

KHOPOLI INVESTMENTS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

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FOR THE YEAR ENDED 31 MARCH 2013

1.

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KIOPOLI INVESTMENTS LIMITED
COMPANY INFORMATION

2.

DIRECTORS:	Kapildeo Joory Ramakrishnan Sowmyan Anil Sardana Fareed Soreefan Zakir Niamut Sanjay Dubé (Permanent alternate director to Ramakrishnan Sowmyan) Nitin Johar (Permanent alternate director to Anil Sardana)
REGISTERED OFFICE:	IFS Court, TwentyEight Cybercity Ebene Mauritius
SECRETARY:	International Financial Services Limited IFS Court, TwentyEight Cybercity Ebene Mauritius
BANKERS:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18 Cybercity Ebene, Mauritius Sumitomo Mitsui Banking Corporation 3 Temasek Avenue Centennial Tower #06-01 Singapore 039190 Bank of Baroda London Main Office 32 City Road, London EC1Y 2BD United Kingdom State Bank of India 15 King Street London, EC2VC 8EA3 United Kingdom
CUSTODIAN:	PT. CIMB Securities Indonesia The Indonesian Stock Exchange Building Tower II 20 th Floor, Jl Jend. Sudirman Kav. 52-53 Jakarta 12190, Indonesia
AUDITOR:	Deloitte 7th Floor, Raffles Tower 19 Cybercity Ebene, Mauritius

The directors present the financial statements of Khopoli Investments Limited (the "Company") for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and to provide loans to related companies. The Company also provides management support services to related parties.

RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out on page 2.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, Deloitte, has indicated its willingness to continue in office until the next Annual Meeting.

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 for Khopoli Investments Limited under the Mauritius Companies Act 2001 during the financial year ended 31 March 2013.


.....
for International Financial Services Limited
Secretary

Registered office:

IIS Court
TwentyEight
Cybercity
Ebene
Mauritius

Date: 23 May 2013

Independent auditor's report to the shareholder of Khopoli Investments Limited

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

Report on the Financial Statements

We have audited the financial statements of **Khopoli Investments Limited** on pages 6 to 27 which comprise the statement of financial position as at 31 March 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 and perform 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 and fair presentation of the financial statements 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 management, 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 adverse audit opinion.

Basis for Adverse Opinion

Non-compliance with International Accounting Standards (IAS) 31 Interests in Joint Ventures

IAS 31 requires the company to recognise its interests in joint ventures using proportionate consolidation or the equity method as alternative unless the specific exemptions available under the standard are met. As explained in note 25, the company has not met specific exemption requirements and has stated its interests in joint ventures amounting to USD 165,742,977 at cost as at 31 March 2013, accordingly, the financial statements have not been prepared in accordance with the requirement of IAS 31.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements on pages 6 to 27 do not give a true and fair view of the financial position of **Khopoli Investments Limited** as at 31 March 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

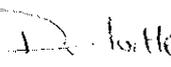
Emphasis of matter - going concern

We draw attention to note 24 in the financial statements which indicates that, at 31 March 2013, the company had net current liabilities of USD 153,943,959. This condition, along with the matters as set out in note 24 indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued availability of debt facilities and funds being made available by the shareholder. The financial statements do not include any adjustments that would result from non availability of finance.

Report on other legal requirements

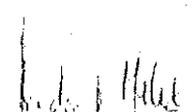
In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows.

- we have no relationship with, or interests in, the company other than in our capacity as auditor;
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records;
- we have not obtained all information and explanations that we have required in so far as explained in the paragraph on non-compliance with International Accounting Standard 31 Interest in Joint Ventures; and
- except for the non-compliance with IAS 31, the financial statements of the company comply with the Mauritius Companies Act 2001, in so far as applicable to companies holding Category 1 Global Business Licence.


Deloitte

Chartered Accountants

23 May 2013


Pradeep Malik, FCA
Licensed by FRC

KHOPOLI INVESTMENTS LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2013

6.

	Notes	2013 USD	2012 USD
INCOME			
Management fee income	17	40,000,000	-
Bank interest income		315,620	15
Interest income on loan to related party	21	5,999,195	6,232,377
Interest income on loan to other party		421,762	-
Mark to market gain / (loss) on derivatives	13	870,951	(3,770,225)
Other income		1,734,890	-
		<u>49,342,418</u>	<u>2,462,167</u>
OPERATING EXPENSES			
Licence fees		1,775	1,750
Audit fees		24,400	17,575
Bank charges		7,966	1,776
Professional and legal fees		2,168,296	67,510
Interest on loan	14/15	3,932,145	328,611
Loan amortization	11	7,372,607	7,544,228
Premium on derivatives		1,739,644	912,600
Foreign exchange loss		1,304,100	190,502
Guarantee commission	20	227,687	226,068
Service fee expense	19	230,911	-
Management fee expense	18	11,200,000	-
Custodian fee		4,151	-
		<u>28,213,682</u>	<u>9,290,620</u>
PROFIT / (LOSS) BEFORE TAXATION		21,128,736	(6,828,453)
Taxation	16	(4,000,998)	-
PROFIT / (LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>17,127,738</u>	<u>(6,828,453)</u>

The notes on pages 10 to 27 form an integral part of these financial statements.

The audit report is on page 5

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2013

7.

