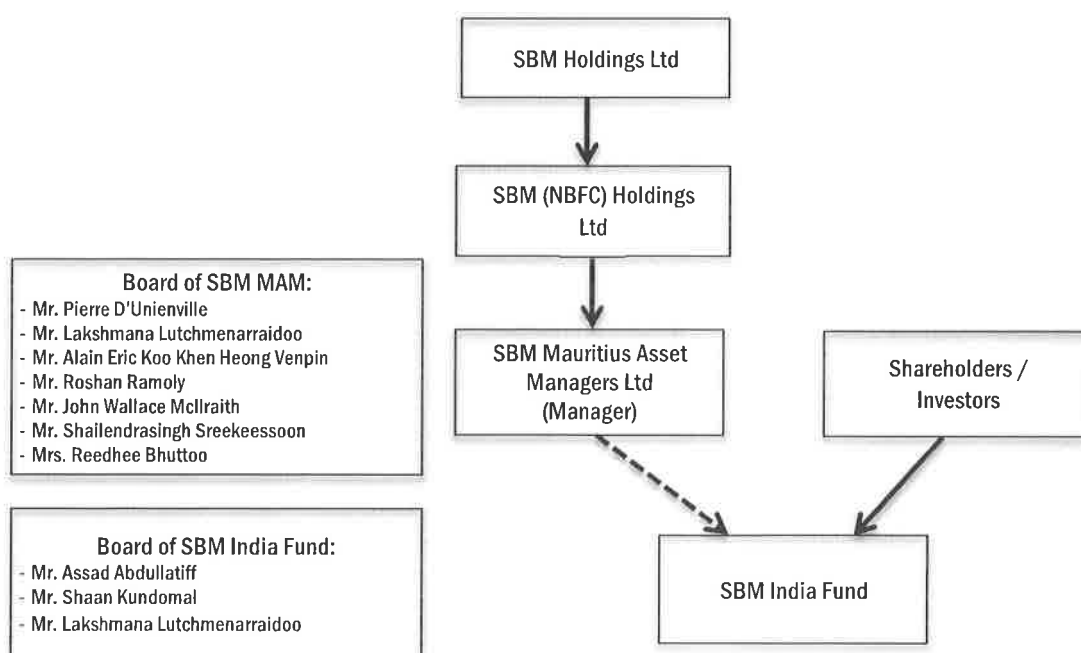
The Board of Directors of SBM India Fund (the "Fund") has pleasure in submitting the Corporate Governance Report for the financial year ended 30 June 2019, inclusive of other Statutory Disclosures.

INTRODUCTION

The SBM India Fund is an open-ended collective investment scheme which was incorporated as a public company limited by shares pursuant to the Companies Act 2001 and is licensed by the Financial Services Commission.

The Fund was launched with the objective to generate capital appreciation through investment in equity and equity related instruments in India. The Fund seeks to generate capital appreciation through means of contrarian investing.

The organisation's structure is as follows:



STATEMENT OF COMPLIANCE

The Fund's corporate governance framework includes its Directors, Manager, Shareholders and other stakeholders.

The Board of Directors and managers of SBM India Fund are fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximising long-term value creation for the shareholders of SBM India Fund and all the stakeholders at large. Much emphasis is on the conduct of business practices that display characteristics of good corporate governance namely discipline, integrity, transparency, independence, accountability, fairness, professionalism and social responsibility.

In addition, the Board of Directors of SBM India Fund continuously reviews the implications of corporate governance principles and practices in light of its experience, regulatory requirements and investor expectations. Appropriate Board Committees are set up to assist the Board in the effective performance of its duties. It hereby confirms that the Fund, as set out in this report, has strived to comply in all material aspects with the following legal and regulatory framework:

- Constitution;
- Prospectus;
- The Code of Corporate Governance for Mauritius (the "Code");
- Companies Act 2001;
- Securities Act 2005;
- The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008

STATEMENT OF COMPLIANCE (CONTINUED)

The Board of the Fund is composed of skilled, knowledgeable and experienced professionals, carefully selected to be highly effective in the governance of the organisation. They assume full responsibility for leading and controlling the organisation and for meeting all legal and regulatory obligations.

The Constitution of SBM India Fund complies with the provisions of the Companies Act 2001. A copy is available upon written request to the Company Secretary at the Registered Office of the Company, C/o Rogers Capital Fund Services Ltd, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius.

Its salient features are:

Article 8.4: SBM India Fund may issue fractional shares

Article 42: The Board may authorise a distribution by the company if it is satisfied on reasonable grounds that the company will satisfy the solvency test immediately after the distribution.

1. PRINCIPLE ONE: GOVERNANCE STRUCTURE

The Fund is headed by a Board of Directors (the "Board"). The Board of the Fund comprises an appropriate combination of executive Directors and independent Directors. Directors are elected (or re-elected, as the case may be) every year at the annual meeting of the Company. The Board of Directors is the link between the Fund and its stakeholders, collectively they are responsible to lead and control the Fund to enable it to attain its strategic objectives, in line with the legislative and regulatory framework. In discharging its duties, the Board of Directors shall promote the best interests of the Fund and all of its stakeholders. The Board is ultimately accountable to the shareholders of the Fund. Some of their key roles include:

- Implementing a system of corporate governance to assist in safeguarding policies and procedures across the Fund and making changes as needed;
- Delegating authority to and empower the intermediaries of the Fund to implement strategies, policies and plans approved by the Board;
- Reviewing and, where appropriate, approving risk policy, interim and audited financial statements, annual budgets, business plans and Committee's reports;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Reviewing the performance of the Investment Manager and Administrator. The Investment Manager and Administrator will provide such information as may from time to time be reasonably required by the Directors to facilitate such review.

Under the regulatory supervision of the Financial Services Commission, all officers and agents of the Fund are expected to maintain a high level of ethics in their behaviour and business transactions. The transactions of the Fund are carried out as per its Manager's and Fund Administrator's Code of Business Conduct and Ethics, applicable to all direct and indirect employees who deal with the matters of the Fund. The Board regularly monitors and evaluates compliance with its Code of Business Conduct and Ethics.

The Fund is involved in the provision of services and its operations do not materially impact on the environment. Investing strategies include investment in sound, ethical and environmental friendly entities.

2. PRINCIPLE TWO: THE STRUCTURE OF THE BOARD

The Board has attempted to create the right balance and composition to better meet the objectives of the organisation. The Board is a unitary Board and comprises two Independent Non-Executive Directors and one Executive Director. The Independent Directors do not have any relationship with the majority shareholders. The Board is led by Mr. Assad Abdullatif. All Board members currently reside in Mauritius.

The profile of the current Board members is as follows:

- **Mr. Assad Yussuf Abdullatif** Mr. Assad Abdullatif is one of the founding partners and the Managing Director of AXIS Fiduciary Ltd, a leading Mauritius-based independent trust company providing a full spectrum of fiduciary and corporate services to an international client base. He read for Bachelor of Law with Honors and a Master of Laws in the United Kingdom specializing in Business Law. Upon his return to Mauritius, he successfully sat for the Bar Vocational Course and was admitted to the Bar of Mauritius. He started his career in the financial services sector within a global fiduciary firm and counts several years of solid experience within the corporate and trust industry.

