

BHIVPURI INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS

31 MARCH 2012

BHIVPURI INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

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BHIVPURI INVESTMENTS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Christina Drakou (Cypriot)

Christakis Partassides (Cypriot)

Lora Styllanou (Cypriot)

Anil Kumar Sardana (Indian)

Ramakrishnan Sowmyan (Indian)

Alternate Director:

Sanjoy Dube (Indian)
(resigned on 16 July 2011)

Company Secretary:

LCLAW Secretarial Limited
Zinonos Sozou, 12
P.C. 1075, Nicosia, Cyprus

Independent Auditors:

Deloitte Limited
Certified Public Accountants and Registered Auditors (Cyprus)

Registered Office:

Zinonos Sozou, 12
P.C. 1075, Nicosia, Cyprus

Bankers:

Sumitomo Mitsui Banking Corporation, Singapore

Societe Generale (Cyprus) Limited

BHIVPURI INVESTMENTS LIMITED

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 March 2012.

Principal activity

The principal activity of the Company is the holding of investments.

Review of the development and current position of the Company and description of the major risks and uncertainties

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The most significant risks faced by the Company and the steps taken to manage these risks are described in note 16 of the financial statements.

Results

The Company's results for the year are set out on page 6.

Significant events after the end of the financial period

There were no material events after the end of the financial year, which have a bearing on the understanding of the financial statements.

Expected future developments of the Company

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

On 16 May 2011 a special resolution was passed for the redomiciliation of the Company from Cyprus to Mauritius.

Pursuant to the above, and in accordance with the laws of Cyprus, an application will be lodged with the Registrar of Companies in Cyprus to have the name of the Company struck off from the Registrar of Companies and a certificate of Deregistration to be applied for.

On 16 May 2011, the Directors have passed a resolution in accordance to which Ms. Christina Drakou, Mr. Christakis Partassides and Ms. Lora Stylianou will resign as directors of the Company with effect from the date of deregistration of the Company in Cyprus. In the same resolution, it was decided that Messrs Kapil Dev Joovy and Couldip Basanta Lala will be appointed as directors with effect from the date of deregistration of the Company in Cyprus.

Dividends

On 10 June 2011, 19 September 2011 and 21 December 2011, the Board of Directors approved the payment of an interim dividend of US\$45,000,000, US\$58,000,000 and US\$12,000,000 respectively.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors of the Company as at 31 March 2012 and at the date of this report are shown on page 1.

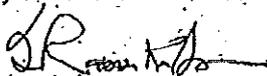
There were no significant changes in the assignment of responsibilities of the Board of Directors.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

Independent Auditors

The Board of Directors will place a resolution before annual general meeting to reappoint Deloitte Limited as auditors for the ensuing year.

By order of the Board of Directors,



Ramakrishnan Sowmyan
Director

Nicosia, 18 May 2012

Independent auditor's report

To the Members of Bhivpuri Investments Limited

Report on the financial statements

We have audited the parent company financial statements of Bhivpuri Investments Limited (the "Company"), which comprise the statement of financial position as at 31 March 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the parent company financial statements give a true and fair view of the financial position of Bhivpuri Investments Limited at 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap 113.

Emphasis of matter

We draw attention to note 2 to the financial statements which indicates that even though the Company has made a profit of US\$44,944,048 for the year ended 31 March 2012, as at that date its current liabilities exceeded its current assets by US\$201,732,602. These conditions, along with other matters as set forth in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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Board Members: Christos N. Christoforou (Chief Executive Officer), Efstherios H. Philippou, Nicos S. Kyriakides, Nicos D. Papakyriacou, Athos Chrysanthou, Costas Georgiadis, Antonis Tsiros, Panos Papadopoulos, Piers M. Harlow, Nicos Charalambous, Nicos Spanoulis, Maria Paschalis, Alexis Agathocleous, Alex Christodoulides, Christofis Ioannou, Yiannis Ioannou, Paul Matis, Panikos Papanikolaou, Christos Papamirides, George Marides, Kerry Whyte, Andreas Georgiou, Christos Neocleous, Demetris Papapetrou, Andreas Andreou, Nicos Papasavandrou, George Pantelidas, Panayiota Vaytanou, Michael Christoforou (Chairman Emeritus).

Deloitte Limited is the Cyprus member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.com/cy/about for a detailed description of the legal structure of DTTL.

Deloitte Limited is a private company, registered in Cyprus (Reg. No. 162812). Offices: Nicosia, Limassol, Larnaca.

Member of Deloitte Touche Tohmatsu Limited.

Deloitte.

