

BHIRA INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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FOR THE YEAR ENDED 31 MARCH 2015

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**BHIRA INVESTMENTS LIMITED
COMPANY INFORMATION**

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		Date of appointment	Date of resignation
DIRECTORS:	Fareed Soreefan	6 January 2012	-
	Zakir Hussein Niamut	16 September 2010	-
	Sameema Nobeebux	7 March 2014	-
	Sanjay Dube	25 June 2014	-
	Ramesh Subramanyam	25 June 2014	-
	Hardeep Singh Guru (Permanent alternate to Mr Ramesh Subramanyam)	25 June 2014	31 March 2015
	Nitin Johar (Permanent alternate to Mr Ramesh Subramanyam)	31 March 2015	-
REGISTERED OFFICE:	IFS Court, TwentyEight Cybercity Ebene Mauritius		
SECRETARY, ADMINISTRATOR AND TAX AGENT:	International Financial Services Limited IFS Court, TwentyEight Cybercity Ebene Mauritius		
BANKERS:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18 Cybercity Ebene Mauritius Barclays Bank PLC Offshore Banking Unit 3 rd Floor, Barclays House 68-68A Cybercity Ebene Mauritius Bank of Baroda Baroda House 32 City Road London, UK, EC1Y 2BD United Kingdom State Bank of India 15 King Street London, EC2VC 8EA3 United Kingdom Royal Bank of Scotland Level 26, One Raffles Quay South Tower Singapore 048583		
AUDITOR:	Deloitte 7th Floor, Raffles Tower 19 Cybercity Ebene Mauritius		

The directors present the financial statements of Bhira Investments Limited (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding and ancillary services of collecting accounts receivable of its related parties, provision of loans to related parties and provision of management support services to related parties.

RESULTS

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

The Company had declared a dividend of USD52,000,000, out of which USD40,000,000 has been paid to its sole shareholder during the year under review. (2014: USD35,000,000).

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 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 apply them consistently;
- make judgments 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 in the foreseeable future.

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.

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

AUDITOR

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

**CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001**

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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 Bhira Investments Limited under the Mauritius Companies Act 2001 during the financial year ended 31 March 2015.



.....
**for International Financial Services Limited
Secretary**

Registered office:

IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

Date: 18 May 2015

Independent auditor's report to the shareholder of Bhira 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 shareholder 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 **Bhira Investments Limited** on pages 7 to 38 which comprise the statement of financial position as at 31 March 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 Financial Reporting Standard (IFRS) 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities

IFRS 11 Joint Arrangements requires the Company to recognise its investment in a joint venture as an investment and to account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures unless the Company is exempted from applying the equity method as specified in that standard. As explained in Note 26 the Company has not met the specific exemption requirements and has stated its investments in joint ventures amounting to USD616,456,007 at cost less impairment as at 31 March 2015. Accordingly, the financial statements have not been prepared in accordance with the requirements of IFRS 11.

The Company has also not complied with the disclosure requirements of IFRS12 Disclosure of Interests in Other Entities relating to interests in joint arrangements.

**Independent auditor's report to the shareholder of
Bhira Investments Limited (Cont'd)**

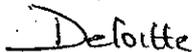
Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements on pages 7 to 38 do not give a true and fair view of the financial position of **Bhira Investments Limited** as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal requirements

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

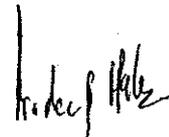
- we have no relationship with, or interests in, the company other than in our capacity as auditor;
- except as indicated in the basis for adverse opinion above, proper accounting records have been kept by the company as far as appears from our examination of those records;
- we have not obtained all information and explanations that we have required in so far as explained in the paragraph on non-compliance with IFRS 11 and IFRS 12; and
- except for the non-compliance with IFRS 11 and IFRS 12, 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

18 May 2015



Pradeep Malik, FCA

Licensed by FRC

BHIRA INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

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	Notes	2015 USD	2014 USD
INCOME			
Dividend income	11 (c)	68,354,600	74,268,838
Bank interest income		296,378	188,426
Interest income on loan		1,676,164	28,345
Loan amortisation income	7	8,306,112	9,100,629
Management fee income	17	16,800,000	16,800,000
Premium on hedge		135,428	-
Marked to Market gain on derivatives		107,310	-
Other income		664	674
		<u>95,676,656</u>	<u>100,386,912</u>
OPERATING EXPENSES			
Tax Residence Service fees		400	-
Licence fees		2,100	2,100
Audit fees		27,250	25,724
Bank charges		10,351	17,254
Interest expense on loan	12(a) and 22	17,403,322	14,721,190
Amortisation of subordinated note	13	21,004,097	38,691,725
Marked to Market loss on derivatives	15	594,322	-
Premium on hedge		423,610	-
Premium on subordinated note	13	4,500,000	-
Amortisation of loan	12 (b)	5,880,270	-
Legal and professional fees		1,444,079	590,907
Donations	18	750,000	750,000
Service fee expense	19	849,572	1,084,610
Guarantee commission	20	1,462,755	1,349,998
Hedging costs		432,534	1,734,890
Interest income written off		-	65
		<u>54,784,662</u>	<u>58,968,463</u>
PROFIT BEFORE TAXATION		40,891,994	41,418,449
Taxation	21	(6,835,460)	(7,426,884)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>34,056,534</u>	<u>33,991,565</u>

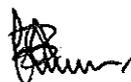
The notes on pages 11 to 39 form an integral part of these financial statements.
The independent audit report is on page 5-6.

BHIRA INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

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	Notes	2015 USD	2014 USD
ASSETS			
<u>Non current assets</u>			
Investments in joint ventures	5	616,456,007	616,253,431
Loans to related parties	7(a)	161,166,758	76,418,965
		<u>777,622,765</u>	<u>692,672,396</u>
<u>Current assets</u>			
Loans to related parties	7(b)	234,016,721	196,928,370
Trade and other receivables	8	50,879,663	30,164,667
Cash and cash equivalents	9	14,700,077	70,083,709
Derivative financial assets	15 (a)	107,310	-
		<u>299,703,771</u>	<u>297,176,746</u>
<u>Assets classified as held for sale</u>			
Investments in joint ventures	6	100,089,097	100,089,097
		<u>100,089,097</u>	<u>100,089,097</u>
Total assets		<u>1,177,415,633</u>	<u>1,089,938,239</u>
EQUITY AND LIABILITIES			
<u>Capital and reserves</u>			
Stated capital	10	1,000,000	1,000,000
Retained earnings		21,871,444	39,814,910
Total equity		<u>22,871,444</u>	<u>40,814,910</u>
<u>Non current liabilities</u>			
Loan from related parties	11 (a/b)	458,800,000	458,800,000
Loans	12	558,919,623	-
Subordinated Note Due 2071	13	-	461,402,153
		<u>1,017,719,623</u>	<u>920,202,153</u>
<u>Current liabilities</u>			
Other payables	14	44,201,189	27,995,375
Derivative financial liabilities	15 (b)	553,897	-
Loan from related parties	11 (c/d/e)	92,069,480	100,925,801
		<u>136,824,566</u>	<u>128,921,176</u>
Total equity and liabilities		<u>1,177,415,633</u>	<u>1,089,938,239</u>

Approved by the Board of Directors and authorised for issue on 18 May 2015.



Director



Director

The notes on pages 11 to 39 form an integral part of these financial statements.
The independent audit report is on page 5-6.

**BHIRA INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

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	Note	Stated capital USD	Retained earnings USD	Total USD
At 1 April 2013		1,000,000	40,823,345	41,823,345
Profit and total comprehensive income for the year		-	33,991,565	33,991,565
Dividend paid		-	(35,000,000)	(35,000,000)
At 31 March 2014		1,000,000	39,814,910	40,814,910
Profit and total comprehensive income for the year		-	34,056,534	34,056,534
Dividend declared and paid	24	-	(52,000,000)	(52,000,000)
At 31 March 2015		1,000,000	21,871,444	22,871,444

The notes on pages 11 to 39 form an integral part of these financial statements.
The independent audit report is on page 5-6.