Immediately prior to joining AXIS Fiduciary Ltd, Mr. Abdullatif was an Assistant Director at the Board of Investment of Mauritius, where he was the Head of the Financial Services Cluster and responsible for the promotion of Mauritius as an International Financial Centre. He's areas of expertise spans the following areas: corporate law & governance, tax planning and structuring, fund formation & administration, company secretarial, trusts and estate planning. He has a keen interest in Estate Planning and is a full member of the Society of Trusts & Estate Practitioners (STEP) where he is very involved both at the domestic and international level. He is a past Chairman of the Mauritius branch of STEP and has been appointed as Council member of STEP worldwide in 2017 for a term of three years to represent the Africa/Arabia region which regroups the branches in India, Mauritius, South Africa, Seychelles and the United Arab Emirates.

Mr. Abdullatif has been and continues to be heavily involved in the promotion and development of the international financial services industry of Mauritius through his contribution in various sectorial and industry associations. He was the Chairman of the ATMC for the years 2017-2018. He is currently engaged in the following organizations/committees:

- The Blueprint Steering Committee;
- The Executive Committee of Association of Trust and Management Companies; and
- The Mauritius Branch of STEP & STEP Council.

2. PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

- **Mr. Shaan Kundomal** after his studies and thereafter working at senior management level for the listed MNC, British American Tobacco, Mr. Kundomal had gathered enough skills and confidence to live his passion as an entrepreneur. Since 2010, he setup and late invested in the following sectors Renewable Energy, Real Estate, Financial Services, Technology, oil and gas and agriculture. He is a shareholder and holds executive positions in a number of successful ventures including the Multiple award winning Capital Horizons Group (a financial conglomerate present in Mauritius, South Africa and the United Arab Emirates), Igknight (a technology company involved in cyber security and public safety) representing NEC in Mauritius, Kubera Investments (Oil and Gas) and Hydrocrisp (a tech based hydroponics company).

Mr. Kundomal sits on the Board of Directors of several important companies, including the SBM India fund, promoted by the SBM group, a listed banking conglomerate, OLA energy holdings Ltd (formerly the Libya Oil Holdings), a pan African company whose turnover for 2018 exceeded the EUR 3 Billion mark and previously sat on national committees in Mauritius, amongst which the steering group on Energy in the MID commission, under the aegis of the Prime Minister's office of the Republic of Mauritius.

Mr. Kundomal, in his capacity of CEO of Capital Horizons also regularly advises Ultra High Net Worth Individual, multinationals and Governments. Capital Horizons administers and consults for three sovereign funds/public investment companies bringing its net asset under administration in the billions of dollars. He holds a LL.M. in International Business Law from Paris II (Pantheon-Assas) where he graduated with high honors.

- **Mr. Parvataneni Venkateshwara Rao** (resigned on 13 September 2018) has more than 30 years' experience in Retail Banking, International Banking, Financial Markets, and Banking Book investments across Public and private sectors in both India and Mauritius.

Mr. Rao holds a B.Sc in Agriculture and MBA. He is also CAIIB, DBM, DIB & DTIRM from Indian Institute of Bankers, Mumbai. He has received intensive trainings in currency swaps from Euro Money UK, Technical Analysis from National Institute of Bank Management, India, Bourse Training Programme by Syndicate Bank and, Financial Engineering and Derivatives Training Programme from the Bankers Training College Reserve Bank of India. His competencies include Treasury & Risk Management and Managing the Bank's Investments.

Mr. Rao worked for 10 years in Syndicate Bank in the retail banking division. After a decade of Experience In Syndicate Bank's Treasury & International Banking Division, Mr. Rao Joined IndusInd Bank Treasury Trading Department reaching the level Head, Foreign Exchange of the Bank. In 2010, Mr Rao joined SBM Bank Mauritius Ltd (India Operations) and held the post of Head - Treasury. In 2013 Mr Rao joined SBM Bank (Mauritius) Ltd as Head-Financial Markets Division.

Mr. Rao was on the Board of Bombay Stock Exchange Currency Derivatives Segment, Vice President of Forex association of India affiliated to ACI Paris before moving to Mauritius. He was Guest Faculty at various national Institutes in Mumbai including National Institute of Bank Management. Currently he is a member of Financial Markets Committee, Bank of Mauritius and MBA Sub Committee on Capital Markets.

- **Mr. Lakshmana (Kris) Lutchmenaraidoo** has joined SBM as Chief Executive – SBM (NBFC) Holdings Ltd on the 16th January 2017.

Mr. Lutchmenaraidoo is a seasoned banking professional with over 40 years' experience across the Banking & Financial services sectors. During the 13 years he spent at SBM, he held various positions across the bank namely Branch Manager, Head of Internal Audit, and Assistant General Manager. He then moved on to occupy the highest positions in various prominent entities such as Mauritius Leasing Company Ltd, Mauritius Post Ltd, Mauritius Post and Cooperative Bank Ltd, La Prudence Mauricienne Assurances Ltée and Mauritius Union Assurance Co. Ltd. More recently, he was the Group Managing Director at Phoenix East Africa Assurance Company Ltd., based in Kenya and supervising operations in Kenya, Tanzania, Uganda and Rwanda.

Mr. Lutchmenaraidoo holds a Banking Diploma from FinAfrica Institute, Milan, Italy. He has as mandate to drive and transform the Non-Banking Financial Cluster in view of tremendously increasing its share of profits within the SBM Group.

2. PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

Board meetings and attendance

The Board of Directors meets at least once quarterly. The following table shows the list of Board members and the number of Board meetings held during the year and the attendance of individual directors.

No. of meetings held		Board	Annual Meeting 2018
		4	1
Directors	<i>Note:</i>		
Mr. M Assad Y Abdullatif	a	3	1
Mr. S Kundomal	a	3	0
Mr. L Lutchmenarraido	c	4	1
Mr. PV Rao*	b	0	0

Note:

- 'a' – Independent Director
- 'b' – Non Executive Director
- 'c' – Executive Director

* Resigned on 13th September 2018

The Board took cognizance of the requirements of the new Code for Corporate Governance on the matter of gender balance and will set out to address this matter.

Company Secretary

The Company Secretary is appointed by the Board in accordance with its Constitution.

3. PRINCIPLE THREE: DIRECTORS APPOINTMENT PROCEDURES

There exists a transparent procedure in place regarding the appointment of prospective Directors which is made in accordance with the skills, knowledge and expertise required on the Board.

The re-election of Directors is made on an annual basis at the Annual Meeting of the Company.

New Board members are provided with an Induction Pack to provide them with sufficient knowledge and understanding of the Fund's business comprising of the following:

- Legal Roles and responsibilities of Directors
- Group Structure
- Constitutive documents
- Profile of the Board members
- Minutes of past Board meetings
- Latest Audited Financial Statements
- Directors and Officers Liability Insurance
- Code of Corporate Governance of Mauritius

The Board assumes full responsibility for succession planning within the Company.

Whilst the induction process is designed to assist new Board Members, a comprehensive training plan has also been defined in partnership with renowned International Institutes and SBM Academy to ensure that the Board members fulfil their key roles regarding strategic development. The plan has been defined with relevant topics for developing and updating the directors' knowledge and capabilities with focus on Strategy, Risk and Governance.

In the process of continuous learning and professional development, the Corporate Affairs Team attended regular trainings to provide guidance to Board Directors on Governance, Compliance and Fiduciary responsibilities.