Independent auditor's report (Cont'd)

To the Members of Bhlvpuri Investments Limited

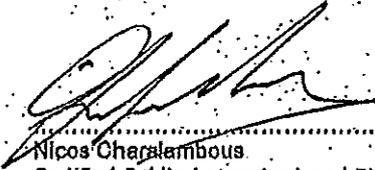
Report on other legal and regulatory requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report may be divulged.



Nicos Charalambous
Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors
Maximos Plaza, Tower 1, 3rd Floor
213 Arch. Makariou III Avenue
CY-3030 Limassol, Cyprus

Limassol, 18 May 2012

BHIVPURI INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2012

	Note	31.03.2012 US\$	31.03.2011 US\$
Revenue	4	64,733,251	63,634,643
Other income		34,819	179,310
Foreign exchange (loss)/gain		(20,059)	(6,049)
Legal and professional expenses		(475,396)	(1,837,688)
Other expenses		(62,282)	(38,181)
Finance costs	5	<u>(12,626,109)</u>	<u>(14,276,380)</u>
Profit before tax		51,694,224	47,655,775
Income tax expense	6	<u>(6,650,176)</u>	<u>(6,349,112)</u>
PROFIT FOR THE YEAR		44,944,048	41,306,663
Other comprehensive income:			
Profit on cash flow hedge		9,519	789,248
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>44,953,567</u>	<u>42,095,911</u>

See accompanying notes to these financial statements.

BHIVPURI INVESTMENTS LIMITED

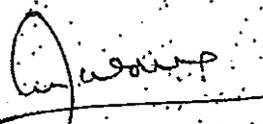
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	31.03.2012 US\$	31.03.2011 US\$
ASSETS			
Non-current assets			
Interest in joint venture	7	432,320,685	432,320,685
Non-current receivables	8	<u>4,500,000</u>	<u>100,868,387</u>
		<u>436,820,685</u>	<u>533,189,072</u>
Current assets			
Trade and other receivables	9	29,671,291	33,224,472
Cash and cash equivalents	15	<u>1,993</u>	<u>71,946,869</u>
		<u>29,673,284</u>	<u>105,171,341</u>
TOTAL ASSETS		<u>466,493,969</u>	<u>638,360,413</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	1,000,000	1,000,000
Reserves		<u>234,088,083</u>	<u>302,134,516</u>
		<u>235,088,083</u>	<u>303,134,516</u>
Non-current liabilities			
Borrowings	11	-	<u>206,286,266</u>
Current liabilities			
Borrowings	11	137,246,059	40,000,000
Trade and other payables	12	93,765,767	88,408,167
Current tax liabilities		395,000	521,945
Derivative designated as hedging derivatives	14	-	<u>9,519</u>
		<u>231,405,866</u>	<u>128,939,631</u>
TOTAL EQUITY AND LIABILITIES		<u>466,493,969</u>	<u>638,360,413</u>

On 18 May 2012, the Board of Directors of Bhivpuri Investments Limited authorised these financial statements for issue.



Ramakrishnan Sowmyan
Director



Anil Kumar Sardana
Director

See accompanying notes to these financial statements.

BHIVPURI INVESTMENTS LIMITED**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2012**

	Share capital US\$	Hedging reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 April 2010	<u>1,000,000</u>	<u>(798,767)</u>	<u>266,537,372</u>	<u>265,738,605</u>
Profit for the year	-	-	41,306,663	41,306,663
Other comprehensive income for the year	-	789,248	-	789,248
Total comprehensive income for the year	-	<u>789,248</u>	<u>41,306,663</u>	<u>42,095,911</u>
Dividend paid	-	-	(4,700,000)	(4,700,000)
Balance at 31 March 2011	<u>1,000,000</u>	<u>(9,519)</u>	<u>302,144,035</u>	<u>303,134,516</u>
Balance of 1 April 2011	1,000,000	(9,519)	302,144,035	303,134,516
Profit for the year	-	-	44,944,048	44,944,048
Other comprehensive income for the year	-	9,519	-	9,519
Total comprehensive income for the year	-	<u>9,519</u>	<u>44,944,048</u>	<u>44,953,567</u>
Dividend paid	-	-	(113,000,000)	(113,000,000)
Balance at 31 March 2012	<u>1,000,000</u>	-	<u>234,088,083</u>	<u>235,088,083</u>

See accompanying notes to these financial statements.