BHIRA INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

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	2015 USD	2014 USD
Cash flows from operating activities		
Profit before tax	40,891,994	41,418,449
<i>Adjustments for:</i>		
Bank interest income	(296,378)	(188,426)
Interest income on loan	(1,676,164)	(28,345)
Loan amortisation income	(8,306,112)	(9,100,629)
Premium on hedge income	(135,428)	-
Premium on hedge expense	423,610	-
Interest expense on loan	17,403,322	14,721,190
Amortisation of subordinated note	21,004,097	38,691,725
Amortisation of loan	5,880,270	-
Marked to market loss on derivatives	594,322	-
Marked to market gain on derivatives	(107,310)	-
Dividend income	(61,519,140)	(66,841,954)
	<u>14,157,083</u>	<u>18,672,010</u>
Movement in working capital:		
Increase in trade and other receivables	(20,332,214)	(9,364,706)
Increase / (Decrease) in other payables	226,677	(7,513,403)
	<u>(5,948,454)</u>	<u>1,793,901</u>
Cash (used in) / generated from operating activities		
Withholding tax suffered	(6,835,460)	(7,426,884)
	<u>(12,783,914)</u>	<u>(5,632,983)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Bank interest received	313,713	219,567
	<u>313,713</u>	<u>219,567</u>
Net cash generated from investing activities		
Cash flows from financing activities		
Marked to market loss paid	(40,424)	-
Premium on hedge paid	(305,857)	-
Dividend paid	(50,000,000)	(25,000,000)
Loan management fee income received	1,317,470	1,421,944
Interest paid on loan	(6,811,525)	(5,671,693)
Interest paid on bank account	(488)	-
Interest on subordinated note	13 (32,406,250)	(38,250,000)
Loan received from related party	52,662,818	95,683,068
Loan received from third party	560,360,000	-
Interest received on loan	7,155,441	5,944,460
Loan to related party	(143,750,000)	(29,440,000)
Subordinate note repaid	13 (454,500,000)	-
Loan repaid by related party	23,405,384	34,973,974
	<u>(42,913,431)</u>	<u>39,661,753</u>
Net cash (used in) / generated from financing activities		
Net (decrease) / increase in cash and cash equivalents	(55,383,632)	34,248,337
Cash and cash equivalents at beginning of year	70,083,709	35,835,372
Cash and cash equivalents at end of year	<u>14,700,077</u>	<u>70,083,709</u>

The notes on pages 11 to 39 form an integral part of these financial statements.
The independent audit report is on page 5-6.

1. BACKGROUND INFORMATION

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 27 April 2007 as a domestic and private company with limited liability by shares and changed its legal regime to a Category 1 Global Business Company on 22 June 2007. It holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius.

The principal activity of the Company is that of investment holding and ancillary services of collecting accounts receivable of its related parties, provision of loan to related parties and management support services to related parties.

2. SIGNIFICANT ACCOUNTING POLICIES

Except for non-compliance with International Financial Reporting Standards ("IFRS") 11 Joint arrangements and IFRS 12 Disclosure in Other Entities, the financial statements have been prepared in accordance with IFRS. The preparation of the financial statements in accordance with and in compliance 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 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 certain financial instruments that are measured at fair value.

(b) Investments in Joint Ventures

A joint venture is a joint arrangement whereby parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts its investments in Joint Ventures at cost less any impairment. 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 profit or loss and other comprehensive income.

(c) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 on 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 profit or loss and other comprehensive income.

(e) Cash and cash equivalents

Cash comprises of cash at bank and short term deposits. 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.

Short term deposits

Short term deposits are liquid investments, with a maturity period of up to three months that earn interest at a fixed rate.

(f) Financial instruments

Financial assets and liabilities are recognised when a Company becomes a party to a contractual provision 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 are added to 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 and loss are recognised immediately in profit or loss.

(i) Financial Assets

Financial assets are classified into 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, 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 subsequently 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.

Impairment of financial assets

Financial assets 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(i) Financial Assets (continued)

Impairment of financial assets (continued)

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 years.

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 available for sale financial assets is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year.

For financial assets measured at amortised cost, if, in a subsequent year, 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.

Derecognition of financial asset

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 entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(i) Financial Assets (continued)

Derecognition of financial asset (continued)

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 recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(ii) Financial liabilities

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(c) Financial liabilities

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 15 and 23. 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 year. 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 and subordinated notes 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, expired or changed. Where the terms of the financial liability is substantially different, the exchange is accounted for as an extinguishment of the original liability and recognition of a new liability.

(g) Related parties

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.

(h) Revenue recognition

Interest 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. 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 on initial recognition.

Services fee income, management fee income and other income are recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. They are also accounted on an accrual basis in the financial statements.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established and is recognised gross of withholding tax.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Expense recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on accrual basis.

(j) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition 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 associated with investments in subsidiaries and associates, and investments in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the 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 the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of assets

The Company's assets are assessed for indicators of impairment at each reporting date.

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 asset is reduced by the impairment loss directly for all 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 the statement of profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised 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 recognised.

(l) 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.

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 effective for accounting years beginning on 1 April 2014.

3.1 *Standards and Interpretations adopted with no effect on the 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 32 Financial instruments: Presentation - Amendments relating to the offsetting of financial assets and financial liabilities

IAS 36 Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives

IFRS 12 Disclosure of Interests in other Entities - Amendments for investment entities

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

3.2 *New and Revised Standards and Interpretations 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:

- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective 1 January 2016)
- IAS 24 Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)
- IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)
- IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of consolidation exception (effective 1 January 2016)
- IAS 39 Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
- IFRS 7 Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
- IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
- IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
- IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
- IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective 1 January 2016)
- IFRS 12 Disclosure of Interests in other Entities - Amendments regarding the application of the consolidation exception (effective 1 January 2016)
- IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52) (effective 1 July 2014)
- IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (Short term receivables and payables) (Amendments to basis for conclusion only)
- IFRS 15 Revenue from contracts with customers - Original Issue (1 January 2017)

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting judgments 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 financial statements.

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 Dollars.

Impairment of investments in joint ventures

Determining whether investments in joint ventures are impaired requires an estimation of the value in use of the investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from that investment and a suitable discount rate in order to calculate present value.

As at 31 March 2015, the directors believe that the carrying values approximate the fair values of these investments and no impairment loss to be recognised in the financial statements.

Fair value of investment held for sale

The Company also holds financial instruments that are not quoted on active markets. At a meeting of the board of directors held on 26 November 2013 of the Company resolved to dispose some investments at a gross consideration of USD390 million. At 31 March 2015, the investments held for disposal have been reported at the lower of the carrying amount and fair value less cost to sell.

Fair value of derivative financial assets

The Company had entered into derivative financial instruments to manage its exposure to interest rate including interest rate caps and swaps. The interest rate caps and swaps have been designated as financial assets at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The fair values of the derivatives are worked out by the respective bank's. The valuation methodology used by the bank is based on the Black-Scholes model.

Fair value of derivative financial liabilities

The Company had entered into a variety of derivative financial instruments to manage its exposure to interest rate including interest rate caps and swaps. The interest rate caps and swaps have been designated as financial liabilities at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The fair value of the derivative is worked out by the respective banks. The valuation methodology used by ICICI Bank Limited and Australia and New Zealand bank are based on the Black-Scholes model.

5. INVESTMENTS IN JOINT VENTURES

	2015 USD	2014 USD
Investments in joint ventures	<u>616,456,007</u>	<u>616,253,431</u>

Details of the investments in joint ventures are as follows:

	Place of incorporation	Number of shares	% Holding 2014 & 2015		2015	2015	2014	2014
			Direct	Indirect	Cost	Carrying Value	Cost	Carrying Value
					USD	USD	USD	USD
PT Kaltim Prima Coal	Indonesia	123,540	30%	-	618,194,940	616,403,246	618,011,694	616,220,000
PT Indocoal Kaltim Resources	Indonesia	82,380	30%	-	50,430	50,430	31,100	31,100
Candice Investments Pte Ltd	Singapore	3	30%	-	2	2	2	2
PT Dwikarya Prima Abadi	Indonesia	99	0.9%	30%	1,109	1,109	1,109	1,109
PT Marvel Capital Indonesia	Indonesia	1,089	0.99%	30%	1,220	1,220	1,220	1,220
					<u>618,247,701</u>	<u>616,456,007</u>	<u>618,045,125</u>	<u>616,253,431</u>

5. INVESTMENTS IN JOINT VENTURES (CONTINUED)

PT Kaltim Prima Coal ("KPC") and PT Indocoal Kaltim Resources ("Kaltim") are engaged in the coal mining sector.

The Company has a 30% shareholding stake in Candice Investments Pte Ltd ("Candice") and an indirect shareholding of 30% in each of its subsidiaries, PT Dwikarya Prima Abadi ("DPA") and PT Marvel Capital Indonesia ("MCI").