	Notes	2013 USD	2012 USD
ASSETS			
<u>Non current assets</u>			
Interests in joint ventures	5	165,742,977	4,054,642
Available for sale investments	6	4,396,662	
Loan to related party	7(a)	306,958,095	325,850,003
		<u>477,097,734</u>	<u>329,904,645</u>
<u>Current assets</u>			
Loan to related party	7(b)	13,489,996	7,793,423
Trade and other receivables	8	6,616,471	284,442
Cash and cash equivalents	9	15,382,780	43,477
		<u>35,489,247</u>	<u>8,121,342</u>
Total assets		<u>512,586,981</u>	<u>338,025,987</u>
EQUITY AND LIABILITIES			
<u>Capital and reserves</u>			
Stated capital	10	47,007,350	7,350
Retained earnings / (accumulated losses)		7,808,306	(9,319,432)
Shareholder's funds / (deficit)		<u>54,815,656</u>	<u>(9,312,082)</u>
<u>Non current liabilities</u>			
Loans	11 (a)	268,338,119	267,737,036
<u>Current liabilities</u>			
Trade and other payables	12	11,951,582	1,224,211
Derivative financial liabilities	13	2,899,274	3,770,225
Loan from related party	14	4,500,000	4,500,000
Loans	11 (b)	70,082,350	70,106,597
Shareholder's loan	15	100,000,000	
		<u>189,433,206</u>	<u>79,601,033</u>
Total equity and liabilities		<u>512,586,981</u>	<u>338,025,987</u>

Approved by the Board of Directors and authorised for issue on 23 May 2013

.....
Director

.....
Director

The notes on pages 10 to 27 form an integral part of these financial statements.
The audit report is on page 5.

KHOPOLI INVESTMENTS LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2013

8.

	Stated capital USD	Accumulated losses USD	Total USD
At 1 April 2011	7,350	(2,490,979)	(2,483,629)
Total comprehensive loss for the year	-	(6,828,453)	(6,828,453)
At 31 March 2012	7,350	(9,319,432)	(9,312,082)
Issue of shares	47,000,000	-	47,000,000
Total comprehensive income for the year	-	17,127,738	17,127,738
At 31 March 2013	<u>47,007,350</u>	<u>7,808,306</u>	<u>54,815,656</u>

The notes on pages 10 to 27 form an integral part of these financial statements
 The audit report is on page 5

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

9.

	2013 USD	2012 USD
Cash flows from operating activities		
Profit / (Loss) before tax	21,128,736	(6,828,453)
<i>Adjustments for:</i>		
Bank interest income	(315,620)	(15)
Interest income	(6,420,957)	(6,232,377)
Interest on loan	3,932,145	328,611
Loan amortization	7,372,607	7,544,228
Transaction costs capitalised	(211,827)	-
Unrealised foreign exchange loss	1,303,427	190,502
Mark to market (gain) / loss on derivatives	(870,951)	3,770,225
Increase in trade and other receivables	(6,430,530)	(314)
Increase/(decrease) in other payables	6,795,226	280,204
Cash generated / (used in) operating activities	26,282,256	(947,389)
Withholding tax suffered	(4,000,998)	-
Net cash generated from / (used in) operating activities	22,281,258	(947,389)
Cash flows from investing activities		
Bank interest received	301,676	15
Interest received	6,111,639	6,209,361
Interests in joint ventures	(161,054,745)	(3,991,962)
Investment in available for sale investment	(4,396,662)	-
Loan repayment received	18,891,908	42,899,266
Loan to related party	(7,000,000)	(8,128,925)
Net cash (used in) / generated from investing activities	(147,146,184)	36,987,755
Cash flows from financing activities		
Loan from shareholder	100,000,000	-
Interest paid	(6,795,771)	(6,187,269)
Loan repaid to shareholder	-	(30,000,000)
Issue of shares	17,000,000	-
Net cash generated from / (used in) financing activities	140,204,229	(36,187,269)
Net increase / (decrease) in cash and cash equivalents	15,339,303	(146,903)
Cash and cash equivalents at beginning of the year	43,477	190,380
Cash and cash equivalents at end of year	15,382,780	43,477

The notes on pages 10 to 27 form an integral part of these financial statements.
The audit report is on page 5

1. BACKGROUND INFORMATION

Khopoli Investments Limited ("Company") was incorporated in Mauritius under the Mauritius Companies Act 2001 on 8 May 2007 as a private company with liability limited by shares and has its registered office at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activities of the Company are investment holding and to provide loans to related companies. The Company also provides management support services to related parties.

2. ACCOUNTING POLICIES

Except for non-compliance with IAS 31, the financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of preparation

The financial statements are prepared under the historical cost convention except for derivative instruments that are measured at fair value.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment of the Company (the "functional currency"). The financial statements of the Company are presented in United States Dollars ("USD"), which is the Company's functional currency and presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are translated in USD at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at reporting date. Exchange differences arising on translation and realised gains and losses on disposals or settlement of monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Cash and cash equivalents

Cash comprises of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short term cash commitments rather than investment or other purpose.

(d) Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial instruments are recognised on the statement of financial position when the Company has become party to the contractual provisions of the financial instruments as follows:

(i) *Financial Assets*

Financial assets are classified into 'available for sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2. ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Available for sale investments

Available for sale investments are non-derivatives that are either designated as AFS or are not classified as loans and receivables.

The Company has investments in unlisted shares that are not traded in active market but are classified as AFS financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investments are disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividend on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividend is declared.

The fair value of AFS monetary assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The foreign gains or losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS investments which do not have a quoted market price are measured at fair value. Where the basis for fair value becomes no longer reliable, it becomes appropriate to carry the AFS investments at cost or amortised cost rather than the fair value, the carrying amount of the financial asset on that date becomes its new cost or amortised cost, as applicable. Any previous gain or loss on the asset that has been recognised in other comprehensive income is recognised in profit or loss when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss.

Loans and receivables

Loans to related party 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 when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

On derecognition of a financial asset other than in its entirety (e.g when the Company retains an option to repurchase part of a transferred asset), the Company allocated the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) *Financial liabilities and equity instruments issued by the Company*

(a) 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.

(b) Equity instruments

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

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate including interest rate cap. Further details of derivative financial instruments are disclosed in notes 13 and 22.

2. ACCOUNTING POLICIES (CONTINUED)

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(d) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Transaction costs are defined as incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability. An incremental cost is one that would not have been incurred if the Company had not acquired, issued or disposed of the financial instrument.

Other 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.

(e) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(e) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. 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 all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial liabilities.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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 considered 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

2. ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(f) Related parties

Related parties are considered to be related if one party has control, joint control or exercises significant influence over the other party or is a member of the key management personnel of the other party.

(g) Revenue recognition

Dividend income

Dividend revenue is recognised when the Company's right to receive the payment is established.