3. PRINCIPLE THREE: DIRECTORS APPOINTMENT PROCEDURES (CONTINUED)

During the year 2019, in-house training workshops were organized for all directors of the SBM Group to update their knowledge and capabilities. The following topics were covered during the workshops:

- Effective Board Committees
- The changing standards and benchmarks
- Challenges of the following committees (Audit Committee, Risk Committee, Nomination, Remuneration and Governance Committee)
- Compliance, Fraud & Whistleblowing
- Liability, Delegations and General powers of committees and their members
- The relationship with other committees across the organization
- Evaluation & succession Techniques & Issues
- Records & reporting by committees
- Derivatives & Risk Associated with derivatives
- Project Risk: Operational & Financial Risks
- Primary Risks as well as mechanisms for structuring risks including hedging mechanisms and hedging instruments
- Sensitivity Analysis and Scenario Analysis
- Cross-border issues in Project financing
- Collateral / guarantee and enforceability
- Implications of Basel Accord
- Insight into the latest tools and techniques to measure, manage and monitor credit risk
- Classification, measurement and disclosure of financial instruments in terms of IFRS 9 and IFRS 7

4. PRINCIPLE FOUR: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

All Board members are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

Remuneration philosophy and remuneration of Directors

The non-executive directors and independent directors are remunerated for their knowledge, experience and insight provided to the Board as well as contribution to helping and assisting the intermediaries of the Fund in the performance of their duties. Fees paid to the Directors amounted to USD 12,811 for the year ended 30 June 2019 (2018: USD 12,627). Director's fees have not been disclosed on an individual basis for confidentiality reasons.

Continuous Development Programme

During the year under review, Directors Development sessions were held in-house.

Annual evaluation of the Board

Board evaluation and self-assessment by the Directors allows the board members to better understand their own roles and responsibilities and how they can more effectively fulfil their duties and obligations.

During the reporting year, the Board underwent a self-assessment exercise in the form of an evaluation questionnaire and the findings were presented to the Board for discussion and further action.

Managing Conflict of Interest and Related Party Transactions

The Fund makes every effort to ensure that Directors declare any interest and/or report any related party transactions to the Chairman and the Company Secretary. A register of interests is kept by the Company Secretary and updated on a regular basis. The register is made available to the shareholder upon request to the Company Secretary.

The Company adheres to the Group Conflict of Interest and Related Party Transactions policy to assist the Board in identifying and disclosing actual and potential conflicts and help ensure the avoidance of conflicts of interest, where necessary.

For the related party transaction, please refer to Note 9 of the Financial Statements.

Information, information technology and information security policy

The Board confirms that information, information technology and information security policy exists within the Group. Significant expenditures on information technology are approved and monitored at Board level.

5. PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL

The Board acknowledges its responsibility for internal control and works closely together with the Fund Administrator to put in place a system of internal control which is designed to provide the Fund with reasonable assurance that the assets are safeguarded; that operations are carried out effectively and efficiently; that the financial controls are reliable and in compliance with applicable laws and regulations and that material frauds and other irregularities are either prevented or detected within a reasonable time.

The Manager and Fund Administrator prepare compliance and risk monitoring reports that are submitted to the Board of the Fund and the Audit and Risk Committee of SBM (NBFC) Holdings Ltd on a quarterly basis for their review, following which recommendations are made to the Manager on an on-going basis. The independent Compliance and Risk Management teams regularly reviews the various processes of the Fund, including, fund administration and registry, and the investment process. Preventive and corrective actions are then duly implemented to address internal control deficiencies and opportunities for improving the systems.

Risk Management

The Board is responsible for the risk management practice and procedures in place within the operating structure of the Fund for risk management. It also defines the overall strategy for risk tolerance and is responsible for the design, implementation and review of a risk management framework, processes and management of risk as performed by the intermediaries and service providers of the Fund.

The Fund's policy on risk management encompasses all business risks including operational, technology, business continuity, financial, compliance and reputational risks which could influence the achievement of the Fund's objectives. In context, a due diligence exercise is undertaken in collaboration with nominated intermediaries to ensure that they have the capability to commit on the implementation of appropriate customised procedures and controls for the purpose of the Fund.

The risk management mechanisms in place include:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- The communication of risk management policies across the multiple parties and functionaries involved in the processes;
- The implementation of a documented system of processes with appropriate controls and approval mechanism that closely align the control effort to the nature and importance of the risk;
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined and agreed by the Board;
- Compliance reports that are prepared and presented to the Board; and
- Internal audit functions at the level of the Manager and Fund Administrator.

Risk exposure of the Fund falls within the following areas or risk:

Operational risks

Operational risk is defined as risk of direct or indirect loss resulting from inadequate or failed internal process, people and systems or from external events. Assets of the Fund are properly safeguarded and reporting infrastructures are adequate and effective for timely and accurate data collection.

Compliance risks

Compliance risk is defined as risk of loss from failure to comply with regulations governing the conduct of an organisation's business. It is a composite risk made up of risk of legal or regulatory sanctions, financial loss, or loss of reputation. The Investment Manager's operations are overseen by compliance and risk management teams to ensure that the Fund's operations are within regulatory frameworks.

Technology risks

Technology risks include hardware and software failures, system development and infrastructure issues. To varying degrees, the Fund is reliant upon certain technologies and systems for the smooth and efficient running of its operations. Disruption to these technologies could adversely affect its efficiency.

Political, economic and financial markets risks

The primary sources of financial risks faced by the Fund are risks inherent to its investment activities. Investment values and returns are dependent on the performance of financial markets and may adversely affect the Fund's financial results. The financial risks faced by the Fund and management of these risks are further discussed in the notes to the financial statements.

Reputational risks

This relates to losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

5. PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Business continuity risks

This relates to losses from failed transaction processing and process management.

These risks are managed and mitigated through the various policies and methods as described in the above section.

Whistleblowing policy

In order to enhance good governance and transparency, the Group has a Whistleblowing policy. The main aim of the policy is to provide an avenue for raising concerns related to fraud, corruption and any other misconduct. The policy addresses the following:

- Protection of and Remedies for Whistleblowers and Complaints;
- Process and Procedures;
- Hotline, Email and PO Box facilities

Reports can be made through the following channels:

Hotline (Toll free numbers)

Territory	International Dial Number
Kenya	0800221832
India	0008000402246
Mauritius	8002111
Madagascar	336545559*

E-mail: whistleblowing@sbmgroup.mu

PO Box: 11, Caudan, Port Louis, Mauritius

6. PRINCIPLE SIX: REPORTING WITH INTEGRITY

The Board are required to ensure that adequate accounting records are maintained so as to disclose at any time, and with reasonable adequacy, the financial position of the Fund. They are also responsible for taking reasonable steps to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

They must present financial statements for each financial year, which give a true and fair view of the affairs of the Fund, and the results for that period. In preparing such financial statements, they are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment;
- state whether or not the Companies Act 2001, Financial Reporting Act 2004 and International Financial Reporting Standards (IFRS) have been adhered to and explain material departures thereto
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Fund.

The financial statements have been prepared on a going concern basis and there is no reason to believe that the Fund will not continue as a going concern in the next financial year.