The Company had signed an optional sale agreement for the sale of its 5% stake in KPC. The option has not yet been exercised by the Company. As per the optional sale agreement, the consideration to be received for 5% stake of KPC is USD250 million.

Based on the report of an independent valuer, the remaining 25% is valued at USD390 million, thus giving a total value of USD640 million, which is greater than the carrying value of USD616 million. Hence, the directors consider that there is no impairment.

6. ASSET CLASSIFIED AS HELD FOR SALE

Name of Company	Country of incorporation	Number and type of shares	% Holding	2015 Cost USD	2014 Cost USD
PT Arutmin Indonesia	Indonesia	3,000 ordinary shares	30%	100,057,997	100,057,997
PT Indocoal Kalsel Resources	Indonesia	60,000 ordinary shares	30%	31,100	31,100
				<u>100,089,097</u>	<u>100,089,097</u>

PT Arutmin Indonesia ("Arutmin") and PT Indocoal Kalsel Resources ("Kalsel") are engaged in the coal mining sector.

On 26 November 2013 the Board of directors had approved the disposal of the Company's investment in PT Arutmin Indonesia and Indocoal Kalsel Resources. Subsequently, the Company entered into a conditional agreement on 30 January 2014 for the sale of these shares. Since the investment is expected to be disposed within the next 12 months, the said investments have accordingly been reclassified from non-current assets (Note 5) to asset held for sale as from 31 March 2014.

7. LOAN TO RELATED PARTIES

(a) Long term loans	2015 USD	2014 USD
(i) PT Mitratama Perkasa ("PTMP")	61,166,758	76,418,965
(ii) Khopoli Investments Limited	100,000,000	-
	<u>161,166,758</u>	<u>76,418,965</u>
	2015 USD	2014 USD
(i) PTMP		
Opening balance	90,839,437	103,115,678
Amortisation income from loan	8,306,112	9,100,629
Loan repayment received	(15,195,384)	(12,183,974)
Interest payment received	(5,497,114)	(5,944,460)
Management fee income received	(1,317,470)	(1,421,944)
Cash in transit	-	(1,826,492)
Closing balance	<u>77,135,581</u>	<u>90,839,437</u>
Classified as:		
-short term	15,968,823	14,420,472
-long term	61,166,758	76,418,965
	<u>77,135,581</u>	<u>90,839,437</u>

7. LOAN TO RELATED PARTIES (CONTINUED)

The Company had granted loans aggregating USD118 million to PTMP. Loans had been split into 2 categories, Loan A equal to USD83 million and Loan B equal to USD35 million. Loan A carries an interest at the rate of LIBOR plus 6% per annum and loan management fees of 1.5% per annum whilst Loan B carries interest at a rate of LIBOR plus 6.25% per annum and loan management fees of 1.5% per annum. Loan A is repayable over 66 months after the initial drawdown date of 12 June 2012 whilst Loan B is repayable in 6 instalments from month 67 to month 72 after the initial drawdown.

(ii) <i>Khopoli Investments Limited</i>	2015 USD	2014 USD
Opening balance	-	-
Loan granted	100,000,000	-
Loan repaid	-	-
Closing balance	<u>100,000,000</u>	<u>-</u>

The loan of USD100 million to Khopoli Investments Limited is unsecured and carries interest at the rate LIBOR plus margin of 2.05% per annum. The loan is repayable on 28 April 2017.

(b) Short term loans	2015 USD	2014 USD
(i) Bhivpuri Investments Limited	149,355,079	149,355,079
(ii) PT Mitratama Perkasa	24,408,823	14,420,472
(iii) Tata Power International Pte Ltd	6,200,000	6,200,000
(iv) Khopoli Investments Limited	54,052,819	26,952,819
	<u>234,016,721</u>	<u>196,928,370</u>

(i) <i>Bhivpuri Investments Limited</i>	2015 USD	2014 USD
Opening balance	149,355,079	153,255,079
Loan repaid	-	(3,900,000)
Closing balance	<u>149,355,079</u>	<u>149,355,079</u>

The loan to Bhivpuri Investments Limited is interest free, unsecured and repayable as and when agreed by the parties.

(ii) <i>PT Mitratama Perkasa ("PTMP")</i>	2015 USD	2014 USD
Opening balance	-	-
Loan granted	8,440,000	-
Loan repaid	-	-
Closing balance	<u>8,440,000</u>	<u>-</u>

The loan of USD8,440,000 granted to PTMP carries interest at the rate of LIBOR plus a margin of 4%. The loan shall be repaid only if PTMP receives payment from related parties with priority at a date on or before 30 April 2015 or at a date that is reasonably agreed between the Company and PTMP.

Part of the loan to PTMP (refer to note 7(a)(i)) has been re-classified as current asset since this is due for payment within 1 year.

BHIRA INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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7. LOAN TO RELATED PARTIES (CONTINUED)

(iii) <i>Tata Power International Pte Ltd</i>	2015 USD	2014 USD
Opening balance	6,200,000	-
Loan granted-interest free	-	17,330,000
Loan repaid	-	(17,330,000)
Loan granted-interest bearing	-	6,200,000
Closing balance	<u>6,200,000</u>	<u>6,200,000</u>

The loan of USD6,200,000 bears an interest of LIBOR plus 1.50% per annum and would be repayable on demand.

(iv) <i>Khopoli Investments Limited</i>	2015 USD	2014 USD
Opening balance	26,952,819	-
Loan granted	35,310,000	28,512,819
Loan repaid	(8,210,000)	(1,560,000)
Closing balance	<u>54,052,819</u>	<u>26,952,819</u>

The loan of USD54,052,819 to Khopoli Investments Limited is unsecured, interest free and repayable on demand.

8. TRADE AND OTHER RECEIVABLES

	2015 USD	2014 USD
Interest on loan to related parties	5,098,819	5,080,983
Interest receivable on short-term deposits	16,138	33,473
Prepayments	246,683	4,465
Management fee receivable	38,525,143	21,725,143
Amounts paid at the request of related parties	6,852,735	3,320,603
Premium receivable	140,145	-
	<u>50,879,663</u>	<u>30,164,667</u>

The management service fee is receivable from Khopoli Investments Limited, a related company and PT Nusantara Pratama Indah, and it has been agreed by both parties to repay the dues as and when required. The amounts paid at the request of related parties are unsecured, non-interest bearing and repayable on demand.

<i>Age of receivables</i>	2015 USD	2014 USD
30 days	1,400,000	1,400,000
31-60 days	2,800,000	2,800,000
60-90 days	2,800,000	2,800,000
90-120 days	2,800,000	2,800,000
More than 120 days	33,823,962	17,006,126
	<u>43,623,962</u>	<u>26,806,126</u>

9. CASH AND CASH EQUIVALENTS

	2015 USD	2014 USD
Cash in transit	-	1,826,492
Cash at bank	900,077	17,427,924
Short term bank deposits	13,800,000	50,829,293
	<u>14,700,077</u>	<u>70,083,709</u>

The interest rate on short term fixed deposits ranges from 0.45% to 0.75% for the year under review. The term of the deposits is less than 3 months.

10. STATED CAPITAL

	2015 USD	2014 USD
1,000,000 Ordinary shares of USD1 each	<u>1,000,000</u>	<u>1,000,000</u>

Fully paid ordinary shares carry one vote per share and the right to dividends.

11. LOAN FROM RELATED PARTIES

Long term loans	2015 USD	2014 USD
(a) Khopoli Investments Limited	340,000,000	340,000,000
(b) PT Mitratama Perkasa	118,800,000	118,800,000
	<u>458,800,000</u>	<u>458,800,000</u>

(a) <u>Khopoli Investments Limited</u>	2015 USD	2014 USD
Opening balance	340,000,000	306,958,095
Loan received	-	33,041,905
Closing balance	<u>340,000,000</u>	<u>340,000,000</u>

The loan from related party 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 1.11994% to 2.30460% per annum.

(b) PT Mitratama Perkasa ("PTMP")

	2015 USD	2014 USD
Balance at	<u>118,800,000</u>	<u>118,800,000</u>

The Company has taken loans aggregating USD118.8 million from PTMP. The loans have been split into 2 categories, Loan A equal to USD83.8 million and Loan B amounting to USD35 million. Loan A carries interest at LIBOR plus 6.1% per annum whilst interest on Loan B is LIBOR plus 6.35% per annum. The amount shall be deemed payable on a cumulative basis and on the applicable Final Maturity Date that is in 66 months after initial drawdown date of 12 June 2012 for Loan A and in 72 months after initial drawdown for Loan B, as defined in the inter company loan agreement entered with PTMP.