Interest income

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue 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 on initial recognition.

Management fee income

Management fee income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Management fee income is accrued on a time basis.

(h) Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accruals basis.

(i) 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 temporary 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.

2. ACCOUNTING POLICIES (CONTINUED)

(i) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(k) 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 unanimous consent of the parties sharing control.

The Company accounts its interests in Joint Ventures at cost less any impairment loss. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of comprehensive income.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2012.

3.1 *New and revised IFRSs applied with no material effect on financial statements*

The following new and revised Standards and Interpretations have been applied in these financial statements. Their application has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 12 Income Taxes - Limited scope amendment (recovery of underlying assets)

IFRS 7 Financial Instruments - Disclosures - Amendments enhancing disclosures about transfers of financial assets

3.2 *New and revised IFRSs in issue but not yet effective*

At the date of the authorisation of these financial statements, the following Standards and Interpretation were in issue but effective for annual periods beginning on or after the respective date as indicated:

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

3.2 *New and revised IFRSs in issue but not yet effective (continued)*

IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) (effective 1 January 2013)
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment) (effective 1 January 2013)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits project (effective 1 January 2013)
IAS 27	Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011) (effective 1 January 2013)
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments for investments entities (effective 1 January 2014)
IAS 28	Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) (effective 1 January 2013)
IAS 32	Financial instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) (effective 1 January 2013)
IAS 32	Financial instruments: Presentation - Amendments to application guidance on offsetting of financial assets and financial liabilities (effective 1 January 2014)
IAS 34	Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)) (effective 1 January 2013)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments for government loan with a below-market rate of interest when transitioning to IFRSs (effective 1 January 2013)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs) (effective 1 January 2013)
IFRS 7	Financial instruments: Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective 1 January 2013)
IFRS 7	Financial instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure (effective 1 January 2015)
IFRS 9	Financial instruments: Classification and Measurement (effective 1 January 2013)
IFRS 9	Financial instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2013)
IFRS 9	Financial instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective 1 January 2013)
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance (effective 1 January 2013)
IFRS 10	Consolidated Financial statements - Amendments for investment entities (effective 1 January 2014)
IFRS 11	Joint Arrangements (effective 1 January 2013)
IFRS 11	Joint Arrangements - Amendments to transitional guidance (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities - Amendments to transitional guidance (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities (effective 1 January 2014)
IFRS 13	Fair Value Measurement (effective 1 January 2013)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)

The directors anticipate that these standards and interpretations will be applied in the financial statements on the above effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of those amendments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the accounts.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Impairment of interests in joint ventures

Determining whether interest in joint ventures is impaired requires an estimation of the value in use of the investment. In considering the value-in-use, the directors have taken into account the management accounts of the joint-venture. However, actual results might differ from estimates. As at 31 March 2013, the directors believe that the carrying values approximate to the fair values of these investments.

Fair value of available for sale investments

The company also holds financial instruments that are not quoted on active markets. Fair values of such instruments are determined by taking into account valuation models. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

5. INTERESTS IN JOINT VENTURES

	2013	2012
	USD	USD
Opening balance	4,054,642	-
Additions during the year	159,251,648	3,991,962
Transaction costs capitalised	2,136,687	62,680
Closing balance	<u>165,742,977</u>	<u>4,054,642</u>

The details of the interests in joint venture as at 31 March 2013 are as follows:

Name of joint venture	Country of incorporation	Number and type of shares	% holding	2013	2012
				Cost	Cost
				USD	USD
Cennergi (Proprietary) Limited	South Africa	56 ordinary shares	50%	13,645,945	4,054,642
PT Baramulti Suksessarana	Indonesia	680,290,000 ordinary shares	26%	152,097,032	-

The shares held in Cennergi (Proprietary) Limited carry voting rights.

Cennergi (Proprietary) Limited, is a company focussed on renewable energy projects in South Africa. The joint venture ("JV") in the future will examine the feasibility, development, ownership, operation, maintenance, acquisition and management of electricity generation projects in South Africa, Botswana and Namibia. The JV has already been awarded bids for 2 wind power projects, Amakhala Emoyeni Wind Farm and Tsitsikama Community Wind Farm and is in the process of achieving financial closure for these projects.

PT Baramulti Suksessarana ("BSSR"), is a company incorporated in Indonesia, engaged in the production of coal and is listed on the stock exchange of Indonesia. It wholly owns PT Antang Gunung Meratus ("PT Antang"). BSSR along with PT Antang own approximately 1 billion tonnes of coal resources in South and East Kalimantan in Indonesia. The Company's objective of acquiring BSSR is to establish its position for coal assets in Indonesia.

The Company had given an interest bearing loan of USD75,000,000 to the promoter of BSSR which was repayable within 360 days from the drawdown date or as per the terms of a facility agreement, depending on to whether the Company will exercise its option to acquire the 26% stake in PT Baramulti Suksessarana. On 8 November 2012, the Company had exercised its option to acquire the 26% stake and as part of the acquisition, the loan and accumulated interest due from the promoter had been set-off against the consideration to be paid for acquiring the shares.

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 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2013

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6. AVAILABLE FOR SALE INVESTMENTS

Name of Company	Country of incorporation	Number and type of shares	% Holding	Cost 2013 USD	Cost 2012 USD
Trust Energy Resources Pte Ltd	Singapore	4,390,000 ordinary shares	3.4%	4,396,662	

During the year under review, the Company acquired an investment of 4,390,000 shares in Trust Energy Resources Pte Ltd, a company whose principal activities are providing shipping, coal handling and cargo services, investment holding, and trading in energy related commodities. The shares carry rights on dividend declared by the company. The directors are of the opinion that the fair value of the investment at the reporting date approximates its cost.

7. LOAN TO RELATED PARTY

(a) Loan to Bhira Investments Limited

	2013 USD	2012 USD
Opening balance	325,850,003	368,604,269
Repayment of loan	(18,891,908)	(12,899,266)
Loan granted	-	145,000
Closing balance	306,958,095	325,850,003

The loan to related party, Bhira Investments Limited, is unsecured, repayable on 31 December 2021 and carries interest at the rate of LIBOR plus margin as agreed between the parties on the basis of 360 days a year. The effective rate of interest ranges from 1.39540% to 2.86556% per annum.