6. PRINCIPLE SIX: REPORTING WITH INTEGRITY (CONTINUED)

The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently
- made judgments and estimates that are reasonable and prudent
- followed the International Financial Reporting Standards
- prepared the financial statements on the going concern basis
- adhered to the Code of Corporate Governance in all material aspects and reasons have been provided for non-compliance.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and the International Reporting Standards. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The reporting on Environmental, Health and Safety, Social and Corporate Social Responsibility issues as well as Charitable and Political contributions is made at the level of the ultimate holding company, SBM Holdings Ltd.

The Audit and Risk Committee of the Non-Banking Financial Cluster reviews the systems of internal controls to ascertain its adequacy and effectiveness and ensures that there is appropriate structure for identifying, monitoring, managing compliance risk as well as reporting system to advise the Committee of non-compliance on a timely basis. The Committee also recommends additional procedures to enhance the system of internal controls, if considered necessary.

The Annual report is published in full on the website of the Manager of the Fund, SBM Mauritius Asset Managers Ltd.

7. PRINCIPLE SEVEN: AUDIT

Internal Audit

The Non-Banking Financial cluster ('NBFC') has its own permanent Internal Audit function reporting to the Audit and Risk Committee of the cluster. The internal audit team comprises of three fully qualified accountants. The internal auditors provide assurance about the effectiveness of the risk management and control processes in place and they maintain their independence by reporting to the Audit and Risk Committee. The Head of Internal Audit has regular access to the Chairperson of the Board and the chairperson of the Audit and Risk Committee. There were no restrictions on access by the internal auditors to records or members of the management team.

The Audit and Risk Committee of NBFC is chaired by a Chartered Accountant and the Committee comprises of independent members with more than 30 years' experience in the Financial Services industry. The Audit and Risk Committee reviews and approves Internal Audit's plan and resources and evaluates the effectiveness of the function. The Audit and Risk Committee ensures that a consistent risk-based audit methodology is applied. The audit reports are thereafter tabled at the Committee and the findings and methodologies are reviewed and discussed by the Audit and Risk Committee.

As the third line of defense, the role of internal audit is to provide independent, objective assurance services designed to add value and improve NBFC entities' operations. Audits are carried out to review the adequacy and effectiveness of the group's system of internal controls, as per the Board approved risk-based audit plan. In conducting reviews, the Internal Auditors are alert to indicators of fraud and opportunities that could allow fraud, such as control weaknesses. In doing so, the Internal Auditors obtain reasonable assurance that business objectives for the process under review are being achieved and material control deficiencies are detected. Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations are issued to the chairperson of audit committee and the Chief Executive Officer. Any deviation in policies and non-performance of internal controls are duly reported and discussed at Audit Committee levels. Corrective actions are promptly taken and regular follow ups as well as reporting performed by Internal Audit until complete resolution.

External Audit

Ernst & Young were appointed as statutory auditors of the Fund for the financial year ended 30 June 2019. The Board assess and review on a regular basis the independence of the external auditor and the Audit and Risk Committee assesses the effectiveness of the external audit process. The Audit and Risk Committee has discussed accounting policies for the year under review with the external auditor.

The last tender was conducted in 2015 and Ernst & Young have been acting as external auditors for the last 4 years. The Corporate Shareholder appoints/re-appoints the external auditor on an annual basis at the Annual General Meeting of the Company.

The fees to the external auditors for audit services were USD 2,992, inclusive of VAT for the financial year 2019 (FY 2018: USD 2,878). EY also provides tax services and the amount was USD 711 for the financial year 2019 (FY 2018: USD 506). The external auditors do not provide any non-audit services.

The Audit & Risk Committee has met regularly with the external auditors in the presence of Management. No significant issues have been identified during the Audit and Risk Committee in relation to the Financial Statements.

8. PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Manager interacts with key stakeholders on a regular basis to discuss the performance of the Fund.

Holding structure – 30 June 2019

As at 30 June 2019, the Fund had issued 206.45 Class B shares for a total fund size of USD 34,534.59. The NAV per share of the Fund for Class A and Class B as at 30 June 2019 was USD 144.6075 and USD 139.4138 respectively.

The NAV per share for the past five years for both share classes are as follows:

Year	NAV per share Class A	NAV per share Class B
June 2015	159.41	158.06
June 2016	156.03	153.85
June 2017	201.42	195.92
June 2018	173.00	168.20
June 2019	144.61	139.41

Analysis of ownership

The Fund had 99 shareholders which include 6 clients of Class A and 93 clients of Class B as at 30 June 2019. A breakdown of the category of holders of participating shares and the share ownership as at 30 June 2019 are set out below:

SBM India Fund Class A Break-down

Market Value (USD)	Number of shareholders	Number of shares owned	% Holding
3M - 5,999,999	1	803.36	2.32
6M - 10M	1	1,477.34	4.27
10M-20 M	1	3,431.84	9.93
ABOVE 20 M	3	28,862.69	83.48
Total	6	34,575.23	100.00

SBM India Fund Class B Break-down

Market Value (USD)	Number of shareholders	Number of shares owned	% Holding
0-59,999	26	102.26	0.92
60,000 - 99,999	12	204.18	1.83
100,000 - 124,999	3	73.16	0.66
125,000 - 199,999	7	220.51	1.98
200,000 - 499,999	22	1,410.73	12.65
500,000 - 999,999	13	1,766.51	15.84
1M - 1,499,999	5	1,211.40	10.86
1.5M - 1,999,999	2	646.44	5.80
2M - 2,999,999	1	496.52	4.45
3M - 5,999,999	1	1,208.40	10.84
6M - 10M	-	-	-
10M-20 M	1	3,809.61	34.17
ABOVE 20 M	-	102.26	0.92
Total	93	11,149.72	100.00

PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Shareholder's agreement

To the best knowledge of the Fund, there has been no such agreement with any of its shareholders for the year under review.

Shareholders' relations and communication

Shareholders are strongly encouraged to visit the website of the Manager to remain updated on the Fund's initiatives/projects and goals. The Board confirms that the relevant stakeholders have been involved in the organisational position, performance and outlook.

Shareholders' calendar

The Fund has planned the following forthcoming events:

Reporting date	30 June
Publication of year end results	Within 90 days from end of 30 June 2019

Dividend Policy

No dividend policy is currently envisaged but the Board of the Fund have the discretion to change the distribution policy and distribute any profits earned to shareholders in future in terms of dividends or bonus shares. For the year ended 30 June 2019, the Board did not recommend the payment of any dividend. Currently, all profits will be reflected in the net asset value of the share of the Fund.

Dealings in the Fund's shares

No director dealt in the Fund's shares during the year under review and no director hold shares in the Fund.

Employee Share Option Scheme

The Fund has no share option plans.

OTHER STATUTORY DISCLOSURES

Significant Contracts

The Investment Management Agreement with SBM Asset Managers Limited is still effective.

Directors and Officers Liability Insurance

The Fund has subscribed to a Directors and Officers Liability Insurance policy in respect of legal actions or liability which may arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.



Director



Director

Date: 26 September 2019

The directors present their commentary, together with the audited financial statements of SBM India Fund (the "Fund") for the year ended 30 June 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments in equity and equity related instruments in India.

RESULTS AND DIVIDENDS

The results for the year are as shown in the statement of profit or loss and other comprehensive income and related notes.

The directors do not recommend the payment of any dividend for the year under review (2018: USD Nil).