BHIVPURI INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2012

	31.03.2012 US\$	31.03.2011 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	51,694,224	47,655,775
Adjustments for:		
Interest income	(4,733,251)	(3,634,643)
Interest expense	11,147,972	11,872,425
Finance expenses	<u>1,478,137</u>	<u>2,110,000</u>
Cash flows generated from operations before working capital changes	59,487,082	58,003,557
Decrease in trade and other receivables	2,851,732	73,799,208
(Decrease)/ Increase in trade and other payables	<u>(36,688)</u>	<u>13,761,067</u>
Cash flows from operations	62,302,226	145,563,832
Tax paid	<u>(6,777,061)</u>	<u>(6,477,167)</u>
Net cash generated from operating activities	<u>55,525,165</u>	<u>139,086,665</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans granted		(19,234,554)
Interest received	5,434,699	3,814,547
Repayment of loans	<u>96,368,387</u>	<u>21,766,167</u>
Net cash from investing activities	<u>101,803,086</u>	<u>6,346,160</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	178,300,059	
Repayment of borrowings	<u>(288,819,403)</u>	<u>(106,781,906)</u>
Interest paid	<u>(5,753,783)</u>	<u>(12,166,980)</u>
Dividend paid	<u>(113,000,000)</u>	<u>(4,700,000)</u>
Net cash used in financing activities	<u>(229,273,127)</u>	<u>(123,648,886)</u>
Net (decrease) / increase in cash and cash equivalents	(71,944,876)	21,783,939
Cash and cash equivalents:		
At beginning of the year	<u>71,946,869</u>	<u>50,162,930</u>
At end of the year	<u><u>1,993</u></u>	<u><u>71,946,869</u></u>

See accompanying notes to these financial statements.

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

1. Incorporation and principal activities

Country of Incorporation

The Company was incorporated in Cyprus on 8 March 2007 as a private company with limited liability under the Companies Law, Cap. 113. The Company changed its name from Tata Power (Cyprus) Limited to Bhivpuri Investments Limited on 19 August 2008. Its registered office is at Zinchos Sozou, 12, P.C. 1075, Nicosia, Cyprus.

Principal activity

The principal activity of the Company is the holding of investments.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented in these financial statements unless otherwise stated.

Going concern basis

Even though the Company has made a profit of US\$44,944,048 for the year ended 31 March 2012, as at that date the Company's current liabilities exceeded its current assets by US\$201,732,602. The Company is dependent upon the continuing financial support of its parent company without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The parent company has indicated its intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

As the parent company of the Company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India as these are defined in Cyprus Companies Law, Cap. 113, the investment in jointly controlled entity is accounted for at cost. This would have been the accounting treatment in accordance with IFRS if the determination of the Generally Accepted Accounting Principles was provided for by the IFRS instead of by the Cyprus Companies Law, Cap.113.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements have been prepared on the historical cost basis, except for the revaluation of derivative financial instruments.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. Interests in jointly controlled entities are stated at cost less provision for permanent diminution in value which is recognised as an expense in the period in which the diminution is identified.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, as a result of holding investment in associate company and bank deposits. Revenues earned by the Company are recognised on the following bases:

- **Interest Income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- **Dividend Income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

2. Significant accounting policies (continued)

Revenue recognition (continued)

• Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

The financial statements are presented in United States dollars, which is the functional and presentation currency of the Company.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income and then in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income and then in equity.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

2. Significant accounting policies (continued)

Financial assets

Loans and receivables

Trade receivable, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Share capital

Ordinary shares are classified as equity.

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

2. Significant accounting policies (continued)

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest rate risk.

The Company applies hedge accounting for transactions which meet the specified criteria.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

3. Adoption of new and revised IFRSs

In the current year, the Company has adopted all new and revised International Financial Reporting Standards that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2011. This adoption did not have a material effect in the accounting policies of the Company.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective:

(i) Standards and Interpretations adopted by the EU

- IFRS 7 — Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)

(ii) Standards and Interpretations not adopted by the EU

- IFRS 1: First-time Adoption of International Financial Reporting Standards – Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs' (effective for annual periods beginning on or after 1 July 2011)
- IFRS 1: First-time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from severe hyperinflation (effective for annual periods beginning on or after 1 July 2011)
- IFRS 7: Financial Instruments: Disclosures — Amendments enhancing disclosures about transfers of financial assets (effective for annual periods beginning on or after 1 January 2013)
- IFRS 7 — Financial Instruments: Disclosures - Amendments requiring disclosures about the initial application of IFRS 9 (effective for annual periods beginning on or after 1 January 2015 (or otherwise when IFRS 9 is first applied))
- IFRS 9: Financial Instruments - Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)
- IFRS 9: Financial Instruments - Accounting for financial liabilities and derecognition (effective for annual periods beginning on or after 1 January 2015)
- IFRS 10 — Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- IFRS 11 — Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
- IFRS 12 — Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
- IFRS 13 — Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
- IAS 1 — Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective for annual periods beginning on or after 1 July 2012)
- IAS 12: Income Taxes – Limited-scope amendment: Recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012)

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

3. Adoption of new and revised IFRSs (continued)

(ii) Standards and Interpretations not adopted by the EU (continued)

- IAS 19 — Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for annual periods beginning on or after 1 January 2013)
- IAS 27 — Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011) (effective for annual periods beginning on or after 1 January 2013)
- IAS 28 — Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) (effective for annual periods beginning on or after 1 January 2013)
- IAS 32 — Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)
- IFRIC 20 — Stripping Costs in the Production Phase of a Surface Mine (effective for annual periods beginning on or after 1 January 2013)

The Board of Directors expects that the adoption of these standards or Interpretations in future periods will not have a material effect on the financial statement of the Company.

