KHOPOLI INVESTMENTS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS

		Date of appointment	Date of resignation
DIRECTORS:	Fareed Soreefan	6 January 2012	-
	Zakir Niamut	16 September 2010	-
	Sameema Nobeebux	7 March 2014	18 May 2015
	Sanjay Dube	25 June 2014	26 April 2016
	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	11 June 2015
	Resmah Bibi Mandary	18 May 2015	-
	Anand Agarwal	26 April 2016	-

REGISTERED OFFICE:
IFS Court, Bank Street
TwentyEight Cybercity
Ebene 72201
Mauritius

SECRETARY, ADMINISTRATOR AND TAX AGENT:
International Financial Services Limited
IFS Court, Bank Street
TwentyEight Cybercity
Ebene 72201
Mauritius

BANKERS:
HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
18 Cybercity
Ebene, Mauritius

Sumitomo Mitsui Banking Corporation
3 Temasek Avenue
Centennial Tower #06-01
Singapore 039190

Bank of Baroda
London Main Office
32 City Road,London EC1Y 2BD
United Kingdom

State Bank of India
15 King Street
London, EC2VC 8EA3
United Kingdom

Standard Chartered Bank (Mauritius) Limited
6th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebene, Mauritius

PT. CIMB Securities Indonesia
The Jakarta Stock Exchange Building Tower II
20th Floor, Jl Jend. Sudiram Kav. 52-53
Jakarta 12190
Indonesia

AUDITOR:
Deloitte
8th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebene, Mauritius

The directors present the financial statements of Khopoli Investments Limited (the "Company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

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

RESULTS

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

During the year, no dividend was declared. (2015: Nil).

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

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required for **Khopoli Investments Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2016.

....

for **International Financial Services Limited**
Secretary

Registered office:

IFS Court, Bank Street
TwentyEight Cybercity
Ebene 72201
Mauritius

Date: 5 May 2016

Deloitte.

7th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

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

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

Report on the Financial Statements

We have audited the financial statements of **Khopoli Investments Limited** on pages 7 to 35 which comprise the statement of financial position as at 31 March 2016 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 Standards (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 24, the Company has not met the specific exemption requirements and has stated its investments in joint ventures amounting to USD 59,233,979 at cost less impairment as at 31 March 2016. 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 IFRS 12 Disclosure of Interests in Other Entities relating to interests in joint arrangements.

7th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

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

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 35 do not give a true and fair view of the financial position of **Khopoli Investments Limited** as at 31 March 2016 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

Deloitte

Chartered Accountants

5 May 2016

Pradeep Malik, FCA

Licensed by FRC

	Notes	2016 USD	2015 USD
INCOME			
Management fee income	16	36,500,000	40,000,000
Bank interest income		177,213	38,043
Interest income on loan to related party		7,008,225	6,365,334
Marked to market gain on derivatives		270,542	-
Service fee income		13,250,000	1,200,000
Premium on derivatives		693,888	77,312
Foreign exchange gain		80,920	-
Dividend income		2,991,331	-
Other income		-	478,135
		60,972,119	48,158,824
OPERATING EXPENSES			
Licence fees		2,100	2,100
Audit fees		33,362	28,575
Bank charges		13,251	11,193
Professional and legal fees		851,900	1,807,785
Interest on loans		-	2,214,104
Loan amortization	11 and 14 (b)	10,540,099	11,196,761
Premium on derivatives		2,137,218	1,582,134
Foreign exchange loss		906,151	718,025
Loss on disposal of shares in BSSR	5	52,639,661	-
Guarantee commission	19	1,147,324	695,721
Service fee expense	18	493,752	444,284
Management fee expense	17	16,800,000	16,980,000
Mark to market loss on derivatives		-	269,881
TRC Service fee		400	200
		85,565,218	35,950,763
(LOSS) / PROFIT BEFORE TAX		(24,593,099)	12,208,061
Tax expense	15	(4,784,750)	(4,000,090)
(LOSS) / PROFIT AND TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(29,377,849)	8,207,971

The notes on pages 11 to 35 form an integral part of these financial statements.
The independent auditor's report is on page 5-6.