DIRECTORS

The directors in office during the year were as stated on page 1.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Fund's directors are responsible for the preparation and fair presentation of the financial statements of the Fund. These financial statements comprise of the statement of financial position at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITOR

The auditor, Ernst & Young, has indicated its willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting of the shareholders.

By order of the board

Director

Date: 26 September 2019

Certificate from the secretary under section 166(d) of the Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **SBM India Fund** under the Mauritius Companies Act 2001 for the year ended 30 June 2019.



For Rogers Capital Fund Services Ltd
Company Secretary

Date: 26 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBM INDIA FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SBM India Fund (the "Fund") set out on pages 7 to 34 which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares 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 give a true and fair view of the financial position of SBM India Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 Fund 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.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the certificate from the Secretary as required by the Companies Act 2001 and the Manager's Report and Corporate Governance Report, 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 (other than the Corporate Governance Report) 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.

Corporate Governance report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Services Commission' Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has complied with the requirements of the Code.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBM INDIA FUND (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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund 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 Fund'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 Fund'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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SBM INDIA FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Use of our report

This report is made solely to the Fund's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report, or for the opinions we have formed.

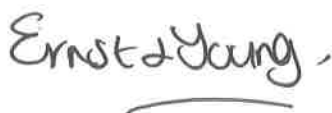
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Fund other than in our capacities as auditor, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.



ERNST & YOUNG
Ebène, Mauritius



ANJAALA RAMKHELAWON, F.C.A
Licensed by FRC

Date: **26 SEP 2019**


SBM INDIA FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

7.

	Notes	2019 USD	2018 USD
ASSETS			
Cash and cash equivalents		258,770	353,171
Other receivables	4	20,016	9,760
Financial assets at fair value through profit or loss	5	-	7,684,517
Financial assets at fair value through other comprehensive income	6	6,410,960	-
		6,689,746	8,047,448
LIABILITIES			
Other payables	7	129,390	20,220
Tax Liability	14	-	14
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		129,390	20,234
Net asset attributable to shareholders		6,560,356	8,027,214
REPRESENTED BY:			
Management shares	8	10	10
Net assets attributable to holders of redeemable participating shares	8	6,560,346	8,027,204
		6,560,356	8,027,214

Approved by the Board of Directors and authorised for issue on **26 September 2019**

Signed on behalf of the Fund:


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DIRECTORS

The notes on pages 11 to 34 form an integral part of these financial statements.

SBM INDIA FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

8.

	Notes	2019 USD	2018 USD
INCOME			
Dividend Income	6 (a)	83,809	107,775
Fair value loss on investments	5	-	(1,583,770)
Gain on disposal of investments		-	28,276
Exchange gain		4,280	-
Other income		36	-
		<u>88,125</u>	<u>(1,447,719)</u>
FUND EXPENSES			
Management fees	11	67,040	66,499
Administrator's fees	12	10,518	10,693
Custodian fees	13	1,605	1,463
Director fees		12,811	12,627
Audit fees		2,992	2,878
Statutory fees		9,347	5,547
Transaction costs		-	31,744
Legal and professional fees		9,009	2,456
Exchange loss		-	6,541
General expenses		8,663	5,138
		<u>121,985</u>	<u>145,586</u>
LOSS BEFORE TAXATION		(33,860)	(1,593,305)
Income tax	14	<u>(1,034)</u>	<u>(1,653)</u>
LOSS AFTER TAXATION		(34,894)	(1,594,958)
Other comprehensive income/(loss) that will not be reclassified to profit and loss			
Fair value loss on investments		(1,281,913)	-
Loss on disposal of investment	6	(1,504)	-
Decrease in net assets attributable to holders of redeemable participating shares		<u>(1,318,311)</u>	<u>(1,594,958)</u>

The notes on pages 11 to 34 form an integral part of these financial statements.

SBM INDIA FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES
FOR THE YEAR ENDED 30 JUNE 2019

9.

	Net assets attributable to holders to redeemable participating shares
	USD
As at 1 July 2017	3,208,024
Issue of redeemable shares	7,292,071
Redeemable shares redeemed	(877,933)
Increase in net assets attributable to holders to redeemable participating shares from transaction in shares	6,414,138
Decrease in net assets attributable to holders to redeemable participating shares from operation	(1,594,958)
As at 30 June 2018	8,027,204
As at 1 July 2018	8,027,204
Issue of redeemable shares	34,535
Redeemable shares redeemed	(183,082)
Decrease in net assets attributable to holders to redeemable participating shares from transaction in shares	(148,547)
Decrease in net assets attributable to holders to redeemable participating shares from operation	(1,318,311)
As at 30 June 2019	6,560,346

The notes on pages 11 to 34 form an integral part of these financial statements.

SBM INDIA FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

10.

	Notes	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(33,860)	(1,593,305)
<i>Adjustments for:</i>			
Dividend income		(83,809)	(107,775)
Fair value loss on investments		-	1,583,770
Gain on disposal of investments		-	(28,276)
Operating loss before working capital changes		(117,669)	(145,586)
Increase in other receivables		(1,574)	(358)
Increase in other payables		109,170	7,835
Purchase of financial assets at fair value through profit or loss	5	-	(11,042,374)
Proceeds from disposal of financial assets at fair value through profit or loss		-	4,825,221
Purchase of financial assets at FVOCI	6	(808,894)	-
Proceeds from disposal of financial assets at FVOCI	6	799,034	-
Dividend received		75,127	106,185
		55,194	(6,249,077)
Tax paid		(1,048)	(1,639)
Net cash generated from / (used in) operating activities		54,146	(6,250,716)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of redeemable participating shares		34,535	7,292,071
Redemption of redeemable participating shares		(183,082)	(877,933)
Net (used in)/ cash generated from financing activities		(148,547)	6,414,138
Net (decrease) / increase in cash and cash equivalents		(94,401)	163,422
Cash and cash equivalents at start of the year		353,171	189,749
Cash and cash equivalents at end of the year		258,770	353,171

The notes on pages 11 to 34 form an integral part of these financial statements.

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The SBM India Fund was incorporated in the Republic of Mauritius on 12 October 2007 as a public company limited by shares. The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL") to the Fund on 18 March 2005. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL 1 as from 01 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the Fund satisfies certain conditions. The Fund will be deemed to hold a GBL as from 01 July 2021 under section 96A (1)(b) of the FSA.

The objective of the Fund is to generate growth in the Net Assets attributable to holders of Redeemable Participating shares through investment in equity and equity related instruments in India. The Fund's investment activities are managed by SBM Mauritius Asset Managers Ltd.

The Fund has management shares and participating shares issued in two (2) classes of shares namely;

- Class A - issued for Institutional Investors
- Class B - issued for Individual Investors.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The financial statements have been prepared on a historical cost basis, except for investments at fair value through other comprehensive income, which are measured at fair value.

The financial statements are presented in United States Dollar ("USD") and all values are rounded to the nearest dollar, except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The financial statements are presented in USD (presentation currency) which is also the currency of the primary economic environment in which the Fund operates (functional currency). The Fund determines its own functional currency and items included in the financial statements of the Fund are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Fund at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising on settlement or retranslation of monetary items are taken to profit or loss.