4. Revenue

	31.03.2012 US\$	31.03.2011 US\$
Management income	60,000,000	60,000,000
Interest income on loan receivable (net)	4,693,394	3,613,630
Interest income on bank deposits	<u>39,857</u>	<u>121,013</u>
	<u>64,733,251</u>	<u>63,634,643</u>

5. Finance costs

	31.03.2012 US\$	31.03.2011 US\$
Interest expense	11,147,972	13,982,936
Other finance expenses	<u>1,478,137</u>	<u>293,444</u>
	<u>12,626,109</u>	<u>14,276,380</u>

6. Tax

	31.03.2012 US\$	31.03.2011 US\$
Income tax comprises:		
Tax expense - current year	6,446,599	6,344,062
Tax expense - prior years	198,461	-
Contribution to the defence fund	<u>6,116</u>	<u>5,060</u>
	<u>6,650,176</u>	<u>6,349,122</u>

The total charge for the year can be reconciled to the accounting profit as follows:

	31.03.2012 US\$	31.03.2011 US\$
Profit for the year before tax	<u>51,594,224</u>	<u>47,655,775</u>
Income tax calculated at 10%	5,159,422	4,765,577
Effect on revenue that is exempt from taxation	(7,489)	(12,101)
Effect on expenses that are not deductible in determining taxable profit	715,236	1,266,047
Adjustments recognised in the current year in relation to the current tax of prior years	(16,190)	(44,006)
Foreign tax paid	6,000,000	6,000,000
Credit in respect of foreign tax	(5,446,000)	(5,759,275)
Additional tax	40,600	127,810
Prior year taxes	198,461	-
Defence fund contribution	<u>6,116</u>	<u>5,060</u>
Income tax recognised in comprehensive income	<u>6,650,176</u>	<u>6,349,122</u>

The Company is subject to corporation tax at the rate of 10% on its taxable profits. In case of taxable losses, these can be carried forward indefinitely to be offset against profits of subsequent years.

Under certain conditions interest may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). In such cases the same interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% (15% to 30 August 2011).

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

7. Investment in Joint Venture

	31.03.2012	31.3.2011
	US\$	US\$
Cost of acquisition	<u>432,320,685</u>	<u>432,320,685</u>

The details of the investment is as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
Indocoal Resources (Cayman) Limited	Cayman Islands	Purchase and sale of coal	30

The directors are of the opinion that the estimated recoverable amount of the investment in the joint venture is not less than its carrying amount.

8. Non-current receivables

	31.03.2012	31.3.2011
	US\$	US\$
Loan receivable (Note 13)	<u>4,500,000</u>	<u>100,868,387</u>

A loan of US\$96,368,387 was repaid in full on 10 May 2011. The remaining loan is receivable on 31 December 2021.

Interest at a rate of one month Libor plus 1.2% calculated on the basis of 360 days is charged on the outstanding loan balance.

9. Trade and other receivables

	31.03.2012	31.3.2011
	US\$	US\$
Interest on loan receivable (Note 13)	358,152	1,055,355
Receivables from related companies (Note 13)	29,260,861	32,145,520
Interest on bank deposits		4,245
Refundable VAT	<u>52,278</u>	<u>19,352</u>
	<u>29,671,291</u>	<u>33,224,472</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

10. Share capital

	31.03.2012		31.3.2011	
	Number of shares	EUR	Number of shares	EUR
Authorised				
Ordinary shares of Euro 1 each	<u>746,250</u>	<u>746,250</u>	<u>746,250</u>	<u>746,250</u>
		US\$		US\$
Issued and fully paid				
Issue of shares	<u>746,250</u>	<u>1,000,000</u>	<u>746,250</u>	<u>1,000,000</u>
	<u>746,250</u>	<u>1,000,000</u>	<u>746,250</u>	<u>1,000,000</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 746,250 ordinary shares of nominal value of Euro 1 each.

Issued capital

Upon incorporation on 8 March 2007 the Company issued to the subscribers of its Memorandum of Association 746,250 ordinary shares of Euro 1 each at par.