	Notes	2016 USD	2015 USD
ASSETS			
Non current assets			
Investments in joint ventures	5	59,233,979	182,315,970
Available for sale investments	6(a)	29,285	29,285
Loan to related parties	7(a)	340,000,000	340,000,000
		399,263,264	522,345,255
Current assets			
Loans to related parties	7(b)	19,515,957	57,787,585
Trade and other receivables	8	139,020,863	17,676,238
Cash and cash equivalents	9	4,762,932	13,157,013
Available for sale investments	6 (b)	4,396,662	4,396,662
		167,696,414	93,017,498
Total assets		566,959,678	615,362,753
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	10	47,007,350	47,007,350
(Accumulated losses) / retained earnings		(4,511,254)	24,866,595
Total Equity		42,496,096	71,873,945
Non current liabilities			
Loans from Banks	11(a)	439,002,738	204,795,491
Loan from related parties	14(b)	-	100,418,328
		439,002,738	305,213,819
Current liabilities			
Trade and other payables	12	55,641,373	47,492,666
Derivative financial liabilities	13 (a)	1,285,628	1,556,170
Loans from related parties	14(a)	27,580,693	54,052,819
Loans from Banks	11(b)	-	135,173,334
Tax liability	15	953,150	
		85,460,844	238,274,989
Total equity and liabilities		566,959,678	615,362,753

Approved by the Board of Directors and authorised for issue on 5 May 2016.

Director

Director

The notes on pages 11 to 35 form an integral part of these financial statements.
The independent auditor's report is on page 5-6.

	Stated capital	(Accumulated losses)/ retained earnings	Total
	USD	USD	USD
At 1 April 2014	47,007,350	16,658,624	63,665,974
Profit and total comprehensive income for the year	-	8,207,971	8,207,971
At 31 March 2015	47,007,350	24,866,595	71,873,945
Loss and total comprehensive loss for the year	-	(29,377,849)	(29,377,849)
At 31 March 2016	47,007,350	(4,511,254)	42,496,096

The notes on pages 11 to 35 form an integral part of these financial statements.
The independent auditor's report is on page 5-6.

	Notes	2016 USD	2015 USD
Cash flows from operating activities			
(Loss) / Profit before tax		(24,593,099)	12,208,061
Adjustments for:			
Premium on hedge income		(693,888)	-
Premium on hedge expense		2,137,218	-
Bank interest income		(177,213)	(38,043)
Interest income		(7,008,225)	(6,365,334)
Interest on loan		-	2,214,104
Loss on disposal of shares- BSSR	5	52,639,661	-
Loan amortization	11 and 14 (b)	10,540,099	11,196,761
Unrealised foreign exchange loss		906,151	737,948
Marked to market gain on derivatives		(270,542)	269,881
Dividend income		(2,991,331)	
		30,488,831	20,223,378
Movement in working capital:			
Decrease in trade and other receivables		(14,929,643)	(2,156,617)
Increase in trade and other payables		8,375,859	21,119,424
Cash generated from operating activities		23,935,047	39,186,185
Withholding tax suffered		(3,831,600)	(4,000,090)
Net cash generated from operating activities		20,103,447	35,186,095
Cash flows from investing activities			
Dividend income		2,991,331	-
Bank interest received		140,266	47,477
Interest received		-	1,863,090
Investments in joint ventures	5	(28,615,685)	(10,465,347)
Loan repaid to related party	14 (a)	(29,314,000)	(8,810,000)
Loan from related party	14 (a)	2,841,874	135,310,000
Loan to related parties	7 (b)	(2,572,734)	(34,938,864)
Loan repayment received from related party	7 (b)	39,893,698	-
Net cash (used in) / generated from investing activities		(14,635,250)	83,006,356
Cash flows from financing activities			
Premium on hedge paid		(1,937,764)	-
Repayment of loan from shareholder		-	(100,000,000)
Interest paid	11 and 14 (b)	(8,388,514)	(11,925,890)
Set up cost on loan	11	(3,536,000)	(4,727,244)
Net cash used in financing activities		(13,862,278)	(116,653,134)
Net (decrease) / increase in cash and cash equivalents		(8,394,081)	1,539,317
Cash and cash equivalents at beginning of the year		13,157,013	11,617,696
Cash and cash equivalents at end of year		4,762,932	13,157,013

The notes on pages 11 to 35 form an integral part of these financial statements.
The independent auditor's report is on page 5-6.