(b) Short term loans

	2013 USD	2012 USD
(i) Cennergi (Proprietary) Limited	6,489,996	7,793,423
(ii) Trust Energy Resources Pte Ltd	7,000,000	-
	13,489,996	7,793,423

(b) (i) Loan to Cennergi (Proprietary) Limited (Denominated in South African Rand ("ZAR"))

	2013 USD	2012 USD
Opening balance	7,793,423	-
Loan granted	-	7,983,925
Unrealised foreign exchange loss	(1,303,427)	(190,502)
Closing balance	6,489,996	7,793,423

(b) (ii) Loan to Trust Energy Resources Pte Ltd

	2013 USD	2012 USD
Opening balance	-	-
Loan granted	7,000,000	-
Closing balance	7,000,000	-

The loans to Cennergi (Proprietary) Limited and Trust Energy Resources Pte Ltd, are unsecured, interest free and have no fixed terms of repayments.

8. TRADE AND OTHER RECEIVABLES

	2013 USD	2012 USD
Other receivables	430,281	-
Prepaid expenses	2,438	2,189
Interest receivable on short term deposits (Note 9)	13,912	-
Interest on loan to related party (Note 7 (a))	169,810	282,253
Management fees receivable	6,000,000	-
	6,616,441	284,442

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

Interest on loan to related party represent interest income due from Bhira Investments Limited ("Bhira") and payment of interest income is made as and when required.

Management fees are receivable from PT Arutmin Indonesia ("Arutmin") and PT Kaltim Prima Coal ("KPC") on a monthly basis and are unsecured and carry no interest.

Other receivables represent amounts due from Bhira which are unsecured, interest free and carry no fixed term of repayment.

The average credit period is 55 days. The Company does not have any past due debts.

In determining the recoverability of the management fees receivable, the Company considers any change in the credit quality of the receivable from the date the credit was initially granted up to the reporting date.

The concentration of credit risk is limited given that Arutmin and KPC are liquid entities based on their latest available results and the latter have been settling their dues to the Company promptly during the year under review. Accordingly, the directors believe that there is no need for allowance for doubtful debts.

9. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the cash and cash equivalents comprise the following:

	2013	2012
	USD	USD
Cash at bank	31,365	43,477
Short term fixed deposits	15,351,415	-
	<u>15,382,780</u>	<u>43,477</u>

The interest rate on short term fixed deposits ranges from 0.05% to 2.70% per annum for the year under review.

10. STATED CAPITAL

	2013	2012
	USD	USD
Opening balance	7,350	7,350
Issue of 47,000,000 ordinary shares of USD1 each	47,000,000	-
Closing balance	<u>47,007,350</u>	<u>7,350</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. On 5 November 2012, the Board had approved an equity cash call of USD47 million. As of date, the entire 47,000,000 shares had been issued to the shareholder.

11. LOANS

The Company has entered into two hedge agreements with JPMorgan Chase Bank N.A and HSBC for its loan of USD270 million with Sumitomo Mitsui Banking Corporation, pursuant to which it will benefit a cap on LIBOR.

	2013	2012
	USD	USD
<i>Long term loans</i>		
(a) Loan of USD270 million	<u>268,338,119</u>	<u>267,737,036</u>
<i>Short term loans</i>		
(b) Loan of USD70 million	<u>70,082,350</u>	<u>70,106,597</u>

(a) Loan of USD270 million

The long term bank loan of USD270 million is unsecured and carries interest at the rate of LIBOR plus 0.90%. Of the total principal, 50% is repayable after 72 months from the Utilisation date of 28 April 2008 and the balance 50% is repayable after 84 months from the Utilisation date of 28 April 2008. The loan is recognized at amortised cost.

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 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2013

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11. LOANS (CONTINUED)

	2013	2012
	USD	USD
Opening balance	267,737,036	266,516,398
Loan amortization	4,989,198	5,029,400
Loan interest paid	(4,388,115)	(3,808,762)
Closing balance	<u>268,338,119</u>	<u>267,737,036</u>

The effective interest rate of the long term loan is 1.3477% per annum.

The Company has purchased USD interest rate caps on LIBOR for the loan to hedge the risk of LIBOR moving higher (See note 13).

(b) *Loan of USD70 million*

The bank loan of USD70 million is repayable within 36 months after utilization date of 27 July 2010 and carries interest at the rate of LIBOR plus 2.2%. During the year under review the loan was re-classified from long term to short term loan.

	2013	2012
	USD	USD
Opening balance	70,106,597	69,472,578
Loan amortisation	2,383,409	2,514,828
Loan interest paid	(2,407,656)	(1,880,809)
Closing balance	<u>70,082,350</u>	<u>70,106,597</u>

The effective interest rate for the short term loan is 2.4819% per annum. The holding company has acted as guarantor to the bank loans of USD70 million and USD270 million respectively contracted by the Company (See note 20).

12. TRADE AND OTHER PAYABLES

	2013	2012
	USD	USD
Interest on short term loans from related party (Note 14)	429,186	358,152
Interest on short term loans from shareholder (Note 15)	3,861,111	-
Audit fees	8,625	5,500
Guarantee commission/service fees	152,961	56,517
Expenses paid by related companies	2,380,170	684,332
Premium on derivatives	52,284	17,530
Transaction cost	-	61,180
Management fee expense	4,200,000	-
Other payables	867,245	11,000
	<u>11,951,582</u>	<u>1,224,211</u>

Payments of the interest on loans are made as and when required. The Company has financial risk management policies in place to ensure that all payables are paid within agreed timeframe.

The other payables and management fee expenses are unsecured, interest free and payable as and when required. The Company ensures that all payables are paid within agreed timeframe.

Expenses paid by related companies relates to expenses of the Company paid by Bhivpuri Investments Limited and are unsecured, interest free and have no fixed terms of repayment.