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

11. Borrowings

	31.03.2012 US\$	31.3.2011 US\$
Non current borrowings		
Bank loans		247,784,403
Transaction expenses		(1,478,137)
Loan from related party (Note 13)	<u>137,245,059</u>	<u> </u>
	<u>137,245,059</u>	<u>246,286,266</u>
Due with one year	137,245,059	40,000,000
Due after more than one year	<u> </u>	<u>208,286,266</u>
	<u>137,245,059</u>	<u>246,286,266</u>

The bank loan was repaid in full on 10 May 2011.

The loan from related party is repayable on demand. Interest at the rate of 8.55% calculated on the basis of 360 days is charged on the outstanding loan balance.

12. Trade and other payables

	31.03.2012 US\$	31.3.2011 US\$
Other creditors and accruals	42,747	79,335
Interest on loan	5,907,647	513,459
Payables to related parties (Note 13)	<u>87,815,373</u>	<u>87,815,373</u>
	<u>93,765,767</u>	<u>88,408,167</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

13. Related party transactions

The Company is controlled by Tata Power Company Limited, a company incorporated in India which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

13.1 Receivables from related parties (Note 9)

Name	Nature of transactions	31.03.2012 US\$	31.3.2011 US\$
Bhira Investments Limited	Expenses paid on behalf of the related company	22,752,861	22,637,520
Bhira Investments Limited	Interest on loan receivable		769,053
Khopoli Investments Limited	Interest on loan receivable	358,152	286,302
Khopoli Investments Limited	Advances	508,000	508,000
PT Kaltim Prima Coal	Management fee	3,000,000	6,000,000
PT Arutmin	Management fee	<u>3,000,000</u>	<u>3,000,000</u>
		<u>29,819,013</u>	<u>33,200,875</u>

13.2 Loan receivable (Note 8)

	31.03.2012 US\$	31.3.2011 US\$
Bhira Investments Limited		96,368,387
Khopoli Investments Limited	<u>4,500,000</u>	<u>4,500,000</u>
	<u>4,500,000</u>	<u>100,868,387</u>

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

13. Related party transactions (continued)

13.3 Loan from related party (Note 11)

<u>Name</u>	31.03.2012 US\$	31.3.2011 US\$
Bhira Investments Limited	<u>137,245,059</u>	<u> </u>

13.4 Trade and other payables (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	31.03.2012 US\$	31.03.2011 US\$
Bhira Investments Limited	Interest on loan	5,907,647	
Indocoal Resources (Cayman) Limited	Payables	<u>87,815,373</u>	<u>87,815,373</u>
		<u>93,723,020</u>	<u>87,815,373</u>

13.5 Revenue (Note 4)

<u>Name</u>	<u>Nature of transactions</u>	31.03.2012 US\$	31.03.2011 US\$
Bhira Investments Limited - Loan	Interest	382,797	3,446,256
Khopol Investments Limited - Loan	Interest	71,850	67,374
PT Kaltim Prima Coal	Management fee	40,000,000	40,000,000
PT Arulmin	Management fee	<u>20,000,000</u>	<u>20,000,000</u>
		<u>60,454,647</u>	<u>63,513,630</u>

14. Derivatives designated as hedging instruments

Interest rate swaps

	31.03.2012 US\$	31.03.2011 US\$
Liabilities	<u> </u>	<u>9,519</u>

The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of the borrowing from floating rate to fixed rate as follows:

Notional contract amount	Contract fixed rate	Contract termination date
US\$ 175,000,000	2.4%	10 April 2011

Based on the agreement the notional amount will be reduced by US\$6,000,000 every month up to 11 May 2009, by US\$7,500,000 every month up to 10 May 2010 and by US\$5,000,000 every month thereafter.

The calculation of the fair value of swaps is based on discounted cash flows of future anticipated interest payments on the swap agreements in place compared with the discounted cash flows of anticipated interest payments at market swap interest rates at the reporting date. The interest rate swap is designated and effective as cash flow hedge and the fair value thereof has been recognised in other comprehensive income and accumulated in equity.

15. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31.03.2012 US\$	31.3.2011 US\$
Cash and bank balances	<u>1,993</u>	<u>71,946,869</u>

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

16. Risk management

The Company is exposed to many risks arising from the financial instruments it holds. The nature of the risks and the ways they are dealt with are explained below:

(a) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the maximum credit exposure without taking account of the value of any collateral held and other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Analysis of financial assets and financial liabilities by remaining contractual maturity

The following tables detail the expected maturity of the Company's non-derivative cash flows. The amounts disclosed in the tables are the contractual undiscounted cash flows and hence differ from the carrying amounts disclosed on the statement of financial position.