1. BACKGROUND INFORMATION

Khopoli Investments Limited ("Company") was incorporated in Mauritius under the Mauritius Companies Act 2001 on 8 May 2007 as a private company with liability limited by shares and has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Except for non-compliance with IFRS 11 Joint arrangement and IFRS 12 Disclosure in Other Entities, the financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The preparation of the financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the 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) 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.

(c) Cash and cash equivalents

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

<u>Short term deposits</u>

Short term deposits are liquid investments, with maturity of up to three months.

(d) Financial instruments

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

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

(i) *Financial Assets*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(i) *Financial Assets (continued)*

Available for sale investments

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

The Company has investments in unlisted shares that are not traded in active market but are classified as AFS financial assets and stated at cost which approximate their fair value.

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

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

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

Loans and receivables

Loans to related party and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are 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.

Derecognition of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(i) Financial assets (continued)

Derecognition of financial assets (continued)

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

(ii) *Financial liabilities*

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(ii) Financial liabilities (continued)

(c) Financial liabilities (continued)

Derivative financial instruments
The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate including interest rate caps and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 13 and 21. 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, 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.

(e) Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial liabilities.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of financial assets (continued)

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.

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

(f) Related parties

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

(g) Revenue recognition

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

Interest income
Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of income 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.

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

(h) Expense recognition

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

(i) Taxation

Current tax

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

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

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

(j) Provisions

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

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

(k) Investments in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangements. 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 loss. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income.

(l) Fair value of asset held for disposal

The Company also holds financial instruments that are not quoted on active markets. At a meeting of the board of directors held on 25 June 2013 of the Company it was resolved to dispose the available for sale investment in Trust Energy Resources Pte Ltd to Tata Power Company Limited ("Tata Power") at a consideration to be agreed between parties. Tata Power's board of directors has in parallel resolved on 30 May 2013 to acquire the available for sale investment at a price not exceeding USD4.39M. At 31 March 2016, the available for sale investment-held for disposal has been reported at cost which the directors believe approximate the fair value of investment.

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 periods beginning on 1 April 2015.

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 24 Related Party Disclosures – Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)

IFRS 13 Fair Value Measurement – Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)

IFRS 13 Fair Value Measurement – Amendments resulting from Annual Improvements 2010-2012 Cycle (Short term receivables and payables) (Amendments to basis for conclusion only)

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 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 consideration 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 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)

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 (continued)*

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 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 15	Revenue from contracts with customers – Original Issue (1 January 2018)

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 JUDGEMENTS

Critical accounting judgements in applying the Company's accounting policies

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

Impairment of investments

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.

Fair value of asset held for disposal

The Company also holds financial instruments that are not quoted on active markets. At a meeting of the board of directors held on 25 June 2013 of the Company it was resolved to dispose the available for sale investment in Trust Energy Resources Pte Ltd to Tata Power Company Limited ("Tata Power") at a consideration to be agreed between parties. Tata Power's board of directors has in parallel resolved on 30 May 2013 to acquire the available for sale investment at a price not exceeding USD4.39M. At 31 March 2016, the available for sale investment-held for disposal has been reported at cost which the directors believe approximate the fair value of investment.

Fair value of available for sale investment

The Company holds 0.3% stake in PT Sumber Energi Andalan Tbk ("PT Sumber"). The directors are of the view that the cost reflects the fair value of the investment as shares in PT Sumber are highly illiquid and currently not being traded on stock exchange.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 methodologies used by Hongkong and Shanghai Banking Corporation, Australia and New Zealand Bank, Bank of America ("BOA") and ICICI Bank are based on the Black-Scholes model.