Short term loans	2015 USD	2014 USD
(c) PT Kaltim Prima Coal	16,320,000	39,019,139
(d) PT Arutmin Indonesia	48,924,761	48,924,761
(e) PT Dwikarya Prima Abadi	26,824,719	12,981,901
	<u>92,069,480</u>	<u>100,925,801</u>

(c) PT Kaltim Prima Coal ("KPC")

The Company entered into an inter-company loan facility agreement dated 30 September 2011, with KPC having effective date 15 May 2011. Pursuant to the agreement, KPC has granted a loan facility of up to USD150,000,000 to the Company. The loan is unsecured, repayable on demand only out of dividends received by the Company from KPC and carries interest at the rate of 3 months LIBOR plus margin of 2% per annum. For the year ended 31 March 2015, the Company had received dividend income amounting to USD68,354,600 from KPC (2014: USD74,268,838). USD61,519,140 (dividend amount, as reduced by withholding tax in Indonesia) and the advance made by the Company on behalf of Bumi were netted off against the loan from KPC for the year ended 31 March 2015.

11. LOAN FROM RELATED PARTIES (CONTINUED)

Short term loans (continued)

(c) PT Kaltim Prima Coal ("KPC") (Continued)

	2015 USD	2014 USD
Opening balance	39,019,139	38,956,155
Loan received	43,820,000	66,904,938
Dividend income (net of withholding tax)	(61,519,140)	(66,841,954)
Receivable from Bumi netted off	(4,999,999)	-
Closing balance	<u>16,320,000</u>	<u>39,019,139</u>

(d) PT Arutmin Indonesia ("Arutmin")

The Company entered into an inter-company loan facility agreement dated 14 September 2011 with Arutmin having effective date 29 October 2010. Pursuant to the agreement, Arutmin has granted a loan facility of up to USD150,000,000 to the Company. The loan is unsecured, repayable on demand only out of dividend received by the Company from Arutmin and carries interest at the rate of 3 months LIBOR plus margin of 2% per annum.

	2015 USD	2014 USD
Opening balance	48,924,761	43,567,618
Loan received	-	5,357,143
Closing balance	<u>48,924,761</u>	<u>48,924,761</u>

(e) PT Dwikarya Prima Abadi ("Dwikarya")

The Company entered into an inter-company loan facility agreement dated 24 March 2014 (the "Agreement") with Dwikarya having effective date 24 March 2014. Pursuant to the Agreement, Dwikarya has agreed to grant a loan facility of up to USD27,900,000 to the Company. The Agreement was amended on 19 December 2014. Pursuant to which the loan facility amount was increased to USD40,285,714. The loan is unsecured, repayable on demand only out of dividend received by the Company from Dwikarya and carries interest at the rate of 1 month LIBOR plus margin of 2% per annum.

	2015 USD	2014 USD
Opening balance	12,981,901	-
Loan received	13,842,818	12,981,901
Closing balance	<u>26,824,719</u>	<u>12,981,901</u>

12. LOANS

The Company has entered into a Term Facility Agreement dated 1 August 2014 with the Royal Bank of Scotland ("RBS"), Australia and New Zealand Banking Group Limited, Bank of America, N.A. and Standard Chartered Bank which was amended by a Syndication and Amendment Agreement dated 25 September 2014 for drawing a loan facility of up to USD560 million in 2 tranches as follows:

	2015 USD	2014 USD
(a) USD100 million loan	100,000,000	-
(b) USD460 million loan	458,919,623	-
	<u>558,919,623</u>	<u>-</u>

(a) USD100 million loan

The loan facility of USD100 million has been applied towards making intercompany loans to Khopoli Investments Limited. The loan bears an interest rate of LIBOR plus a margin of 2.10% per annum and is repayable by 28 April 2017.

12. LOAN (CONTINUED)

	2015 USD	2014 USD
Opening balance	-	-
Loan received	100,000,000	-
Interest expense	1,440,058	-
Closing balance	<u>101,440,058</u>	<u>-</u>

The holding company has agreed to guarantee the above loan for the sum of USD120,000,000, as reduced on each day on which any principal amount the loan is repaid or prepaid or increased at any time on which any principal amount of the loan so repaid or prepaid is reinstated, in each case, to an amount at all times equal to 120% of the principal amount of the loan then outstanding.

(b) USD460 million loan

The loan facility of USD460 million has been used to redeem the subordinated notes maturing 2071 and payment of upfront fees. The loan is repayable by 20 February 2016 and bears interest rate of LIBOR and a margin as follows:

- from the utilization date i.e.21 August 2014 to the date which is 6 months after the utilization date, 1.10% per annum;
- from date which is 6 months after the utilization date to the date which is 12 months after the utilization date, 1.60% per annum;
- thereafter, 2.25% per annum;

	2015 USD	2014 USD
Opening balance	-	-
Loan received	460,000,000	-
Upfront fee	(4,140,000)	-
Amortisation	5,880,270	-
Interest paid	(2,820,647)	-
Closing balance	<u>458,919,623</u>	<u>-</u>

The holding company has agreed to guarantee the above loan for the sum of USD506,000,000, as reduced on each day on which any principal amount the loan is repaid or prepaid or increased at any time on which any principal amount of the loan so repaid or prepaid is reinstated, in each case, to an amount at all times equal to 110% of the principal amount of the loan then outstanding.

13. SUBORDINATED NOTE DUE 2071

	2015 USD	2014 USD
Opening balance	461,402,153	460,960,428
Amortisation	21,004,097	38,691,725
Repayment	<u>(482,406,250)</u>	<u>(38,250,000)</u>
	<u>-</u>	<u>461,402,153</u>

On 27 April 2011, the Company issued subordinated notes which mature in 2071 and which carries interest at the rate of 8.5% per annum calculated on the basis of 360 days a year for the period up to 27 April 2016. Thereafter, interest would be calculated as per the Trust Deed dated 27 April 2011 entered between the Company, The Tata Power Company Limited and The Bank of New York Mellon, London Branch (the "Trust Deed"). The first optional redemption date will be in April 2016, and the notes can be redeemed at every interest payment date thereafter. The holding company has agreed to guarantee the above notes for USD900M. The transaction costs incurred at the time of issue will be amortised over 10 years from the issuance date. During the year under review, the Company repaid in full USD450 million as principal amount for the subordinated note and USD32,406,250 as interest payment. A premium of USD4,500,000 was paid pursuant to Section 5.6 of the Trust Deed.

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 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2015

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14. OTHER PAYABLES

	2015	2014
	USD	USD
Dividend payable (note 24)	12,000,000	10,000,000
Accruals	118,011	91,371
Interest on loan from related parties	30,132,260	17,195,893
Interest on loan from RBS	475,591	-
Other payables to shareholder	474,311	641,893
Other payables to related party	626,063	55,869
Premium payable	364,603	-
Other payables	10,350	10,349
	<u>44,201,189</u>	<u>27,995,375</u>

Payments of the interest on loans to related parties are made as and when required. Expenses incurred by related parties on behalf of the Company are unsecured, interest free and made as and when required.

15. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative financial assets

Interest rate cap ICICI: Notional Value USD115,000,000

The Company has purchased 2 interest rate caps at a cap rate of 0.6% p.a. from ICICI for the long term loan of USD460 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the cap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.6%, there is no pay out to the Company.

However, if the LIBOR is higher than the aforementioned rate, the Company receives the applicable LIBOR on the notional value and pays only 0.6% on the outstanding notional value.

	2015	2014
	USD	USD
Opening balance	-	-
Marked to market gain on interest rate cap	107,310	-
Closing balance	<u>107,310</u>	<u>-</u>

The derivative financial instruments have been designated as derivative financial assets at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The following table gives information about how the fair values of the derivative financial instruments have been determined.

Derivative Financial Assets	Fair value hierarchy	Valuation technique	Fair value as at 2015 USD	Fair value as at 2014 USD
ICICI Bank Limited	Level 2	Black Scholes Model	107,310	-
Total			<u>107,310</u>	<u>-</u>

The fair value of the derivative is worked out by the bank. The valuation methodology used by the bank is based on the Black-Scholes model.

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Derivative financial liabilities

The Company has purchased derivatives financial instruments from the Australia and New Zealand Banking Group Limited ("ANZ") and ICICI Bank Limited ("ICICI").

The derivative financial instruments have been designated as derivative financial liabilities at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The following table gives information about how the fair values of the financial assets have been determined.