31 March 2012

	Between 1 month to 1 year US\$	Between 1-5 years US\$	Over 5 years US\$	Total US\$
Financial assets				
Loan receivables	76,636	306,755	4,864,495	5,247,886
Cash and bank balances	1,993	-	-	1,993
Trade and other receivables	<u>29,671,291</u>	-	-	<u>29,671,291</u>
	<u>29,749,920</u>	<u>306,755</u>	<u>4,864,495</u>	<u>34,921,170</u>
Financial liabilities				
Borrowings	137,245,059	-	-	137,245,059
Trade and other payables	<u>93,785,767</u>	-	-	<u>93,785,767</u>
	<u>231,030,826</u>	-	-	<u>231,030,826</u>

31 March 2011

	Between 1 month to 1 year US\$	Between 1-5 years US\$	Over 5 years US\$	Total US\$
Financial assets				
Loan receivables	3,558,790	14,205,990	121,297,399	139,062,179
Cash and bank balances	71,946,869	-	-	71,946,869
Trade and other receivables	<u>33,224,472</u>	-	-	<u>33,224,472</u>
	<u>108,730,131</u>	<u>14,205,990</u>	<u>121,297,399</u>	<u>244,233,520</u>
Financial liabilities				
Borrowings	50,145,294	221,595,403	-	271,740,697
Trade and other payables	<u>88,408,167</u>	-	-	<u>88,408,167</u>
	<u>138,553,461</u>	<u>221,595,403</u>	-	<u>360,148,864</u>

BHIVPURI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012

16. Risk management (Continued)

(c) Market risk

The Company is exposed primarily to the financial risk of changes in interest rates. The ways that this risk is dealt with are analysed below:

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rate expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(d) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the monitoring controls applied by the Company.

(e) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

(f) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and retained earnings.

Gearing ratio

The gearing ratio at the period/ year end was as follows:

	31.12.2012 US\$	31.3.2011 US\$
Debt	137,245,059	246,286,266
Cash and cash equivalents	(1,993)	(71,946,889)
Net debt	<u>137,243,066</u>	<u>174,339,377</u>
Equity	<u>235,088,083</u>	<u>303,134,616</u>
Net debt to equity ratio	<u>58%</u>	<u>58%</u>

(g) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Investment in joint venture is stated at cost. For all other financial assets and liabilities the book amounts approximate fair values.

The fair values of derivative instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

17. Redomiciliation

On 18 May 2011 a special resolution was passed for the redomiciliation of the Company from Cyprus to Mauritius.

Pursuant to the above, and in accordance with the laws of Cyprus, an application will be lodged with the Registrar of Companies in Cyprus to have the name of the Company struck off from the Registrar of Companies and a certificate of Deregistration to be applied for.

18. Significant events after the end of the financial period

On 6 April 2012 the Company, Tata Power Company Limited and Bhira Investments Limited (the "Tata Power Parties") agreed to pay US\$1,500,000 to Crystal Aquamarine B.V and Cedrin Holdings B.V (the "Investors") so as to settle all claims raised against the Tata Power Parties by the Investors in relation to the non-completion of the acquisition of a minority equity shareholding in Bhira Investments Limited and the Company by the Investors. As explained in note 17, the Company is in the process of being re-domiciled to Mauritius and once re-domiciled, there is a proposal to merge the Company with Bhira Investments Limited. Thus, the settlement amount of US\$1,500,000 has been recognised as a liability in the financial statements of Bhira Investments Limited for the year ended 31 March 2012. Subsequently, in May 2012 Bhira Investment Limited paid the US\$1,500,000 to the Investors.

BHIVPURI INVESTMENTS LIMITED

DETAILED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2012

	Page	31.03.2012 US\$	31.03.2011 US\$
Management Income		60,000,000	60,000,000
Interest Income		4,693,394	3,513,630
Other Income		34,819	179,310
Finance Income	21	39,857	121,013
Foreign exchange (loss)/gain		<u>(20,059)</u>	<u>(6,049)</u>
		64,748,011	63,807,904
Operating expenses			
Administration expenses	20	<u>(527,678)</u>	<u>(1,875,749)</u>
Operating profit		64,220,333	61,932,155
Finance costs	21	<u>(12,628,109)</u>	<u>(14,276,380)</u>
Net profit for the period before tax		<u>51,592,224</u>	<u>47,655,775</u>