5. INVESTMENTS IN JOINT VENTURES

	2016	2015
	USD	USD
Opening balance	182,315,970	171,850,623
Additions during the year	28,615,685	10,465,347
Disposal during the year	(151,697,676)	-
Closing balance	59,233,979	182,315,970

The details of the investments in joint ventures as at 31 March 2016 are as follows:

Name of joint venture	Country of incorporation	Number and type of shares	% holding	2016 Cost/ Fair Value	2015 Cost / Fair Value
				USD	USD
Cennergi (Proprietary) Limited	South Africa	85 ordinary shares	50%	59,233,979	30,618,294
PT Baramulti Suksessarana	Indonesia	680,290,000 ordinary shares	26%	-	151,697,676
				59,233,979	182,315,970

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

PT Baramulti Sukessessarana ("BSSR"), is a company incorporated in Indonesia, engaged in the production of coal and is listed on the stock exchange of Indonesia. It wholly owns PT Antang Gunung Meratus ("PT Antang"). BSSR along with PT Antang own approximately 1 billion tonnes of coal resources in South and East Kalimantan in Indonesia. The Company's objective of acquiring BSSR is to establish its position for coal assets in Indonesia. At a Board meeting of the Company held on 4 March 2016, the Board approved to dispose 680,290,000 equity shares held by the Company in BSSR for a consideration of not less than USD99,058,000 to Tata Power International Pte Ltd ("TPIPL"). The investment was disposed on 21 March 2016 as per the Share Sale and Purchase Agreement (the "Agreement") dated 21 March 2016 and there was a loss on disposal of USD52,639,661 incurred by the Company. As per the Agreement, the purchase and sale of shares is subject to and conditional on receipt by the Company of the consent from its majority lenders on the sale of the shares on or before the longstop date, which is 30 June 2016. As at 31 March 2016, all the conditions precedent to purchase and sale of shares have been fulfilled and therefore the investment in BSSR has been disposed.

6. AVAILABLE FOR SALE INVESTMENTS

(a) *Available for sale investment*

Name of Company	Country of incorporation	Number and type of shares	2016 % Holding	2015 % Holding	2016 Cost/ Fair Value 2016 USD	2015 Cost/ Fair Value 2015 USD
PT Sumber Energi Andalan Tbk	Indonesia	114,000 ordinary shares	0.3%	0.3%	29,285	29,285

The Board resolved to purchase a 0.3% stake in PT Sumber on 17 February 2014. PT Sumber is a company listed on the Indonesian Stock Exchange ("IDX") and is involved in investment holding, consultancy in energy and power sector in Indonesia.

6. AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

(b) *Available for sale investment*

Name of Company	Country of incorporation	Number and type of shares	% Holding	2016 Cost/Fair value USD	2015 Cost/Fair value USD
Trust Energy Resources Pte Ltd	Singapore	4,390,000 ordinary shares	3.4%	4,396,662	4,396,662

Trust Energy Resources Pte Ltd ("Trust Energy") is a company whose principal activities are providing shipping, coal handling and cargo services, investment holding, and trading in energy related commodities. The shares carry rights on dividend declared by the company.

The Board of directors had on 25 June 2013 approved the disposal of the Company's investment in Trust Energy to its sole shareholder, The Tata Power Company Limited. The said investment has accordingly been presented as Asset held for disposal.

At a meeting of the Board of directors held on 25 June 2013 of the Company resolved to dispose the available for sale investment to Tata Power Company Limited ("Tata Power") at a consideration to be agreed between parties. Tata Power's board of directors has in parallel resolved on 30 May 2013 to acquire the available for sale investment at a price not exceeding USD4.39M. The transaction will be completed by June 2016 and Trust Energy will be taken over by Tata Power or one of its subsidiaries. At 31 March 2016, the available for sale investment has been reported at cost which the directors believe approximate the fair value of investment.

7. LOAN TO RELATED PARTIES

(a) Loans to Bhira Investments Limited

	2016	2015
	USD	USD
Balance at	340,000,000	340,000,000

The loan to Bhira Investments Limited is unsecured, repayable on 31 December 2021 and carries interest at the rate of LIBOR plus margin as agreed between the parties on the basis of 360 days a year. The effective rate of interest ranges from 1.1315% to 2.247% per annum.