Derivative Liabilities	Financial	Fair value hierarchy	Valuation technique	Fair value as at 2015 USD	Fair value as at 2014 USD
Australia and New Zealand Banking Group Limited		Level 2	Black Scholes Model	461,822	-
ICICI Bank Limited		Level 2	Black Scholes Model	132,500	-
Total				594,322	-

The fair value of the derivative is worked out by the respective banks. The valuation methodology used by the bank is based on the Black-Scholes model.

(i) Interest rate cap (ANZ): Notional value USD50,000,000

The Company has purchased an interest rate cap at the cap rate of 1.0525% p.a. on LIBOR with Australia and New Zealand Banking Group Limited for the long term loan of USD100 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the cap payoff would be made quarterly on a net basis. In case the LIBOR is below 1.0525%, there is no pay out to the Company.

However, if the LIBOR is higher than 1.0525%, the Company receives the applicable LIBOR on the notional value and pays only 1.0525% on the outstanding notional value.

	2015 USD	2014 USD
Opening balance	-	-
Marked to market loss on interest rate cap	173,263	-
Closing balance	173,263	-

(ii) Interest rate swaps (ANZ): Notional Value USD50,000,000

The Company has purchased an interest rate swap at a fixed rate of 0.9525% p.a. with ANZ for the long term loan of USD100 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the swap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.9525%, there is no pay out to the Company.

However, if the LIBOR is higher than the aforementioned rate, the Company receives the applicable LIBOR on the notional value and pays only 0.9525% on the outstanding notional value.

	2015 USD	2014 USD
Opening balance	-	-
Marked to market loss on interest rate swap	177,326	-
Closing balance	177,326	-

(iii) Interest rate swaps (ANZ): Notional Value USD115,000,000

The Company has purchased an interest rate swap at a fixed rate of 0.5025% p.a. with ANZ for the long term loan of USD460 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the swap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.5025%, there is no pay out to the Company.

15. DERIVATIVE FINANCIAL LIABILITIES (CONTINUED)

(iii) Interest rate swaps (ANZ): Notional Value USD115,000,000 (continued)

However, if the LIBOR is higher than the aforementioned rate, the Company receives the applicable LIBOR on the notional value and pays only 0.5025% on the outstanding notional value.

	2015 USD	2014 USD
Opening balance	-	-
Marked to market loss on interest rate swap	111,233	-
Closing balance	<u>111,233</u>	<u>-</u>

(iv) Interest rate swap ICICI: Notional Value USD115,000,000

The Company has purchased an interest rate swap at a cap rate of 0.5020% p.a. from ICICI for the long term loan of USD460 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the swap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.5020%, there is no pay out to the Company.

However, if the LIBOR is higher than the aforementioned rate, the Company receives the applicable LIBOR on the notional value and pays only 0.5020% on the outstanding notional value.

	2015 USD	2014 USD
Opening balance	-	-
Marked to market loss on interest rate swap	132,500	-
Closing balance	<u>132,500</u>	<u>-</u>

16. OTHER INTEREST INCOME

The Company had received interest income on advances made to PT Bumi Resources Tbk during the year under review. The advances bear interest of LIBOR plus a margin of 4%.

17. MANAGEMENT FEE INCOME

Pursuant to a Subcontracting Agreement dated 1 August 2012 (the "Subcontracting Agreement") entered with Khopoli Investments Limited ("Khopoli"), Khopoli has subcontracted the provision of management support services to the Company in return for a fee of USD1,400,000 per month. For the year ended 31 March 2015, the Company had received a management fee income of USD16,800,000 (2014: USD16,800,000).

18. DONATION

On 18 August 2012, the Company had approved the funding of the development of Massachusetts Institute of Technology ("MIT") Center for Technology and Design of up to USD4.5M over a period of six years.

During the year ended 31 March 2015, the Company had made contributions of USD750,000 (2014: USD750,000) towards the development of MIT.

19. SERVICE FEE EXPENSE

Pursuant to a Procurement Services Agreement dated 26 August 2011 entered into between the Company and its holding Company, The Tata Power Company Limited, the latter provides the Company expert services such as capital raising, mine acquisition, management of currency and interest rate markets. The Company pays service fee expense as agreed between parties from time to time. For the year ended 31 March 2015, the Company had incurred a service fee expense of USD849,572 (2014: USD1,084,610).

20. GUARANTEE COMMISSION

Guarantee commission represent arm's length fees payable to the holding company for acting as guarantor for the issue of subordinated notes contracted by the Company (see Note 13) and loan availed by the Company from RBS (see Note 12). For the year ended 31 March 2015, the Company had incurred a guarantee commission of USD1,462,755 (2014: USD1,349,998).

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 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2015

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21. TAXATION

The Company is liable to income tax on its chargeable income at the rate of 15% (2014:15%). 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 not subject to tax in Mauritius.

The Company has a tax charge of USD6,835,460 (2014: USD7,426,884). The tax charge pertains to withholding tax suffered on dividend income received from PT Kaltim Prima Coal.

	2015 USD	2014 USD
Profit before taxation	<u>40,851,569</u>	<u>41,418,449</u>
Tax at the applicable rate of 15%	6,127,735	6,212,767
Tax effect of:		
-Taxable income	984,680	1,172,055
-Non Taxable Income	-	(1,365,094)
-Other allowable expenses	(2,857,909)	(5,817,187)
-Non allowable expenses	5,040,569	8,181,310
-Withholding tax suffered	6,835,460	7,426,884
-Foreign tax credit	3,957,842	-
-Underlying tax credit	<u>(13,252,917)</u>	<u>(8,383,851)</u>
Tax Charge	<u>6,835,460</u>	<u>7,426,884</u>

22. RELATED PARTY TRANSACTIONS

For the year under review, the Company transacted with related parties. Details of the nature, volume of transactions and the balances with the related parties are as follows:

	2015		2014	
	USD	USD	USD	USD
<i>(a) (i)(Payable to)/Receivable from The Tata Power Company</i>				
<i>Opening balance:</i>				
-Dividend payable	(10,000,000)		-	
-Guarantee commission and service fee payable	(641,893)	(10,641,893)	(635,998)	(635,998)
<i>Movement:</i>				
-Guarantee commission	(1,462,755)		1,349,998	
-Guarantee commission and service fee (paid)	2,479,909		-	
-Service fee expense	(849,572)		1,084,610	
-Dividend declared	(52,000,000)		35,000,000	
-Dividend paid	50,000,000		(25,000,000)	
-Expenses paid on behalf of the shareholder	-	(1,832,418)	(2,428,713)	(10,005,895)
<i>Closing balance:</i>				
-Dividend payable	(12,000,000)		(10,000,000)	
- Guarantee commission and service fee payable	(474,311)	(12,474,311)	(641,893)	(10,641,893)
		<u>(12,474,311)</u>	<u>(10,641,893)</u>	

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 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2015

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22. RELATED PARTY TRANSACTIONS (CONTINUED)

	2015		2014	
	USD	USD	USD	USD
<i>(a)(ii)(Payable to)/Receivable from Khopoli Investments Limited ("Khopoli")</i>				
Opening balance:				
-Loan payable	(340,000,000)		(306,958,095)	
-Loan receivable	26,952,819		-	
-Interest payable	(204,727)		(169,808)	
-Management fee receivable	21,000,000		4,200,000	
-Other receivable	3,238,710		1,872,169	
-Other payable	(54,784)	(289,067,982)	(430,282)	(301,486,016)
Movement				
-Interest expense	(6,249,588)		(4,914,150)	
-Loan repayment received	(8,210,000)		(1,560,000)	
-Loan received	-		(33,041,905)	
-Loan granted	135,310,000		28,512,819	
-Interest received	(403,327)		-	
-Interest paid	1,863,091		4,879,231	
-Hedging cost paid	66,909		2,110,388	
-Management fee income	16,800,000		16,800,000	
-Interest income	1,472,140		-	
-Hedging cost	(432,534)		(1,734,890)	
-Expenses paid on behalf of the Company	(33,291)		-	
-Expenses paid on behalf of Khopoli	3,398,537	143,581,937	1,366,541	12,418,034
Closing balance				
-Loan Payable	(340,000,000)		(340,000,000)	
-Loan receivable	154,052,819		26,952,819	
-Interest payable	(4,591,224)		(204,727)	
-Management fee receivable	37,800,000		21,000,000	
-Other receivable	6,603,956		3,238,710	
-Interest receivable	1,068,813		-	
-Other payable	(420,409)	(145,486,045)	(54,784)	(289,067,982)
		<u>(145,486,045)</u>		<u>(289,067,982)</u>