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 is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(b) Dividend income

Dividend income is recognised when the Fund's right to receive the payment is established.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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 tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments

Policy applicable as from 01 July 2018

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- Impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred.
The Fund did not previously report any incurred losses; and
- Separate presentation in the statement of comprehensive income of interest revenue calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

The adoption of IFRS 9 had no material impact on the net assets attributable to holders of redeemable shares of the Fund.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Policy applicable as from 01 July 2018 (continued)

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Fund has elected to classify irrevocably its listed equity investments under this category.

Financial assets at amortised cost

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalents and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Fund 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 Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Policy applicable as from 01 July 2018 (continued)

Impairment of financial assets

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are, measured at 12-months ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to cations such as realising security (if any is held); or
- The financial assets is more than 30 days past due

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be Baa3 for Moody's rating or BBB- as per Standard and Poor's rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from the default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating the ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Fund expects to receive).

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or being more than 30 days past due; or
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowances for ECLs in the statement of financial position

Presentation of allowances for financial assets measured at amortised cost, are deducted from the gross carrying amount of assets.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Policy applicable as from 01 July 2018 (continued)

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.

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 Fund's financial liabilities include other payables and net assets attributable to redeemable participating shareholders.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

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 is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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 derecognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Policy applicable prior to 01 July 2018

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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, available-for-sale 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Policy applicable prior to 01 July 2018 (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

The Fund does not hold any financial assets classified as available-for-sale investments and held-to-maturity investments.

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 Effective Interest Rate ("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 profit or loss. The losses arising from impairment are recognised in finance costs for loans and in other operating expenses for receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Fund has designated its financial assets at fair value through profit or loss upon initial recognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognised (i.e. removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund 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 Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Policy applicable prior to 01 July 2018 (Continued)

Financial assets (Continued)

Impairment of financial assets

The Fund 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. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Fund 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 Fund 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 effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income, included in finance income, continues to be accrued on the reduced carrying amount and is accrued 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 Fund. 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 profit or loss.

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 including payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Fund's financial liabilities include other payables and net assets attributable to holders of redeemable participating shares.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Policy applicable prior to 01 July 2018 (Continued)

Financial liabilities (Continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, 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 is included as finance costs in profit or loss.

Derecognition

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Determination of fair value

The fair value for financial instruments traded in active markets at reporting date is based on their quoted price or binding dealer price quotations.

For all other financial assets not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis making as much use of available and supportable market data as possible.

An analysis of fair value instruments and further details as to how they are measured are provided in Note 5.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Policy applicable prior to 01 July 2018 (Continued)

Determination of fair value (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

(e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank.

(f) Provisions

Provisions are recognised when the Fund 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. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss and other comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(g) Redeemable participating shares

Redeemable units are classified as equity instruments when:

The redeemable units entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.

The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.

All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.

The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.

The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the holders of redeemable units.
- The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.
- The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of shares, the consideration received is included in equity.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Redeemable participating shares (Continued)

- Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.
- Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. The Fund's policy is not to keep units in treasury, but rather to cancel them once repurchased.
- No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Fund's own equity instruments.

2.3 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 Fund.

The Fund applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in the reporting period, but did not have an impact on the financial statements of the Fund. The Fund has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

	Effective for accounting period beginning on or after
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from Contracts with customers	1 January 2018

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Fund applied IFRS 9 prospectively, with an initial application date of 1 July 2018. The Fund has not restated the comparative information, which continues to be reported under IAS 39.

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The classification and measurement requirements of IFRS 9 have been adopted retrospectively on 1 July 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 30 June 2018 figures are presented and measured under IAS 39.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 1 July 2018.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 9 Financial Instruments (Continued)

(a) Classification and measurement (Continued)

1 July 2018	IAS 39 classification	IAS 39 measurement	IFRS 9 classification	IFRS 9 measurement
Financial assets		USD		USD
Equity instruments	Financial assets at fair value through profit or loss	7,684,517	Financial assets at fair value through other comprehensive income	7,684,517
Other receivables	Other receivables	4,569	Amortised cost	4,569
Cash and cash equivalents	Cash and cash equivalents		Amortised cost	
Financial liabilities		USD		USD
Other payables	Amortised cost	20,220	Amortised cost	20,220
Net assets attributable to holders of redeemable participating shares	Net assets attributable to holders of redeemable participating shares	8,027,204	Amortised cost	8,027,204

IFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. There was no change in the classification of the Fund's financial liabilities while there was change in the measurement from IAS 39 to IFRS 9. The financial assets at fair value through profit or loss have been designated as financial assets at fair value through other comprehensive income on the date of initial application.

(b) Impairment

IFRS 9 requires the Fund to record expected credit losses (ECLs) on all of its other receivables, either on a 12month or lifetime basis. Given the limited exposure of the fund to credit risk, this amendment has not had a material impact on the financial statements.

(c) Hedge accounting

The Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The Fund adopted IFRS 15 *Revenue from contracts with customers* on 01 July 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 15 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Fund.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Fund has not early adopted them and intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January 2019
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January 2019
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	1 January 2019
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	1 January 2019
IAS 23 Borrowing costs - Borrowing costs eligible for capitalisation	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

The adoption of the above standards is not expected to have any significant impact on the Fund's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Fund's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

(a) Determination of functional currency

The primary objective of the Fund is to generate returns in USD, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in USD. The Fund's performance is evaluated in USD. Therefore management considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

(b) Going concern

The Manager of the Fund has made an assessment of its ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Manager is not aware of any material uncertainty that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

At the reporting date, there are 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.

4. OTHER RECEIVABLES

	2019	2018
	USD	USD
Dividend receivable	11,310	2,628
Prepayments	7,144	5,191
Other receivables	1,562	1,941
	20,016	9,760

The carrying value of other receivables approximates its fair value because of its short term nature. Dividend is receivable within 3 months. The balances outstanding are interest free and unsecured.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Equity instruments

	2019	2018
	USD	USD
At 01 July	7,684,517	3,022,858
Reclassified to financial assets at fair value through other comprehensive income as per IFRS 9 (Note 6)	(7,684,517)	-
Additions	-	11,042,374
Disposals	-	(4,796,945)
Loss in fair value	-	(1,583,770)
At 30 June	-	7,684,517
Disposal proceeds	-	4,825,221
Equities		
Listed equity securities	-	7,684,517

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	USD	USD
At 01 July	-	-
Reclassified from financial assets at fair value through profit or loss as per IFRS 9 (Note 5)	7,684,517	-
Additions	808,894	-
Disposals	(800,538)	-
Loss in fair value	(1,281,913)	-
At 30 June	6,410,960	-
Disposal proceeds	(799,034)	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

6 (a). Financial assets at fair value through other comprehensive income comprise of the following:

Instrument	Fair Value	Dividend income
	USD	USD
Century Plyboards India Ltd	246,055	1,441
City Union Bank Ltd	-	885
Coal India Ltd	471,378	24,077
Colgate Palmolive India Limited	99,814	702
Equitas Holdings Ltd	411,094	-
HCL Technologies Ltd	242,535	452
Himatsingka Seide Ltd	249,089	3,770
ICICI BANK LTD	496,413	1,670
ITC Ltd	443,585	23,833
KRBL LTD	498,148	3,626
LUX Industries Ltd	348,234	563
Magma Fincorp Ltd	237,933	1,436
Repco Home Finance Ltd	379,889	2,147
Shriram Transport Finance Co Ltd	299,531	4,910
State Bank of India	409,589	-
Sun TV Network Ltd	234,442	5,702
Tata Motors Ltd	487,770	-
Thomas Cook Ltd	322,870	516
Vardhman Textiles Ltd	532,591	7,387
IIFL Holdings Ltd	-	692
	6,410,960	83,809

6 (b). FAIR VALUE MEASUREMENT HIERARCHY

IFRS 13 requires disclosures relating to fair value measurement using a three level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

- Level 1 fair value measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 fair value measurements are those derived from Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the above investments are considered to be level 1 fair value measurements since they are derived from published prices (unadjusted) in active markets.