BHIVPURI INVESTMENTS LIMITED

OPERATING EXPENSES YEAR ENDED 31 MARCH 2012

	31.03.2012 US\$	31.03.2011 US\$
Administration expenses		
Audit fees	45,484	24,060
Accounting fees	20,525	18,048
Legal fees	55,166	92,783
Other professional fees	313,003	1,671,582
Administration expenses	16,753	18,084
VAT Irrecoverable		6,232
Commission paid	20,000	
Bank charges	52,282	38,181
Disbursements	4,465	6,789
	<u>527,678</u>	<u>1,875,749</u>

BHIVPURI INVESTMENTS LIMITED

FINANCE INCOME / COST YEAR ENDED 31 MARCH 2012

	31.03.2012 US\$	31.03.2011 US\$
Finance Income		
Bank Interest	<u>39,857</u>	<u>121,013</u>
Finance costs		
Interest expense		
Loan Interest	12,672,725	11,872,425
Interest on taxes	53,384	511
Other finance expenses		
Transaction expenses	<u>12,626,109</u>	<u>2,403,444</u>

BHIVPURI INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31 March, 2012	Exchange Rate	Amount	Year ended 31 March, 2011	Exchange Rate	Amount
	USD		INR	USD		INR
Revenue	64,733,251	47.95	3,103,959,385	63,634,643	45.58	2,900,467,028
Other Income	34,819	47.95	1,669,571	179,310	45.58	8,172,950
Foreign exchange gain	(20,059)	47.95	(961,829)	(6,049)	45.58	(275,713)
Legal and professional expenses	(475,396)	47.95	(22,795,238)	(1,837,568)	45.58	(83,756,349)
Other expenses	(52,282)	47.95	(2,506,922)	(38,181)	45.58	(1,740,290)
Finance costs	(12,626,109)	47.95	(605,421,927)	(14,276,380)	45.58	(650,717,400)
Total expenditure	(13,173,846)		(631,685,916)	(16,158,178)		(736,489,753)
PROFIT BEFORE TAX	51,594,224		2,473,943,041	47,655,775		2,172,150,225
Taxation	(6,650,176)	47.95	(318,875,939)	(6,349,112)	45.58	(289,392,525)
PROFIT FOR THE YEAR	44,944,048		2,155,067,102	41,306,663		1,882,757,700

BHIVPURI INVESTMENTS LIMITED
BALANCE SHEET AT 31 MARCH 2012

	As at 31 March, 2012 USD	Exchange Rate	Amount INR	As at 31 March, 2011 USD	Exchange Rate	Amount INR
ASSETS						
<u>Non current assets</u>						
Interest in Joint Ventures	432,320,685	51.19	22,130,495,865	432,320,685	44.67	19,311,764,999
Non current receivables	4,500,000	51.19	230,355,000	100,868,387	44.67	4,505,790,847
	<u>436,820,685</u>		<u>22,360,850,865</u>	<u>533,189,072</u>		<u>23,817,555,846</u>
<u>Current Assets</u>						
Trade and other receivables	29,671,291	51.19	1,518,873,386	33,224,472	44.67	1,484,137,164
Cash and cash equivalents	1,993	51.19	102,022	71,946,869	44.67	3,213,866,638
	<u>29,673,284</u>		<u>1,518,975,408</u>	<u>105,171,341</u>		<u>4,698,003,802</u>
Total assets	<u>466,493,969</u>		<u>23,879,826,273</u>	<u>638,360,413</u>		<u>28,515,559,649</u>
EQUITY AND LIABILITIES						
<u>Capital and reserves</u>						
Share capital	1,000,000	40.76	40,760,000	1,000,000	40.76	40,760,000
Reserves	234,088,083		10,516,124,988	302,134,516		13,778,951,450
	<u>235,088,083</u>		<u>10,556,884,988</u>	<u>303,134,516</u>		<u>13,819,711,450</u>
<u>Non current liabilities</u>						
Borrowings	-		-	206,286,266	44.67	9,214,807,502
	<u>-</u>		<u>-</u>	<u>206,286,266</u>		<u>9,214,807,502</u>
<u>Current liabilities</u>						
Borrowings	137,245,059	51.19	7,025,574,570	40,000,000	44.67	1,786,800,000
Trade and other Payables	93,765,767	51.19	4,799,869,613	88,408,167	44.67	3,949,192,820
Current tax liabilities	395,060	51.19	20,223,121	521,945	44.67	23,315,283
Derivatives designated as hedging derivatives	-	51.19	-	9,519	44.67	425,214
	<u>231,405,886</u>		<u>11,845,667,304</u>	<u>128,939,631</u>		<u>5,759,733,317</u>
Exchange fluctuation reserve			1,477,273,981			(278,692,620)
Total equity and liabilities	<u>466,493,969</u>		<u>23,879,826,273</u>	<u>638,360,413</u>		<u>28,515,559,649</u>