BHIRA INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2015

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22. RELATED PARTY TRANSACTIONS (CONTINUED)

	2015		2014	
	USD	USD	USD	USD
<i>(a)(iii)Receivable from Tata Power International Pte Ltd</i>				
<i>Opening balance:</i>				
-Interest receivable	28,345		-	
-Loan	6,200,000	6,228,345	-	
<i>Movement:</i>				
-Interest Income	104,186		28,345	
-Loan given	-		23,530,000	
-Loan paid	-	104,186	(17,330,000)	6,228,345
<i>Closing balance:</i>				
-Interest receivable	132,531		28,345	
-Loan	6,200,000	6,332,531	6,200,000	6,228,345
		<u>6,332,531</u>		<u>6,228,345</u>
<i>(a)(iv)(Payable to)/receivable from Bhiopuri Investments Limited ("Bhiopuri")</i>				
<i>Opening balance:</i>				
-Loan	149,355,079		153,255,079	
-Interest receivable	5,052,638		12,111,901	
-Other payable	-		(7,187,215)	
-Other receivable	81,894	154,489,611	-	158,179,765
<i>Movement:</i>				
-Expenses paid by the Company	153,317		209,846	
-Interest receivable netted off	-		(7,059,263)	
-Other payables netted off	-		7,059,263	
Interest received	(1,255,000)		-	
-Loan repayment received	-	(1,101,683)	(3,900,000)	(3,690,154)
<i>Closing balance:</i>				
-Loan	149,355,079		149,355,079	
-Interest receivable	3,797,638		5,052,638	
-Other payable	235,211		-	
-Other receivable	-	153,387,928	81,894	154,489,611
		<u>153,387,928</u>		<u>154,489,611</u>

BHIRA INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE FOR THE YEAR ENDED 31 MARCH 2015

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22. RELATED PARTY TRANSACTIONS (CONTINUED)

	2015		2014	
	USD	USD	USD	USD
<i>(a)(v)(Payable)/receivable from PT Mitratama Perkasa ("PTMP")</i>				
Opening balance:				
-Loan receivable	90,839,437		103,115,677	
-Loan payable	(13,835,200)		(118,800,000)	
-Interest payable	(118,800,000)	(41,795,763)	(6,161,928)	(21,846,251)
Movement:				
-Other receivable	-		(1,826,492)	
-Loan granted	8,440,000		-	
-Amortisation of loan income	8,306,112		9,100,629	
-Loan repayment received	(15,195,384)		(12,183,974)	
-Interest received	(5,497,114)		(5,944,460)	
-Interest income	54,054		-	
-Interest expense	(7,625,958)		(7,673,271)	
-Loan management fee received	(1,317,470)	(12,835,760)	(1,421,944)	(19,949,512)
Closing balance:				
-Loan receivable	85,575,581		90,839,437	
-Interest payable	(21,461,158)		(13,835,200)	
-Interest receivable	54,054		-	
-Loan payable	(118,800,000)	(54,631,523)	(118,800,000)	(41,795,763)
		<u>(54,631,523)</u>		<u>(41,795,763)</u>
 <i>(a)(vi)(Payable to) PT Dwikarya Prima Abadi</i>				
Opening balance:				
-Interest payable	(5,440)		-	
-Loan	(12,981,901)	(12,987,341)	-	
Movement:				
-Interest expense	(464,261)		(5,440)	
-Loan received	(13,842,818)	(14,307,079)	(12,981,901)	(12,987,341)
Closing balance:				
-Interest payable	(469,701)		(5,440)	
-Loan	(26,824,719)	(27,294,420)	(12,981,901)	(12,987,341)
		<u>(27,294,420)</u>		<u>(12,987,341)</u>

BHIRA INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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22. RELATED PARTY TRANSACTIONS (CONTINUED)

	2015		2014	
	USD	USD	USD	USD
<i>(a)(vii)(Payable to) PT Kaltim Prima Coal</i>				
<i>Opening balance:</i>				
-Loan	(39,019,139)		(38,956,155)	
- Interest payable	(732,575)		(493,586)	
-Other payable	(3,077)	(39,754,791)	-	(39,449,741)
<i>Movement:</i>				
-Loan received	(43,820,000)		(66,904,938)	
-Dividend income netted off	61,519,139		66,841,954	
-Interest expense	(511,188)		(1,031,451)	
-Loan repaid	5,000,000		-	
-Other payable	-		(3,077)	
-Interest paid	1,163,319	23,351,270	792,462	(305,050)
<i>Closing balance:</i>				
-Loan payable	(16,320,000)		(39,019,139)	
-Interest payable	(80,444)		(732,575)	
-Other payable	(3,077)	(16,403,521)	(3,077)	(39,754,791)
		<u>(16,403,521)</u>		<u>(39,754,791)</u>
<i>(a)(viii)(Payable to) PT Arutmin Indonesia</i>				
<i>Opening balance:</i>				
-Loan payable	(48,924,761)		(43,567,618)	
- Interest payable	(2,417,951)	(51,342,712)	(1,321,073)	(44,888,691)
<i>Movement:</i>				
-Loan received	-		(5,357,143)	
-Interest expense	(1,111,783)	(1,111,783)	(1,096,878)	(6,454,021)
<i>Closing balance:</i>				
-Loan payable	(48,924,761)		(48,924,761)	
-Interest payable	(3,529,734)	(52,454,495)	(2,417,951)	(51,342,712)
		<u>(52,454,495)</u>		<u>(51,342,712)</u>

23. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Gearing ratio

The gearing ratio at the year end was as follows:

	2015 USD	2014 USD
Debt (i)	1,109,789,103	1,021,127,954
Cash and cash equivalents	(14,700,077)	(70,083,709)
Net debt	<u>1,095,089,026</u>	<u>951,044,245</u>
Equity	1,000,000	1,000,000
Reserves	21,871,444	39,814,910
	<u>22,871,444</u>	<u>40,814,910</u>
Net debt to equity ratio	<u>4,788%</u>	<u>2,330%</u>

(i) Debt is defined as long and short term borrowings.

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

	2015 USD	2014 USD
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>460,623,846</u>	<u>373,591,246</u>
Financial liabilities		
Amortised cost	<u>1,154,544,189</u>	<u>1,049,123,329</u>

Prepayments amounting to USD246,683 (2014: USD4,465) do not form part of financial assets.

Financial risk management

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 invests. The following is a summary of the main risks:

(i) Market risk

Market risk is the risk that changes in market prices, such as (i) foreign exchange rates (currency risk) and (ii) interest rates (interest rate risk) will affect the Company's income or the value of its holdings of financial instruments. The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(ii) Currency risk

All the Company's financial assets and liabilities are denominated in United States Dollar and consequently, the Company is not exposed to major foreign currency risk.

The Company has invested in joint venture entities incorporated in Indonesia and Singapore. Since the main operations, revenues and bulk of the expenses of the joint venture entities are driven by the global market and the United States Dollar, the Company is not exposed to significant foreign currency risk.

23. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iii) Interest rate risk

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

All investments are financed by loan from related parties and the shareholder and proceeds from subordinated note. The Company's financial assets except trade and other receivables, loans to Bhivpuri Investments Limited and Khopoli Investments Limited and cash and cash equivalents and financial liabilities, except other payables, 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 income from bank deposits may fluctuate in amount, in particular due to changes in the interest rates.

Interest expense on loan 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 loan from related parties would be as follows:

	5% increase 2015 USD	5% decrease 2015 USD	5% increase 2014 USD	5% decrease 2014 USD
Interest expense on loan	(870,166)	870,166	(736,060)	736,060
Effect on profit before tax	<u>(870,166)</u>	<u>870,166</u>	<u>(736,060)</u>	<u>736,060</u>

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:

	5% increase 2015 USD	5% decrease 2015 USD	5% increase 2014 USD	5% decrease 2014 USD
Bank interest income	14,819	(14,819)	9,421	(9,421)
Effect on profit before tax	<u>14,819</u>	<u>(14,819)</u>	<u>9,421</u>	<u>(9,421)</u>

Interest income from related party may fluctuate in amount, in particular due to changes in the LIBOR Rate. The impact of a 5% fluctuation in the interest rates on loan to related parties would be as follows:

	5% increase 2015 USD	5% decrease 2015 USD	5% increase 2014 USD	5% decrease 2014 USD
Interest income on loan	83,808	(83,808)	1,417	(1,417)
Effect on profit before tax	<u>83,808</u>	<u>(83,808)</u>	<u>1,417</u>	<u>(1,417)</u>

(iv) Credit risk

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

Financial assets that potentially expose the Company to credit risk are listed below:

Carrying Amount	31 Mar 2015 USD	31 Mar 2014 USD
Loan receivable	395,183,479	273,347,335
Interest receivable on loan	5,098,819	5,080,983
Interest receivable on short term deposits	16,138	33,473
Management fee income receivable	38,525,143	21,275,143
Expenses paid on behalf of related parties	6,852,735	3,320,603
	<u>445,676,314</u>	<u>303,057,537</u>

All of the above are due from related companies or banks. As such, directors believe exposure to credit risk to be minimal.