(b) Short term loans	2016	2015
	USD	USD
(i) Cennergi (Proprietary) Limited	4,015,957	4,922,108
(ii)Trust Energy Resources Pte Ltd	7,000,000	7,000,000
(iii) TAHL (Mauritius) Power Projects Limited	-	37,365,477
(iv) Itezhi Tezhi Power Corporation	8,500,000	8,500,000
(v) Tata Africa Holdings SA Proprietary Limited	-	-
	19,515,957	57,787,585

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

	2016	2015
	USD	USD
Opening balance	4,922,108	5,660,056
Unrealised foreign exchange loss	(906,151)	(737,948)
Closing balance	4,015,957	4,922,108

	2016	2015
(b) (ii) Loan to Trust Energy Resources Pte Ltd	USD	USD
Balance at	7,000,000	7,000,000

	2016	2015
(b) (iii) TAHL (Mauritius) Power Projects Limited	USD	USD
Opening balance	37,365,477	10,926,613
Loan (repaid) / granted	(37,365,152)	26,438,864
Bank charges	(325)	-
Closing balance	-	37,365,477

	2016	2015
(b) (iv) Itezhi Tezhi Power Corporation	USD	USD
Opening balance	8,500,000	-
Loan granted	-	8,500,000
Closing balance	8,500,000	8,500,000

7. LOAN TO RELATED PARTIES (CONTINUED)

(b) Short term loans (continued)

	2016	31 Mar 2015
	USD	USD
(b) (v) Tata Africa Holdings SA Proprietary Limited ("Tata Africa")		
Opening balance	-	-
Loan granted	2,572,734	-
Loan repaid	(2,528,546)	-
Receivable from Tata Africa	(44,188)	
Closing balance	-	-

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

The loan to Itezhi Tezhi Power Corporation is unsecured and carries interest at the rate of LIBOR plus 5% margin with an overall cap of 6% per annum. The loan and interest will be receivable by 31 March 2016 or as mutually agreed.

8. TRADE AND OTHER RECEIVABLES

	2016	2015
	USD	USD
Other receivables	111,540,315	1,663,053
Premium receivable	312,491	45,208
Prepaid expenses	3,000	4,750
Interest receivable on short term deposits	45,871	8,925
Interest on loan to related party	11,705,188	4,706,971
Management fees receivable	15,413,998	11,247,331
	139,020,863	17,676,238

Other receivables represent amounts due from Bhira Investments Limited ("Bhira"), Tata Power International Pte Ltd ("TPIPL") and Tata Africa Holdings SA Proprietary Limited ("Tata Africa") which are unsecured, interest free, carry no fixed term of repayment and will be recalled for payment as and when required.

Prepaid expenses refer to the fees paid to International Financial Services Limited in respect of the services rendered.

Interest on loan to related party represent interest income due from Bhira (USD11,157,091) and to Itezhi Tezhi Power Corporation (USD548,097) and payment of interest income from Bhira is made as and when required. Amounts due from Itezhi Tezhi Power Corporation are due by 31 March 2016 or as mutually agreed.

Management fees are receivable from PT Arutmin Indonesia ("Arutmin") and PT Kaltim Prima Coal ("KPC") and are unsecured and carry no interest, and will be recalled for payment as and when required. As per the Deed of Novation dated 29 March 2016, entered between KPC, Tata Power International Pte Limited ("TPIPL") and the Company and the Service Agreement entered between TPIPL and the Company, management fees of USD2,500,000 are receivable from TPIPL on a monthly basis.

Service fees of USD10,750,000 are also receivable from TPIPL in respect of services provided to TPIPL by the Company as per Service Agreements entered between TPIPL and the Company dated 11 February 2016. Disposal proceeds of USD99,058,015 is also receivable from TPIPL in respect of the disposal of the shares held by the Company in BSSR to the latter and same is expected to be received by 30 June 2016.

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

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

9. CASH AND CASH EQUIVALENTS

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

	2016	2015
	USD	USD
Cash at bank	2,652,427	5,207,919
Short term fixed deposits	2,110,505	7,949,094
	4,762,932	13,157,013

The interest rate on short term fixed deposits ranges from 0.55% to 0.9% per annum for the year ended 31 March 2016.