BHIVPURI INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	Share Capital		Hedging Reserve		Retained Earnings		Total Exchange Rate	
	USD	Rs	USD	Rs	USD	Rs	USD	Rs
Balance as at 1st April, 2010	<u>1,000,000</u>	<u>40,760,000</u>	<u>-798,767</u>	<u>-34,141,006</u>	<u>265,537,372</u>	<u>12,108,586,833</u>	<u>265,738,605</u>	<u>12,115,205,827</u>
Profit for the year					<u>41,306,663</u>	<u>1,882,757,700</u>	<u>41,306,663</u>	<u>1,882,757,700</u>
Other comprehensive income for the year			<u>789,248</u>	<u>35,973,924</u>	<u>0</u>	<u>0</u>	<u>789,248</u>	<u>35,973,924</u>
Dividend Paid					<u>-4,700,000</u>	<u>-214,226,000</u>	<u>-4,700,000</u>	<u>-214,226,000</u>
At 31 st March 2011	<u>1,000,000</u>	<u>40,760,000</u>	<u>-9,519</u>	<u>1,832,918</u>	<u>302,144,035</u>	<u>13,777,118,532</u>	<u>303,134,516</u>	<u>13,819,711,450</u>
Profit for the year			<u>9,519</u>	<u>0</u>	<u>44,944,048</u>	<u>2,155,067,102</u>	<u>44,944,048</u>	<u>2,155,067,102</u>
Other comprehensive income for the year				<u>456,436</u>	<u>0</u>	<u>0</u>	<u>9,519</u>	<u>456,436</u>
Dividend Paid					<u>-113,000,000</u>	<u>-5,418,350,000</u>	<u>-113,000,000</u>	<u>-5,418,350,000</u>
At 31 st March 2012	<u>1,000,000</u>	<u>40,760,000</u>	<u>0</u>	<u>2,289,354</u>	<u>234,088,083</u>	<u>10,513,835,634</u>	<u>235,088,083</u>	<u>10,556,884,988</u>

BHIVPURI INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31 March, 2012	Exchange Rate	Amount	Year ended 31 March, 2011	Exchange Rate	Amount
	USD		INR	USD		INR
Cash flows from operating activities						
Profit before tax	51,594,224	47.95	2,473,943,041	47,655,775	45.58	2,172,150,225
Adjustments for:						
Interest income	(4,733,251)	47.95	(226,959,385)	(3,634,643)	45.58	(165,667,028)
Interest expense	11,147,972	47.95	534,545,257	11,872,425	45.58	541,145,132
Finance expenses	1,478,137	47.95	70,876,669	2,110,000	45.58	96,173,800
Cash flows from operations before working capital changes	59,487,082		2,852,405,582	58,003,557		2,643,802,128
Decrease in trade and other receivables	2,851,732	47.95	136,740,549	73,799,208	45.58	3,363,767,901
Increase in trade and other payables	(36,588)	47.95	(1,754,395)	13,761,067	45.58	627,229,434
Cash flows from operations	62,302,226		2,987,391,737	145,563,832		6,634,799,463
Tax paid	(6,777,061)	47.95	(324,960,075)	(6,477,167)	45.58	(295,229,272)
Net cash from operating activities	55,525,165		2,662,431,662	139,086,665		6,339,570,191
Cash flows from investing activities						
Loans granted	-	47.95	-	(19,234,554)	45.58	(876,710,971)
Interest received	5,434,699	47.95	260,593,817	3,814,547	45.58	173,867,052
Repayment of loans	96,368,387	47.95	4,620,864,157	21,766,167	45.58	992,101,892
Net cash used in investing activities	101,803,086		4,881,457,974	6,346,160		289,257,973
Cash flows from financing activities						
Proceeds from borrowings	178,300,059	47.95	8,549,487,829	-	45.58	-
Repayment of borrowings	(288,819,403)	47.95	(13,848,890,374)	(106,781,906)	45.58	(4,867,119,275)
Interest paid	(5,753,783)	47.95	(275,893,895)	(12,166,980)	45.58	(554,570,948)
Dividend Paid	(113,000,000)	47.95	(5,418,350,000)	(4,700,000)	45.58	(214,226,000)
Exchange fluctuation			235,992,188			(44,403,220)
Net cash generated from financing activities	(229,273,127)		(10,757,654,252)	(123,648,886)		(5,680,319,444)
Net increase in cash and cash equivalents	(71,944,876)		(3,213,764,617)	21,783,939		948,508,719
Cash and cash equivalents:						
At the beginning of the year	71,946,869		3,213,866,638	50,162,930		2,265,357,919
At the end of the year	1,993		102,022	71,946,869		3,213,866,638