The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

23. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(v) *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 table has been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can receive or be required to pay. The table includes both interest and principal cash flows.

	Less than 1 year USD	More than 1 year USD	Total USD
<u>2015</u>			
Financial assets			
Fixed interest bearing	13,800,000	-	13,800,000
Non-interest bearing	255,048,265	-	255,048,265
Variable interest rate instruments	30,608,823	161,166,758	191,775,581
	<u>299,457,088</u>	<u>161,166,758</u>	<u>460,623,846</u>
Financial liabilities			
Non-interest bearing	44,755,086	-	44,755,086
Variable interest rate instruments	92,069,480	1,017,719,623	1,109,789,103
	<u>136,824,566</u>	<u>1,017,719,623</u>	<u>1,154,544,189</u>
	Less than 1 year USD	More than 1 year USD	Total USD
<u>2014</u>			
Financial assets			
Fixed interest bearing	50,829,293	-	50,829,293
Non-interest bearing	225,722,516	-	225,722,516
Variable interest rate instruments	20,620,472	76,418,965	97,039,437
	<u>297,172,281</u>	<u>76,418,965</u>	<u>373,591,246</u>
Financial liabilities			
Non-interest bearing	27,995,375	-	27,995,375
Variable interest rate instruments	100,925,801	458,800,000	559,725,801
Fixed interest rate instruments	-	461,402,153	461,402,153
	<u>128,921,176</u>	<u>920,202,153</u>	<u>1,049,123,329</u>

23. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(vi) Fair values

The Company's financial assets and liabilities include cash and cash equivalents, trade and other receivables, loan to and from related parties, subordinated note, other payables and derivative instrument.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is based unobservable inputs) (Level 3)

Except for derivatives which are included in level 2 and except for where stated otherwise, the carrying amounts of these financial assets and financial liabilities approximate their fair values which would have been included in level 3. There were no movements between the levels.

A 5% increase/decrease in the variables used would not have a material impact on the carrying amount of these financial assets and liabilities.

24. DIVIDEND PAID

During the year, a dividend of USD52 per share had been declared by the directors at the board meetings held on 26 June 2014, 30 December 2014 and 31 March 2015 respectively for a total of USD52,000,000, out of which a USD40 per share for a total of USD40,000,000 had been paid to The Tata Power Company Limited, the sole shareholder of the Company.

25. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY

The company regards The Tata Power Company Limited as the immediate holding and ultimate holding company. The Tata Power Company Limited is incorporated in India and listed on BSE Limited and National Stock Exchange of India Limited.

26. NON COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 11 INTERESTS IN JOINT ARRANGEMENTS AND IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 11 requires a parent company that holds investments in joint ventures to apply the equity method for accounting its investments. However, the Company has not applied the equity method for accounting its joint venture in these financial statements which are being presented on a standalone basis. The investee companies' financial statements are being consolidated at group level in the Company's parent financial statements.

IFRS 12 Disclosure of Interests in Other Entities requires the parent company to make additional disclosures on its joint ventures. However the Company has not applied IFRS 12 given the non availability of information on its joint ventures at 31 March 2015.

27. CONTINGENCIES AND COMMITMENT

Contingencies

As at the reporting year, the Company did not have any contingency with respect to its investments in the joint ventures.

Commitments

On 14 May 2012, the Board of Directors (the "Board") had approved the buying out of Indocoal Resources (Cayman) Limited ("Indocoal") at the price that would be equivalent to the cost at which Indocoal was held in the books of Bhivpuri Investments Limited which was approximately USD432 million. However, Bhivpuri has entered into an agreement on 30 January 2014 for the sale of Indocoal Resources (Cayman) Limited. Consequently, the commitment will be contingent if buyer under the sale agreement does not proceed with the purchase of Indocoal.

BHIRA INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Year ended March, 2015	Exchange Rate	Amount	Year ended March, 2014	Exchange Rate	Amount
	USD		₹	USD		₹
INCOME						
Dividend income	68,354,600	61.15	4,179,685,562	74,268,838	60.50	4,493,264,699
Bank interest income	296,378	61.15	18,122,655	188,426	60.50	11,399,773
Interest income on loan	1,676,164	61.15	102,492,568	28,345	60.50	1,714,873
Loan amortisation income	8,306,112	61.15	507,894,661	9,100,629	60.50	550,588,055
Management fees income	16,800,000	61.15	1,027,271,280	16,800,000	60.50	1,016,400,000
Premium on hedge	135,428	61.15	8,281,029	-	60.50	-
Marked to Market Gain on Derivatives	107,310	61.15	6,561,695	-	-	-
Other income	664	61.15	40,602	674	60.50	40,777
	<u>95,676,656</u>	61.15	<u>5,850,350,052</u>	<u>100,386,912</u>	60.50	<u>6,073,408,177</u>
OPERATING EXPENSES						
Tax Residence Service Fees	400	61.15	24,459	-	-	-
License fees	2,100	61.15	128,409	2,100	60.50	127,050
Audit fees	27,250	61.15	1,666,258	25,724	60.50	1,556,302
Bank charges	10,351	61.15	632,934	17,254	60.50	1,043,867
Interest expense on loan	17,403,322	61.15	1,064,162,671	14,721,190	60.50	890,631,995
Amortisation of subordinated note	21,004,097	61.15	1,284,339,620	38,691,725	60.50	2,340,849,363
Marked to Market loss on Derivatives	594,322	61.15	36,341,067	-	-	-
Premium on hedge	423,610	61.15	25,902,523	-	-	-
Premium on Subordinated Note	4,500,000	61.15	275,161,950	-	-	-
Amortisation of loan	5,880,270	61.15	359,561,458	-	-	-
Legal and professional fees	1,444,079	61.15	88,301,243	590,907	60.50	35,749,874
Donation	750,000	61.15	45,860,325	750,000	60.50	45,375,000
Service fee expense	849,572	61.15	51,948,864	1,084,610	60.50	65,618,905
Guarantee commission	1,462,755	61.15	89,443,226	1,349,998	60.50	81,674,879
Hedging costs	432,534	61.15	26,448,200	1,734,890	60.50	104,960,845
Interest income written off	-	61.15	-	65	60.50	3,933
	<u>54,784,662</u>	61.15	<u>3,349,923,207</u>	<u>58,968,463</u>	60.50	<u>3,567,592,013</u>
PROFIT BEFORE TAXATION	40,891,994	61.15	2,500,426,845	41,418,449	60.50	2,505,816,164
Taxation	(6,835,460)	61.15	(417,968,556)	(7,426,884)	60.50	(449,326,482)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>34,056,534</u>	61.15	<u>2,082,458,289</u>	<u>33,991,565</u>	60.50	<u>2,056,489,682</u>