Guarantee commission and service fees are fees payable to The Tata Power Company Limited on account of the loan of USD270 million and USD70 million. These are unsecured, interest free and have no fixed terms of repayment.

13. DERIVATIVE FINANCIAL LIABILITIES

The Company has purchased 2 interest rate caps at the cap rate of 1.1% p.a. on LIBOR for the long term loan of USD270 million (see Note 11) to mitigate the risk of LIBOR moving higher. Settlement of the cap payoff would be made semi-annually on a net basis. In case the LIBOR is below 1.1%, the interest rate cap expires and there is no pay out to the Company. However, if the LIBOR is higher than 1.1%, the Company receives the applicable LIBOR on the notional value and pays only 1.1% on the outstanding notional value.

	2013	2012
	USD	USD
Opening balance	3,770,225	
Mark to market (gain) / loss	(870,951)	3,770,225
Closing balance	<u>2,899,274</u>	<u>3,770,225</u>

The interest rate caps have been designated as financial liabilities through profit or loss. The fair valuation is the marked to market value as at the reporting date.

14. LOAN FROM RELATED PARTY

The loan of USD4.5 million from Bhivpuri Investments Limited, a related party, is unsecured, repayable on demand and carries interest at the rate of LIBOR plus margin as agreed between the parties calculated on the basis of 360 days a year. The effective rate of interest ranges from 1.4013% to 1.66785% per annum.

15. SHAREHOLDER'S LOAN

During the year under review, the Company had taken a loan of USD100 million which is unsecured, repayable on demand as agreed by the parties and carries an interest of 5% per annum on the basis of 360 days a year.

16. TAXATION

The Company is liable to income tax on its chargeable income at the rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual tax suffered or 80% of Mauritian tax payable in respect of its qualifying income, thus reducing its maximum effective tax rate payable to 3%. Capital gains from disposal of the Company's investment are exempt from tax in Mauritius.

The Company did not have any accumulated tax losses to be carried forward at the reporting date (31 March 2012: USD1,648,061).

	2013	2012
	USD	USD
Profit / (loss) before taxation	21,128,736	(6,828,453)
Tax at the applicable rate of 15%	3,169,310	(1,024,268)
Tax effect of:		
- Other deductible expenses	(1,062,525)	(866,132)
- Non allowable expenses	1,551,111	1,701,368
- Withholding tax suffered	4,000,998	-
- Tax losses (utilized)	(247,209)	-
- Deemed tax credit	(3,410,987)	189,032
Tax charge	<u>4,000,998</u>	-

17. MANAGEMENT FEE INCOME

Pursuant to a Deed of Novation dated 1 August 2012 entered with Bhivpuri Investments Limited and each of PT Kaltim Prima Coal ("KPC") and PT Arutmin Indonesia ("Arutmin"), the Company provides management support services to KPC and Arutmin.

18. MANAGEMENT FEE EXPENSE

The Company has subcontracted to Bhira Investments Limited the provision of management support services pursuant to a Subcontracting agreement dated 1 August 2012.

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 FOR THE YEAR ENDED 31 MARCH 2013

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19. SERVICE FEE EXPENSE

The Company has entered into a Procurement Services Agreement dated 1 September 2012 with its holding Company, The Tata Power Company Limited ("Tata Power"), for the provision of expert services to the Company in relation to investment opportunity evaluation and capital raising. The Company pays service fee expense to Tata Power in exchange of its services.

20. GUARANTEE COMMISSION

Guarantee commission represent arm's length fees payable to the holding company for acting as guarantor to the long term bank loans of USD70 million and USD270 million (Note 11).

21. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2013, the Company transacted with certain related parties. Details of the nature, volume of transactions and the balances with the related parties are as follows:

	2013	2012
	USD	USD
<i>(i) Amount incurred to International Financial Services Limited ("IFS")</i>		
Director fees	3,750	4,423
Secretarial fees	1,500	1,500
Administration fees and disbursements	111,267	31,587
APS fees	2,000	2,000

The above services from International Financial Services Limited are provided on commercial terms and conditions.

One director of the Company, Mr Kapildeo Joory, exercises joint control over International Financial Services Limited, IFS, the Administrator/Secretary and is deemed to have beneficial interest in the Administration Agreement and the tax letter of engagement between the Company and IFS.

	2013	2012
	USD	USD
<i>(ii) Payable to The Tata Power Company Limited</i>		
Opening balance	56,517	30,240,938
Interest expense	3,861,111	256,760
Guarantee commission	227,687	226,068
Service fees	230,911	-
Long term loan received	100,000,000	-
Paid during the year	(362,155)	(30,667,249)
Closing balance	104,014,071	56,517
<i>(iii) Receivable from Bhira Investments Limited</i>		
Opening balance	325,955,924	368,863,506
Interest income on loan	5,999,195	6,232,377
Loan repayment received	(18,891,908)	(42,899,266)
Loan given	-	145,000
Expenses paid on behalf of the Company	(1,695,837)	(176,332)
Interest income received	(6,111,639)	(6,209,361)
Management fee expense	(4,200,000)	-
Other receivables	430,281	-
	301,486,016	325,955,924

KHOPOLI INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2013

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21. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Payable to Bluepuri Investments Limited

	2013 USD	2012 USD
Opening balance	5,366,152	5,294,301
Interest expense	71,034	71,851
Closing balance	<u>5,437,186</u>	<u>5,366,152</u>

(v) Receivable from Cenmergi (Proprietary) Limited

Opening balance	7,793,423	-
Loan received	-	7,983,925
Unrealised foreign exchange loss	(1,303,427)	(190,502)
Closing balance	<u>6,489,996</u>	<u>7,793,423</u>

(vi) Receivable from Trust Energy Resources Pte Ltd

Opening balance	-	-
Loan received	7,000,000	-
Closing balance	<u>7,000,000</u>	<u>-</u>

Compensation to key management personnel

Except for director fees above, no other compensation has been paid to key management personnel during the period ended 31 March 2013 (2012: USD NIL).

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt, which includes loans (offset by cash and cash equivalents) and equity comprising stated capital and accumulated losses.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 2 to the financial statements.