10. STATED CAPITAL

	2016	2015
	USD	USD
47,007,350 Ordinary shares of USD1 each	47,007,350	47,007,350

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

11. LOANS FROM BANKS

Pursuant to a Term Facility Agreement dated 23 April 2015, 50% of the USD270 million loan from SMBC was refinanced by a consortium of banks comprising of Bank of America, N.A. ("BoA") and Sumitomo Mitsui Banking Corporation ("SMBC") on 23 April 2015.

	2016	2015
(a) Long term loans	USD	USD
(i) Loan of USD135 million from SMBC	135,378,513	-
(ii) Loan of USD205 million from ANZBC, BoA and RBS	-	204,795,491
(iii) Loan of USD305 million from SMBC	303,624,225	-
	439,002,738	204,795,491

(i) Loan of USD135 million from SMBC

The long term bank loan of USD135 million is unsecured and carries interest at the rate of LIBOR plus 1.2%. The total principal, is payable after 24 months from the utilisation date of 23 April 2015. The loan is recognized at amortised cost. Tata Power Company Limited, the holding company stands as guarantor.

	2016	2015
	USD	USD
Loan received	135,000,000	-
Set up cost	(486,000)	-
Loan amortization	2,369,182	-
Loan interest paid	(1,504,669)	-
Closing balance	135,378,513	-

(ii) Loan of USD205 million from ANZBC, BoA and RBS

The long term bank loan of USD205 million is unsecured and carries interest at the rate of LIBOR plus 2.0%. The said facility is repayable after 36 months from the Utilisation date of 28 April 2014. The loan is recognized at amortised cost and was repaid on 28 August 2015.

	2016	2015
	USD	USD
Opening balance	204,795,491	-
Loan received	-	205,000,000
Set up cost	-	(3,227,244)
Loan amortization	2,940,005	6,222,583
Loan interest paid	(2,735,496)	(3,199,848)
Loan refinanced	(205,000,000)	-
Closing balance	-	204,795,491

11. LOANS FROM BANKS (CONTINUED)

(iii) Loan of USD305 million from SMBC

The long term bank loan of USD305 million is unsecured and carries interest at an all-in rate of LIBOR plus 1.6% (upfront fee 1% and interest margin 1.26%). The total principal, is payable on the final maturity date, 31 August 2018. The loan is recognized at amortised cost.Tata Power Company Limited, the holding company stands as guarantor.

	2016	2015
	USD	USD
Loan received	305,000,000	-
Set up cost	(3,050,000)	-
Loan amortization	3,601,272	-
Loan interest paid	(1,927,047)	-
Closing balance	303,624,225	-

	2016	2015
(b) Short term loans	USD	USD
Loan of USD270 million from SMBC	-	135,173,334

50% of the loan of USD270 million from SMBC was due for payment on 28 April 2015. Pursuant to a Facility Agreement dated 23 April 2015, the loan was refinanced by a consortium of banks comprising of Bank of America, N.A. ("BoA") and Sumitomo Mitsui Banking Corporation ("SMBC") on 23 April 2015.

12. TRADE AND OTHER PAYABLES

	2016	2015
	USD	USD
Audit fees	11,400	9,265
Guarantee commission/service fees	329,045	332,737
Expenses paid by related companies	5,580,531	7,105,531
Premium on derivatives	541,235	819,100
Management fee expense	47,647,969	37,800,000
Other payables	1,531,193	1,426,033
	55,641,373	47,492,666

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

Guarantee commission is payable to The Tata Power Company Limited on account of the guarantees for the loans as stated in notes 11 and 19. These are unsecured, interest free and have no fixed terms of repayment. The other payables and management fee expenses are unsecured, interest free and payable as and when required.

13. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative financial liabilities

The Company has purchased an interest rate cap at the cap rate of 1.112% p.a. on LIBOR and an interest rate swap at a fixed rate of 1.012% p.a. from the Australia and New Zealand Banking Group Limited ("ANZ") for the long term loan of USD205 million (see Note 11 (a)(ii)) to mitigate the risk of adverse movement in LIBOR. Settlement of the cap and swap payoff would be made quarterly on a net basis. In case the LIBOR is below 1.112%, there is no pay out to the Company.

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Derivative financial liabilities (continued)

However, if the LIBOR is higher than 1.112%, the Company receives the applicable LIBOR on the notional value and pays only 1.112% on the outstanding notional value.

	2016	2015
	USD	USD
Opening balance	894,080	-
Marked to market loss on interest rate swap from ANZ	10,771	501,655
Marked to market loss on interest rate cap from ANZ	257,140	392,425
Closing balance	1,161,991	894,080

The Company had also purchased 2 interest rate caps from HSBC and JP Morgan at the cap rate of 1.1% p.a. on LIBOR for the loan of USD270 million (which has been refinanced to USD135 million) (see Note 11 (a)(i)) to mitigate the risk of adverse movement in LIBOR. Settlement of the cap payoff would be made semi-annually on a net basis. In case the LIBOR is below 1.1%, there is no pay out to the Company.

However, if the LIBOR is higher than 1.1%, the Company receives the applicable LIBOR on the notional value and pays only 1.1% on the outstanding notional value.

The interest rate cap from JP Morgan has lapsed on 28 April 2014.

	2016	2015
	USD	USD
Opening balance	662,090	1,286,289
Reversal of Marked to market loss on interest rate cap from HSBC	(662,090)	(624,199)
Closing balance	-	662,090

The Company has also purchased 2 interest rate caps from Bank of America ("BOA") and ICICI Bank at the cap rate of 0.765% p.a. on LIBOR for the long term loan of USD135 million (see Note 11 (a)(i)) to mitigate the risk of adverse movement in LIBOR. Settlement of the cap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.765%, there is no pay out to the Company.

However, if the LIBOR is higher than 0.765%, the Company receives the applicable LIBOR on the notional value and pays only 0.765% on the outstanding notional value.

	2016	2015
	USD	USD
Marked to market loss on interest rate swap from BOA	40,907	-
Marked to market loss on interest rate swap from ICICI Bank	82,730	-
Closing balance	123,637	-

The interest rate cap and swap 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 following table gives information about how the fair values of the financial liabilities have been determined.

Financial liabilities	Fair value hierarchy	Valuation technique	Fair value 2016	Fair value 2015
Derivative financial liabilities	Level 2	Black Scholes Model	1,161,991	894,080
Derivative financial liabilities	Level 2	Black Scholes Model	-	662,090
Derivative financial liabilities	Level 2	Black Scholes Model	123,637	-
			1,285,628	1,556,170

14. LOANS FROM RELATED PARTIES

(a) Short term loan

Loan from Bhira Investments Limited (Interest free)	2016	2015
	USD	USD
Opening balance	54,052,819	26,952,819
Loan received	2,841,874	35,310,000
Loan repaid	(29,314,000)	(8,210,000)
Closing balance	27,580,693	54,052,819

The loan from Bhira Investments Limited is unsecured, interest free and repayable on demand.

(b) Long term loan

Loan from Bhira Investments Limited (Interest bearing)	2016	2015
	USD	USD
Opening balance	100,418,328	-
Loan received	-	100,000,000
Transaction cost	-	(1,500,000)
Loan amortization	1,629,640	2,321,656
Loan refinanced	(100,000,000)	-
Loan interest paid	(2,047,968)	(403,328)
Closing balance	-	100,418,328

The loan of USD100 million from Bhira Investments Limited is unsecured and carries interest at the rate of LIBOR plus margin of 2.15% per annum. The loan is repayable on 28 April 2017 and is recognized at amortised cost was repaid on 28 August 2015.

15. TAX EXPENSE

The Company is liable to income tax on its chargeable income at the rate of 15% (2015: 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 USD4,784,750 for the year under review (2015: USD4,000,090). The tax charge pertains to withholding tax suffered on management service fee income received from PT Kaltim Prima Coal and dividend received from BSSR amounting to USD3,831,600. The charge also includes Mauritian income tax based on profit for the year amounting to USD953,150.