6 (b). FAIR VALUE MEASUREMENT HIERARCHY (CONTINUED)

Concentration of equity price risk

The foreign investments are further analysed as follows:

	2019	2018	2019	2018
	USD	USD	%	%
Consumer Discretionary	2,362,735	3,125,293	36.9%	40.7%
Consumer Staples	1,023,020	978,239	16.0%	12.7%
Energy	512,065	494,114	8.0%	6.4%
Financials	1,982,377	2,518,217	30.9%	32.8%
Materials	267,294	568,654	4.2%	7.4%
Information Technology	263,469	-	4.1%	-
	6,410,960	7,684,517	100.0%	100.0%

None of the investments in individual companies exceeded 5% of the Fund's net asset value at the time of investment.

The following table analyses the Fund's concentration of equity price in the Fund's equity portfolio by geographical distribution:

Investments	2019	2018	2019	2018
	USD	USD	%	%
India	6,410,960	7,684,517	100	100

7 OTHER PAYABLES

	2019	2018
	USD	USD
Management fees (Note 11)	25,927	5,675
Administration fees payable (Note 12)	4,103	962
Audit fees	2,980	2,863
Redemption proceeds payable	77,533	-
Other payables	18,847	10,720
	129,390	20,220

The carrying amount of other payables approximate their fair value.

Balances outstanding are unsecured, interest free and repayable within 3 months.

8 CAPITAL MANAGEMENT

As a result of the ability to issue, repurchase and resell units, the capital of the Fund can vary depending on the demand for redemption and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Funds's prospectus.

The investment objective of the Fund is to achieve attractive risk-returns through a combination of long-term capital appreciation and current income by making portfolio investments.

8. CAPITAL MANAGEMENT (CONTINUED)

The Fund's objectives for managing capital are:

- To invest the capital in investments, meeting the description, risk, exposure and expected return indicated in its prospectus.
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Fund cost efficient.

The capital of the Fund consists of management shares and redeemable participating shares denominated in USD. The redeemable participating shares are redeemable at the option of the share holder based on net asset value.

MANAGEMENT

The capital of the Fund consists of management shares of **USD 10** (2018: USD 10). They confer on the holder voting rights in any members meeting. However, the holders of the management shares have no right to receive dividends nor any rights to participate nor receive surplus funds upon liquidation of the Fund other than a return of the nominal paid-up capital, subject to assets being available for such payment.

Management shares were issued at par value of USD1 each to SBM Capital Management Limited and shall not be redeemed.

	2019	2018
	USD	USD
Issued and fully paid		
10 management shares of USD 1 each	10	10

Management shares shall confer on the holders thereof:

- (a) voting rights in any Members Meeting;
- (b) the right to participate in so much only of the profits and assets of the company as are attributable to the Management shares;
- (c) in a winding up the right only to receive an amount equal to its par value in accordance with Article 48, if there are sufficient assets to enable such payment.

REDEEMABLE PARTICIPATING SHARES

The Redeemable Participating shares, of no par value, are allotted on dealing days at the subscription price and are redeemable at the option of the shareholder based on the net asset value. The holders of the redeemable participating shares are entitled to receive dividend as decided by the Board.

The minimum initial investment for the Shares that is accepted from a Qualified Holder is US\$ 100,000 for Class A Participating Shares and US\$ 100 for Class B Participating Shares. Participating Shares have no voting rights. The Shares of any Class carry a right to dividends (if any) declared by the Fund in respect of that Class. The holder of any Participating Share is not entitled to receive notice of, attend or vote at meetings of shareholders. In a winding-up, each holder of Participating Shares has a right, provided that there are net assets available, to the payment equal to the amount of Participating Shares held and a right to share in any surplus assets.

	Number of redeemable participating shares					
	2019			2018		
	Class A	Class B	Total	Class A	Class B	Total
At start of year	34,575	12,163	46,738	12,173	3,866	16,039
Shares issued	-	206	206	26,105	8,724	34,829
Shares redeemed	-	(1,220)	(1,220)	(3,704)	(427)	(4,130)
At end of year	34,575	11,149	45,724	34,575	12,163	46,738

9. RELATED PARTY DISCLOSURES

During the years ended 30 June 2019 and 2018, the Fund transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

	2019	2018
	USD	USD
<u>Investment manager</u>		
- Management fees payable	25,927	5,675
- Entry fees payable	-	219
<u>Administrator</u>		
- Administrator fees payable	4,103	962
<u>Fees and Commission expense</u>		
Investment manager		
- Management fees	67,040	66,499
Administrator		
- Administrator fees	10,518	10,693

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables (2018: Nil).

Compensation to key management personnel during the year amounted to **USD 12,811** (2018: USD 12,627).

10. FINANCIAL INSTRUMENTS

10.1. Financial Risk Management

Risk is inherent in the Fund's activities and is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls put in place at the investment manager company level. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds. The Fund has investment guidelines that set out its overall business strategies and its tolerance to risk.

10.2. Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in notes to the financial statements.

10.3. Fair value

The carrying amount of the other receivables, other payables and distribution to unitholders approximate their fair value because of their short term nature.

10.4. Categories of financial instruments

	2019	2018
	USD	USD
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	-	7,684,517
Financial assets at fair value through other comprehensive income	6,410,960	-
Cash and cash equivalents	258,770	353,171
Other receivables	12,872	4,569
	<u>6,682,602</u>	<u>8,042,257</u>
<u>Financial liabilities</u>		
Other payables	129,390	20,220
Net assets attributable to holders of redeemable participating shares	<u>6,560,346</u>	<u>8,027,204</u>
	<u>6,689,736</u>	<u>8,047,424</u>

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.5. Risk management

The Fund's credit risk is managed by the Investment manager subject to the Fund's established policy, procedures and controls. The credit exposure is monitored by the investment team and reported to the Fund's board and Investment Committee on a quarterly basis. There are internal limits with respect to single issuer exposure, maximum sector exposure and the Fund will hold a diversified portfolio of securities in mitigating overall portfolio credit risk. Investment-grade securities are mostly targeted in managing credit risk but credit migration is monitored.

10.5. Market risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices.

Foreign currency risk

The Fund invests in securities, including maintenance of cash that are denominated in such currencies other than in United States Dollar ("USD"). Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Fund will necessarily be subject to foreign exchange risk.