Categories of financial instruments

	2013 USD	2012 USD
Financial assets		
Available for sale investment	4,396,662	
Loans and receivables (including cash at bank)	<u>342,444,904</u>	<u>333,969,156</u>
	346,841,566	333,969,156
Financial liabilities		
Amortised cost	454,872,051	343,567,844
Derivative financial liabilities designated at FVTPL	<u>2,899,274</u>	<u>3,770,225</u>
	457,771,325	347,338,069

In its ordinary operations, the Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it transacts. The following is a summary of the main risks:

Financial risk management

(i) Currency risk

The Company is exposed to volatility in the South African Rand (ZAR) on its loan to Cenmergi (Proprietary) Limited (Note 7(b)(i)) and is thus exposed to foreign currency risk relative to the ZAR.

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Sensitivity analysis

The following table indicates the approximate change in the Company's profit and loss in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date. The sensitivity analysis is based on the carrying amount of the loan at the reporting date.

	2013		2012	
	Increase/ (decrease) In USD Against ZAR %	Effect on Profit and Loss USD	Increase/ (decrease) In USD Against ZAR %	Effect on Profit and Loss USD
Loan to related party (ZAR)	10%	(590,001)	10%	(643,528)
	- 10%	721,109	- 10%	786,534

(ii) *Interest rate risk*

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets and liabilities are interest-bearing. As such, the Company is subject to significant risk due to fluctuations in the prevailing levels of the market interest rates.

Interest on loan to/from related parties may fluctuate in amount, in particular due to changes in the LIBOR rate.

The impact of a 5% fluctuation in the interest rates on various loans taken by the Company would be as follows:

	2013 5% increase USD	2012 5% increase USD
<i>USD denominated</i>		
Interest on loan	196,607	16,431
Effect on profit and loss before tax	196,607	16,431

The impact of a 5% fluctuation in the interest rates on various loans given by the Company would be as follows:

	2013 5% increase USD	2012 5% increase USD
<i>USD denominated</i>		
Interest on loan	321,047	311,619
Effect on profit before tax	321,047	311,619

Bank interest income may fluctuate in amount, in particular due to changes in the interest rate. The impact of a 5% fluctuation in the interest rates on bank interest income would be as follows:

	2013 5% increase USD	2012 5% increase USD
<i>USD denominated</i>		
Bank interest income	15,781	
Effect on profit before tax	15,781	

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

The Company's exposure to its derivative financial instruments is the fair value of the instruments as detailed in the table below:

LIBOR Cap rate	Premium	End date	Notional value USD	2013	2012
				Fair value USD	Fair value USD
1.1% p.a.	0.81% p.a.	28 April 2015	135 million	2,224,727	2,694,608
1.1% p.a.	0.4575% p.a.	28 April 2014	135 million	674,547	1,075,617
				<u>2,899,274</u>	<u>3,770,225</u>

(iii) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Financial assets that potentially expose the Company to credit risk consist principally of loans and interest receivable from related party.

With respect to credit risk arising from financial assets which comprise of other receivable, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets.

Carrying Amount	2013	2012
	USD	USD
Loan to related party	320,448,091	333,643,426
Receivables	6,614,033	282,253
Cash and cash equivalents	15,382,780	43,477
	<u>342,444,904</u>	<u>333,969,156</u>

(iv) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors and in managing the Company's short, medium and long term funding and liquidity requirements, the Board of Directors is guided by similar practices adopted by its holding company. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2013	Less than 1 year	More than 1 year	Total
	USD	year USD	
	2013	2013	2013
Financial assets			
Non-interest bearing	20,104,029	4,396,662	24,500,691
Variable interest rate instruments	15,382,780	306,958,095	322,340,875
	<u>35,486,809</u>	<u>311,354,757</u>	<u>346,841,566</u>
Financial liabilities			
Non-interest bearing	14,850,856	-	14,850,856
Variable interest rate instruments	74,582,350	268,338,119	342,920,469
Fixed interest rate instruments	100,000,000	-	100,000,000
	<u>189,433,206</u>	<u>268,338,119</u>	<u>457,771,325</u>

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

	Less than 1 year USD	More than 1 year USD	Total USD
<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>
Financial assets			
Non-interest bearing	8,075,676	-	8,075,676
Variable interest rate instruments	43,477	325,850,003	325,893,480
	<u>8,119,153</u>	<u>325,850,003</u>	<u>333,969,156</u>
Financial liabilities			
Non-interest bearing	1,224,211	-	1,224,211
Variable interest rate instruments	74,606,597	267,737,036	342,343,633
	<u>75,830,808</u>	<u>267,737,036</u>	<u>343,567,844</u>

(v) *Fair values*

The Company's financial assets and liabilities include available for sale investments, loan to related party, other receivables, cash at bank, loan from related party, loan from shareholder, other loans and payables. The carrying amounts of these assets and liabilities approximate their fair values.

Fair value measurement recognized in the statement of financial position

Except where stated elsewhere, the carrying amounts of the Company's financial assets and financial liabilities approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid market, is determined with reference to quoted market prices.
- The fair value of other financial asset and financial liability is determined in accordance with generally accepted pricing model based on discounted cash flow analysis using prices from observable current market transactions and dealer quote for similar instruments.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1-Quoted prices (unadjusted) in active market for identical assets and liabilities;

Level 2-Input other than quoted prices included within level 1 that are observable for the asset and liability either directly (that is as prices) or indirectly (that is derived from prices); and

Level 3-For the asset or liability that are not based on observable market data (unobservable input)

The level in the fair value hierarchy within which the fair value measurement has been categorized in the entirety has been determined on the basis of the lowest level of the input that is significant to the fair value measurement in its entirety.

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Company's investment fall:

<u>2013</u>	Level 3 USD
Assets	
Available for sale investments at fair value	<u>4,396,662</u>
 <u>2012</u>	
Assets	
Available for sale investments at fair value	<u>-</u>

23. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY

The Tata Power Company Limited, a company incorporated in India and listed on Bombay National Stock Exchange and National Stock Exchange of India is the immediate holding and ultimate holding company.