BHIRA INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	As at March, 2015 USD	Exchange Rate	Amount ₹	As at March, 2014 USD	Exchange Rate	Amount ₹
ASSETS						
<u>Non current assets</u>						
Interest in joint ventures	616,456,007	62.50	38,526,959,297	616,253,431	59.89	36,907,417,983
Loan to related party	161,166,758	62.50	10,072,519,458	76,418,965	59.89	4,576,731,814
	<u>777,622,765</u>	<u>62.50</u>	<u>48,599,478,755</u>	<u>692,672,396</u>	<u>59.89</u>	<u>41,484,149,797</u>
<u>Current assets</u>						
Loans to related parties	234,016,721	62.50	14,625,460,021	196,928,370	59.89	11,794,040,079
Trade and other receivables	50,879,663	62.50	3,179,851,738	30,164,667	59.89	1,806,561,907
Cash and cash equivalents	14,700,077	62.50	918,718,062	70,083,709	59.89	4,197,313,332
Derivative Financial Assets	107,310	62.50	6,706,607	-	-	-
	<u>299,703,771</u>	<u>62.50</u>	<u>18,730,736,428</u>	<u>297,176,746</u>	<u>59.89</u>	<u>17,797,915,318</u>
<u>Assets classified as held for sale</u>						
Investments in joint ventures	100,089,097	62.50	6,255,318,340	100,089,097	59.89	5,994,336,019
	<u>100,089,097</u>	<u>62.50</u>	<u>6,255,318,340</u>	<u>100,089,097</u>	<u>59.89</u>	<u>5,994,336,019</u>
Total assets	<u>1,177,415,633</u>	<u>62.50</u>	<u>73,585,533,523</u>	<u>1,089,938,239</u>	<u>59.89</u>	<u>65,276,401,134</u>
EQUITY AND LIABILITIES						
<u>Capital and reserves</u>						
Stated capital	1,000,000	41.00	41,000,000	1,000,000	41.00	41,000,000
Retained earnings	21,871,444	51.86	1,134,344,605	39,814,910	56.05	2,231,535,516
Foreign Currency Translation Reserves	-	-	254,063,466	-	-	171,869,444
Total equity	<u>22,871,444</u>	<u>62.50</u>	<u>1,429,408,071</u>	<u>40,814,910</u>	<u>59.89</u>	<u>2,444,404,960</u>
<u>Non current liabilities</u>						
Loan from related party	458,800,000	62.50	28,673,853,000	458,800,000	59.89	27,477,532,000
Loans	558,919,623	62.50	34,931,079,138	-	-	-
Subordinated notes due 2071	-	62.50	-	461,402,153	59.89	27,633,374,943
	<u>1,017,719,623</u>	<u>62.50</u>	<u>63,604,932,138</u>	<u>920,202,153</u>	<u>59.89</u>	<u>55,110,906,943</u>
<u>Current liabilities</u>						
Other payables	44,201,189	62.50	2,762,463,810	27,995,375	59.89	1,676,643,009
Derivatives Financial Liabilities	553,897	62.50	34,617,178	-	-	-
Loan from related parties	92,069,480	62.50	5,754,112,326	100,925,801	59.89	6,044,446,222
	<u>136,824,566</u>	<u>62.50</u>	<u>8,551,193,314</u>	<u>128,921,176</u>	<u>59.89</u>	<u>7,721,089,231</u>
Total equity and liabilities	<u>1,177,415,633</u>	<u>62.50</u>	<u>73,585,533,523</u>	<u>1,089,938,239</u>	<u>59.89</u>	<u>65,276,401,134</u>

BHIRA INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Stated Capital	Exchange Rate	Amount	Retained earnings	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹
At 1st April, 2013	1,000,000	41.00	41,000,000	40,823,345	56.16	2,292,545,834	41,823,345	55.80	2,333,545,834
Profit and total comprehensive income for the year	-		-	33,991,565	60.50	2,056,489,682	33,991,565	60.50	2,056,489,682
Dividend	-		-	(35,000,000)	60.50	(2,117,500,000)	(35,000,000)	60.50	(2,117,500,000)
At 31 March 2014	1,000,000	41.00	41,000,000	39,814,910	56.05	2,231,535,516	40,814,910	55.68	2,272,535,516
Profit and total comprehensive income for the year				34,056,534	61.15	2,082,458,289	34,056,534		2,082,458,289
Dividend				(52,000,000)	61.15	(3,179,649,200)	(52,000,000)		(3,179,649,200)
At 31 March 2015	1,000,000	41.00	41,000,000	21,871,444		1,134,344,605	22,871,444	51.39	1,175,344,605

BHIRA INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Year ended March,2015	Exchange Rate	Amount	Year ended March,2014	Exchange Rate	Amount
	USD		₹	USD		₹
Cash flows from operating activities						
Profit before taxation	40,891,994	61.15	2,500,426,845	41,418,449	60.50	2,505,816,164
<i>Adjustments for:</i>						
Bank interest income	(296,378)	61.15	(18,122,655)	(188,426)	60.50	(11,399,773)
Interest income on loan	(1,676,164)	61.15	(102,492,568)	(28,345)	60.50	(1,714,873)
Loan amortisation income	(8,306,112)	61.15	(507,894,661)	(9,100,629)	60.50	(550,588,055)
Premium on hedge Income	(135,428)	61.15	(8,281,029)	-	-	-
Premium on hedge Expense	423,610	61.15	25,902,523	-	-	-
Interest expense on loan	17,403,322	61.15	1,064,162,670	14,721,190	60.50	890,631,995
Amortisation of subordinated note	21,004,097	61.15	1,284,339,619	38,691,725	60.50	2,340,849,363
Amortisation of Loan	5,880,270	61.15	359,561,458	-	-	-
Marked to Market Loss on derivatives	594,322	61.15	36,341,067	-	-	-
Marked to Market Gain on derivatives	(107,310)	61.15	(6,561,695)	-	-	-
Dividend income	(61,519,140)	61.15	(3,761,717,003)	(66,841,954)	60.50	(4,043,938,217)
	<u>14,157,083</u>	61.15	<u>865,664,571</u>	<u>18,672,010</u>	60.50	<u>1,129,656,604</u>
<i>Movement in working capital :</i>						
Increase/(decrease) in trade and other receivables	(20,332,214)	61.15	(1,243,255,922)	(9,364,706)	60.50	(566,564,713)
Increase/(decrease) in payables	<u>226,677</u>	61.15	<u>13,860,641</u>	<u>(7,513,403)</u>	60.50	<u>(454,560,882)</u>
Cash generated from / (used in) operating activities	(5,948,454)	61.15	(363,730,710)	1,793,901	60.50	108,531,009
Withholding tax suffered	<u>(6,835,460)</u>	61.15	<u>(417,968,556)</u>	<u>(7,426,884)</u>	60.50	<u>(449,326,482)</u>
Net cash used in operating activities	<u>(12,783,914)</u>	61.15	<u>(781,699,266)</u>	<u>(5,632,983)</u>	60.50	<u>(340,795,473)</u>
Cash flows from investing activities						
Bank interest received	<u>313,713</u>	61.15	<u>19,182,640</u>	<u>219,567</u>	60.50	<u>13,283,804</u>
Net cash generated from investing activities	<u>313,713</u>	61.15	<u>19,182,640</u>	<u>219,567</u>	60.50	<u>13,283,804</u>
Cash flows from financing activities						
Marked to Market Loss paid	(40,424)	61.15	(2,471,810)	-	-	-
Premium on hedge Paid	(305,857)	61.15	(18,702,269)	-	-	-
Loan management fees income received	1,317,470	61.15	80,559,470	1,421,944	60.50	86,027,612
Dividend paid	(50,000,000)	61.15	(3,057,354,998)	(25,000,000)	60.50	(1,512,500,000)
Interest paid on loan	(6,811,525)	61.15	(416,505,000)	(5,671,693)	60.50	(343,137,427)
Interest paid on bank account	(488)	61.15	(29,840)	-	60.50	-
Interest on subordinated note	(32,406,250)	61.15	(1,981,548,208)	(38,250,000)	60.50	(2,314,125,000)
Loan from related party	52,662,818	61.15	3,220,178,597	95,683,068	60.50	5,788,825,614
Loan from Third party	560,360,000	61.15	34,264,388,937	-	60.50	-
Interest received on loan	7,155,441	61.15	437,534,466	5,944,460	60.50	359,639,830
Loan to related party	(143,750,000)	61.15	(8,789,895,620)	(29,440,000)	60.50	(1,781,120,000)
Loan repaid by related party	23,405,384	61.15	1,431,171,355	34,973,974	60.50	2,115,925,427
Subordinate Note repaid	(454,500,000)	61.15	(27,791,356,935)	-	60.50	-
Net cash generated from / (used in) financing activities	<u>(42,913,431)</u>	61.15	<u>(2,624,031,855)</u>	<u>39,661,753</u>	60.50	<u>2,399,536,056</u>
Net increase / (decrease) in cash and cash equivalents	(55,383,632)	61.15	(3,386,548,481)	34,248,337	60.50	2,072,024,387
Cash and cash equivalents at beginning of year	70,083,709	59.89	4,197,313,332	35,835,372	54.38	1,948,727,529
Effect of exchange fluctuation on cash and cash equivalents			107,953,211			176,561,416
Cash and cash equivalents at end of the year	<u>14,700,077</u>	62.50	<u>918,718,062</u>	<u>70,083,709</u>	59.89	<u>4,197,313,332</u>