At the reporting date, the carrying amounts of foreign currency denominated monetary assets were as follows:

	Financial assets		Financial liabilities	
	2019	2018	2019	2018
	USD	USD	USD	USD
Monetary assets / liabilities				
INR	223,729	258,846	-	-

At the reporting date, the carrying amounts of foreign currency denominated monetary assets and non-monetary assets and liabilities were as follows:

	Financial assets		Financial liabilities	
	2019	2018	2019	2018
	USD	USD	USD	USD
Monetary and Non-monetary assets (Balances with local banks and Investments)				
INR	6,645,999	7,945,991	-	-

Foreign currency sensitivity analysis

The following shows the Fund's sensitivity to a 10% appreciation/depreciation in the USD against the relevant foreign currencies. 10% represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (mainly bank balances) and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the USD weakens by 10% against the relevant currency. For a 10% strengthening of the USD against the relevant currency, there would be an equal but opposite impact on the profit and the balances below would be negative.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.5. Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

		2019	2018
		USD	USD
Monetary assets (Balances with local banks)			
Effect on loss before tax			
Currency			
INR	+/- 10%	<u>22,373</u>	<u>25,885</u>
Monetary and non-monetary assets (Balances with local banks and Investments)			
		2019	2018
		USD	USD
Effect on loss before tax			
Currency			
INR	+/- 10%	<u>664,600</u>	<u>794,599</u>

Equity price risk

The Fund is exposed to the risk that the value of its equity securities will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all securities traded in the market. Market risk is managed through diversification of the investment portfolio.

Equity price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date and assesses the impact of a 5% change in the equity price of foreign investments. A positive number below indicates an increase in profits.

		2019	2018
		USD	USD
Effect on loss before tax	+/- 5%	<u>320,548</u>	<u>384,226</u>

A fall in equity prices by 5% would have resulted in an equal but opposite impact on profit before tax and net assets.

Interest rate risk

The Fund is not exposed to interest rate risk on its financial assets and liabilities.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.6. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within debt instruments, short-term trade receivables, and cash and cash equivalents.

The Investment Manager's policy is to closely monitor the creditworthiness of the Fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

Credit risk on cash and cash equivalents

Impairment on cash and cash equivalents, balances due from brokers and receivables from reverse sale and repurchase agreements has been measured on a 12-month expected loss basis and reflects the short maturities of exposures. The Fund considers that these exposures have low credit risk based on the external credit rating of the counterparties.

Financial assets not subject to IFRS 9's impairment requirement

The Fund is not exposed to credit risk on its equity instruments. These classes of financial assets are not subject to IFRS 9's requirements as they are measured at FVOCI. The carrying amount of these assets (USD 6,410,960), under both IAS 39 (2018) and IFRS 9 (2019) represents the Fund's maximum exposure to credit risk as the financial instruments are not subject to IFRS 9 impairment requirement under respective reporting.

10.7. Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's prospectus. In the event that the holders of the share, in aggregate, request withdrawals of 25% or more of the aggregate balances of the shares as of any redemption date, the Board of the Fund may in its discretion reduce this actual amount equal to 10% of the aggregate shares.

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Searching for new investors
- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Disposal of other assets

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.7. Liquidity risk (Continued)

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

Financial assets

Analysis of equity and debt securities into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

The following table summarises the maturity profile of the Fund's redeemable shares classified as financial liabilities based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Fund's contractual commitments and liquidity.

2019	Less than 1 year USD	1 to 2 years USD	No stated maturity USD	Total USD
Cash and cash equivalents	258,770	-	-	258,770
Other receivables	20,016	-	-	20,016
Financial assets at fair value through other comprehensive income	-	-	6,410,960	6,410,960
Total financial assets	278,786	-	6,410,960	6,689,746
Other payables	129,390	-	-	129,390
Net assets attributable to shareholders	6,560,346	-	-	6,560,346
Total financial liabilities	6,689,736	-	-	6,689,736
Liquidity gap	(6,410,950)	-	6,410,960	10
2018	Less than 1 year USD	1 to 2 years USD	No stated maturity USD	Total USD
Cash and cash equivalents	353,171	-	-	353,171
Other receivables	9,760	-	-	9,760
Financial assets at fair value through profit or loss	-	-	7,684,517	7,684,517
Total financial assets	362,931	-	7,684,517	8,047,448
Other payables	20,220	-	-	20,220
Net assets attributable to shareholders	8,027,204	-	-	8,027,204
Total financial liabilities	8,047,424	-	-	8,047,424
Liquidity gap	(7,684,493)	-	7,684,517	24

10. FINANCIAL INSTRUMENTS (CONTINUED)

Excessive risk concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arises when a number of financial instruments or contracts are entered into with the same counterparty or when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of liquidity risk may arise from repayment terms of financial liabilities. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure to excessive risk concentrations.

The Fund shall not take an exposure higher than 5% of its net asset value into equity shares or equity related instruments of any one company at the time of investment. The Fund shall not own more than 10% of any company's paid up capital carrying voting rights. The Fund may not invest more than 5% of its net assets value in any single mutual fund or exchange traded fund managed by one asset management company.

11. MANAGEMENT FEES

Manager's fees are computed daily based on 0.8% p.a for Class A shares and 1.4% for Class B shares on the net asset value of the Fund and are payable monthly in arrears.

12. ADMINISTRATOR'S FEES

Administrator's fees are computed daily based on 0.15% p.a of net asset value of the Fund and are payable monthly in arrears.

13. CUSTODIAN FEES

Custody fees are computed daily based on 0.02% p.a on the value of the securities -"Mark to Market".

14. TAXATION

The Fund, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%.

The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL1") to the Fund on 31st March 2011. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL1 as from 1 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the Fund satisfies certain conditions. The Fund will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

As from 01 July 2021, the Fund will not be allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore, transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 01 January 2019, the Fund may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments: the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: the Fund may apply the credit system if it so wishes. As at reporting date, the Fund has not applied the credit system, therefore there is no impact on the Fund.

14. TAXATION (CONTINUED)

The Fund invests in India and expects to obtain benefits under the Double Taxation Convention between India and Mauritius (the "DTC"). On 10 May 2016, India and Mauritius signed a Protocol whereby, effective as from 19 July 2016, the DTC has been amended. Amongst others, the amendment impact capital gains arising on disposal of shares acquired by a Mauritian company on or after 1 April 2017. The taxing right is no longer exclusively with Mauritius so that India is now allowed to tax capital gains in accordance with its tax laws.

Shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed in India, but only half of the relevant tax rate would apply provided the Mauritian company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius and a main purpose test. Such expenditure threshold should be satisfied in the preceding 12 months from the date the gains rise.

However, gains arising on shares acquired on or before 31 March 2017 will not be taxed in India irrespective of the date of disposal. This is on the basis that the taxing right on capital gains for shares acquired on or before 31 March 2017 rests solely with Mauritius.

Disposal of investments made by a Mauritian company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change so that Mauritius will continue to have the sole taxing right on the disposal of such assets.

14.A INCOME TAX LIABILITY

	2019	2018
	USD	USD
At 1 July	14	-
Charge for the year	1,034	1,653
Tax paid during the year	(1,048)	(1,639)
At 30 June	-	14

14.B RECONCILIATION BETWEEN TAX EXPENSE AND TAX ON ACCOUNTING PROFIT

	2019	2018
	USD	USD
Accounting loss	(33,860)	(1,593,305)
At statutory income tax rate of 15%	(5,079)	(238,996)
Tax effect of:		
Non taxable income	(797)	(4,241)
Non deductible expenses	483	251,713
Deferred tax asset not recognised	300	(8,462)
Tax paid during the year	6,127	1,639
Current tax expense	1,034	1,653

15. EVENTS AFTER REPORTING DATE

There has been no material events after the reporting date which would require disclosure or adjustment to the Financial Statements for the year ended 30 June 2019.