24. GOING CONCERN

At 31 March 2013, the Company had a net current liabilities of USD153,943,959 (2012: USD1,373,094). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis, which assumes that the Company would continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the holding company.

The holding company has confirmed that it would continue to provide its financial support to the Company for at least the next twelve months starting from the date of approval of the financial statements.

25. NON COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IAS) 31 INTERESTS IN JOINT VENTURES

IAS 31 requires a parent company that holds interests in joint ventures to present financial statements that are either proportionately consolidated or to apply the equity method for accounting its interests. The parent company is exempted from this requirement if it satisfies all the conditions available under paragraph 2(c) of IAS.31. However, the Company has not proportionately consolidated or applied equity method for accounting its joint ventures in these financial statements which are being presented on a standalone basis although the exemptions of available under the standard have not been met.

26. CONTINGENCIES AND COMMITMENTS

As at the reporting date, the Company had acquired an investment in joint venture Cennergi (Proprietary) Limited and had invested ZAR111.5 million (equivalent to USD13,645,945). Cennergi (Proprietary) Limited has been successfully awarded 2 bids, in Tsitsikamma Community Wind Farm and Amakhala Emoyeni Wind Farm. Consequently, the Board of Directors have approved that the Company would invest a total of ZAR590 million in Cennergi (Proprietary) Limited.

As at the reporting date, the Company had also acquired a 3.4% stake in Trust Energy Resources Pte Ltd and had invested USD4,396,662. Consequently the Board of Directors have approved that the Company would invest a total of USD34.71 million in Trust Energy Resources Pte Ltd.

Contingencies

As at the reporting date, the Company did not have any contingency with respect to its interests in the joint venture.

Commitments

During the year, the Board of Directors had approved budgets for the evaluation of various projects. As of the reporting date, the due diligence was still in progress and the Company had not yet acquired any stake.

27. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 9 April 2013, the Board of Directors approved that the Company invest a further amount of ZAR 403.9 million (USD43.7 million) in Cennergi (Proprietary) Limited, thus bringing the total proposed investment to ZAR 993.9 million (USD107.5 million).

On 9 April 2013, the Board of Directors approved that the Company enter into Equity Contribution Agreement and an Equity Guarantee in the form of a Corporate Guarantee to be issued in favour of the Lenders of Tsitsikamma Community Wind Farm, a project of Cennergi (Proprietary) Limited, subject to a maximum aggregate amount of ZAR 382.5 million (USD41.4 million). As at the date of reporting, these agreements had not yet been entered into.

On 9 April 2013, the Board of Directors approved that the Company enter into Equity Contribution Agreement and an Equity Guarantee in the form of a Corporate Guarantee to be issued in favour of the Lenders of Amakhala Emoyeni Wind Farm, a project of Cennergi (Proprietary) Limited, subject to a maximum aggregate amount of ZAR 445.4 million (USD48.2 million). As at the date of reporting, these agreements had not yet been entered into.

On 9 April 2013, the Board of Directors approved a budget of USD1,950,000 for the evaluation of various projects. Subsequent to the reporting date, the due diligence was still in progress and the Company had not yet acquired any stake.

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH 2013

	Year ended March,2013	Exchange Rate	Amount Rs	Year ended March,2012	Exchange Rate	Amount Rs
	USD			USD		
INCOME						
Management fee Income	40000000	54.45	2178000000	-		
Interest Income on Loan to related party	5999195	54.45	326656167.8	6,232,377.00	47.95	298,842,477
Interest Income on Loan to other party	421762	54.45	22964940.9	-		
Bank Interest income	315,620	54.45	17,185,509	15	47.95	719
Other income	1,734,890	54.45	94,464,761	-		
Mark to market gain/loss on derivatives	870,951	54.45	47,423,282	(3,770,225)	47.95	(180,782,289)
Total income	49,342,418	54.45	2,686,694,660	2,462,167	47.95	118,060,908
OPERATING EXPENSES						
License fees	1,775	54.45	96,649	1,750	47.95	83,913
Director fees	-	54.45	-	-	47.95	-
Secretarial fees	-	54.45	-	-	47.95	-
Management fees Expense	11,200,000	54.45	609,840,000	-	47.95	-
Audit fees	24,400	54.45	1,328,580	17,575	47.95	842,721
Custodian fee	4,151	54.45	226,022	-	47.95	-
Bank charges	7,966	54.45	433,749	1,776	47.95	85,159
Foreign exchange loss	1,304,100	54.45	71,008,245	190,502	47.95	9,134,571
Gurantee commission	227,687	54.45	12,397,557	226,068	47.95	10,839,961
Interest on loan	3,932,145	54.45	214,105,295	328,611	47.95	15,756,897
Professional and legal fees	2,168,296	54.45	118,063,717	67,510	47.95	3,237,105
Loan amortisation	7,372,607	54.45	401,438,451	7,544,228	47.95	361,745,733
Premium on derivatives	1,739,644	54.45	94,723,616	912,600	47.95	43,759,170
Service fee	230,911	54.45	12,573,104	-		
Total expenditure	28,213,682	54.45	1,536,234,985	9,290,620	47.95	445,485,229
PROFIT/(LOSS) BEFORE TAX	21,128,736	54.45	1,150,459,675	(6,828,453)	47.95	(327,424,321)
Taxation	(4,000,998)	54.45	(217,854,341)	-	45.58	-
PROFIT/ (LOSS) FOR THE YEAR	17,127,738	54.45	932,605,334	(6,828,453)	47.95	(327,424,321)

KHOPLI INVESTMENTS LIMITED
BALANCE SHEET AT 31 MARCH 2013

	31.03.2013		31.03.2012		Amount	Exchange Rate	Amount	Exchange Rate	Amount
	USD	Rs	USD	Rs					
ASSETS									
<u>Non current assets</u>									
Interest in Joint Venture		165742977		4054642		51.19		207,557,124	
Loan to related party		306,958,095		325,850,003		51.19		16,680,261,654	
Available for Sale Investments		4,396,662							
		477,097,734		329,904,645		51.19		16,887,818,778	
<u>Current Assets</u>									
Loans to related party		13,489,996		7,793,423		51.19		398,945,323	
Trade & Other receivables		6,616,471		284,442		51.19		14,560,586	
Cash at bank		15,382,780		43,477		51.19		2,225,588	
Exchange fluctuation reserve								32,059,334	
		35,489,247		8,121,342				447,790,831	
Total assets		512,586,981		338,025,987				17,335,609,609	
EQUITY AND LIABILITIES									
<u>Capital and reserves</u>									
Stated capital		47,007,350		7,350		41.16		302,526	
Retained Earnings/(Accumulated losses)		7,808,306		(9,319,432)				(444,928,669)	
		54,815,656		(9,312,082)				(444,626,143)	
<u>Non current liabilities</u>									
Shareholder's loan									
Loans		268,338,119		267,737,036		51.19		13,705,458,873	
		268,338,119		267,737,036				13,705,458,873	
<u>Current liabilities</u>									
Payables		11,951,582		1,224,211		51.19		62,667,361	
Derivative Financial Liabilities		2,899,274		3,770,225		51.19		192,997,818	
Shareholder's Loans		100,000,000							
Loans		70,062,350		70,106,597		51.19		3,588,756,700	
Loan from related party		4,500,000		4,500,000		51.19		230,355,000	
		189,433,206		79,601,033				4,074,776,879	
Total equity and liabilities		512,586,981		338,025,987				17,335,609,609	

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Stated Capital		Exchange Rate		Accumulated Losses		Exchange Rate		Total	
	USD	Rs	USD	Rs	USD	Rs	USD	Rs	USD	Rs
At 1 April 2010	7,350	302,526	(1,036,329)	(51,201,401)	(1,028,979)	(50,898,875)				
Total comprehensive loss for the year			(1,454,650)	(66,302,947)	(1,454,650)	(66,302,947)				
At 31 March 2011	<u>7,350</u>	<u>302,526</u>	<u>(2,490,979)</u>	<u>(117,504,348)</u>	<u>(2,483,629)</u>	<u>(117,201,822)</u>				
Total comprehensive loss for the year			(6,828,453)	(327,424,321)	(6,828,453)	(327,424,321)				
At 31 March 2012	<u>7,350</u>	<u>302,526</u>	<u>(9,319,432)</u>	<u>(444,928,669)</u>	<u>(9,312,082)</u>	<u>(444,626,143)</u>				
Issue of Shares	47000000	2551630000			47,000,000	2,551,630,000				
Total comprehensive loss for the year			17,127,738	932,605,334	17,127,738	932,605,334				
At 31 March 2013	<u>47,007,350</u>	<u>2,551,932,526</u>	<u>7,808,306</u>	<u>487,676,665</u>	<u>54,815,656</u>	<u>3,039,609,191</u>				

KHOPOLI INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Year ended March,2013	Exchange Rate	Amount	Year ended March,2012	Exchange Rate	Amount
	USD		Rs	USD		Rs
Cash flows from operating activities						
Operating profit/(loss) before tax	21,128,736	54.45	1,150,459,675	(6,828,453)	47.95	(327,424,321)
<i>Adjustments for:</i>						
Increase in payables	6,795,226	54.45	370,000,056	280,204	47.95	13,435,782
Bank interest income	(315,620)	54.45	(17,185,509)	(15)	47.95	(719)
Interest income on loans and receivables	(6,420,957)	54.45	(349,621,109)	(6,232,377)	47.95	(298,842,477)
Interest on loan	3,932,145	54.45	214,105,295	328,611	47.95	15,756,897
Loan Amortisation	7,372,607	54.45	401,438,451	7,544,228	47.95	361,745,733
Mark to Market loss on derivatives	(870,951)	54.45	(47,423,282)	3,770,225	47.95	180,782,289
Unrealised foreign exchange loss	1,303,427	54.45	70,971,600	190,502	47.95	9,134,571
Transaction costs capitalized	(211,827)	54.45	(11,533,980)	-	47.95	-
Increase in prepayments	(6,430,530)	54.45	(350,142,359)	(314)	47.95	(15,056)
Cash generated from/(used in) operating activities	26,282,256	54.45	1,431,068,839	(947,389)	47.95	(45,427,303)
Withholding Tax Suffered	(4,000,998)	54.45	(217,854,341)	-	-	-
Net cash from /(used in) operating activities	22,281,258		1,213,214,498	(947,389)		(45,427,303)
Cash flows from investing activities						
Bank interest received	301,676	54.45	16,426,258	15	47.95	719
Interest Received	6,111,639	54.45	332,778,744	6,209,361	47.95	297,738,860
Investment In Joint Venture	(161,054,745)	54.45	(8,769,430,865)	(3,991,962)	47.95	(191,414,578)
Loan Repayment Received	18,891,908	54.45	1,028,664,391	42,899,266	47.95	2,057,019,805
Loan to related company	(7,000,000)	54.45	(381,150,000)	(8,128,925)	47.95	(389,781,954)
Investment available for sale	(4,396,662)	54.45	(239,398,246)	-	-	-
Net cash used in investing activities	(147,146,184)		(8,012,109,719)	36,987,755		1,773,562,852
Cash flows from financing activities						
Interest paid	(6,795,771)	54.45	(370,029,731)	(6,187,269)	47.95	(296,679,549)
Loan from shareholder	100,000,000	54.45	5,445,000,000	-	-	-
Issue of Shares	47,000,000	54.45	2,559,150,000	-	-	-
Payment of debt issue costs	-	54.45	-	(30,000,000)	47.95	(1,438,500,000)
Exchange fluctuation	-	-	(935,060)	-	-	8,285,276
Net cash generated from financing activities	140,204,229	54.44	7,633,185,209	(36,187,269)		(1,726,894,273)
Net increase in cash and cash equivalents	15,339,303		834,289,988	(146,903)		1,241,277
Cash and cash equivalents:						
At the beginning of the period	43,477		2,225,588	190380		8504275
At the end of the period	15,382,780		836,515,576	43,477		2,225,588