	2016	2015
	USD	USD
Mauritian income tax based on profit for the year	953,150	-
Withholding tax	3,831,600	4,000,090
	4,784,750	4,000,090

Income tax reconciliation	2016	2015
	USD	USD
(Loss) / Profit before taxation	(24,593,099)	12,208,061
Tax at the applicable rate of 15%	(3,688,965)	1,831,209
Tax effect of :		
- Other deductible expenses	(1,182,957)	(1,064,416)
- Items outside scope of taxation	1,664,218	1,815,996
- Non allowable expenses	7,973,455	248,882
- Withholding tax suffered	3,831,600	4,000,090
- Foreign tax credit	(3,812,601)	(2,831,671)
Tax charge	4,784,750	4,000,090

16. MANAGEMENT FEE INCOME

	2016	2015
	USD	USD
Tata Power International Pte Limited	7,500,000	-
PT Kaltim Prima Coal	29,000,000	40,000,000
	36,500,000	40,000,000

Pursuant to a Deed of Novation dated 1 August 2012 entered between the Company, Bhivpuri Investments Limited and each of PT Kaltim Prima Coal ("KPC") and PT Arutmin Indonesia ("Arutmin"), the Company provides management support services to KPC and Arutmin. In addition, as per the Deed of Novation dated 29 March 2016, entered between KPC, Tata Power International Pte Limited ("TPIPL") and the Company and the Service Agreement entered between TPIPL and the Company, management fees of USD2,500,000 are receivable from TPIPL on a monthly basis. The management fee income for the year ended 31 March 2016 was USD36,500,000 (2015:USD40,000,000). Initially the management fee income from Arutmin was waived for the period from 1 July 2013 to 31 December 2014. On 29 May 2015, the Board approved to extend the waiver on the management fees for the period from 1 January 2015 to 31 December 2016.

17. MANAGEMENT FEE EXPENSE

The Company has subcontracted to Bhira Investments Limited for the provision of management support services to KPC and Arutmin pursuant to a Subcontracting Agreement dated 1 August 2012. On 11 September 2013, the Board of directors approved an addendum to the Subcontracting Agreement where it was approved that Bhivpuri Investments Limited become a party to the agreement. However, as on date, no services have been provided by Bhivpuri Investments Limited. On 14 January 2014, the Board approved the appointment of Tata Power International Pte Limited ("TPIPL") as subcontractor of management services in the stead of Bhivpuri. The management fee expense for the year ended 31 March 2016 was USD16,800,000 (2015: USD16,980,000).

18. SERVICE FEE EXPENSE

The Company has entered into a Procurement Services Agreement dated 1 September 2012 with its holding Company, The Tata Power Company Limited ("Tata Power"), for the provision of expert services to the Company in relation to investment opportunity evaluation and capital raising. The Company pays service fee expense to Tata Power in exchange of its services. The service fee expense for the year ended 31 March 2016 was USD493,752 (2015: USD444,284).

19. GUARANTEE COMMISSION

Guarantee commission represent arm's length fees payable to the holding company for providing corporate guarantees to the long term bank loans of USD135 Million and USD305 Million (Note 11) , and hedge obligation guarantees of USD3.91 million and USD1.65 million. The guarantee commission for the year ended 31 March 2016 was USD1,147,324 (2015: USD695,721).

20. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2016, the Company transacted with certain related parties. Details of the nature, volume of transactions and the balances with the related parties are as follows:

	2016		2015	
	USD	USD	USD	USD
(i) Payable to The Tata Power Company Limited				
Opening balance:				
-Loan	-		100,000,000	
-Interest payable	-		3,805,555	
-Other payable	332,737	332,737	190,868	103,996,423
Movement:				
Interest expense	-		1,847,223	
Guarantee commission	1,147,324		695,721	
Service fees	493,752		444,284	
Expenses to be reimbursed to the Company	(535,312)		-	
Received during the quarter	98,500		-	
Netting off of receivable balance	436,812		-	
Netting off of payable balance	(436,812)		-	
Long term loan received	-		(100,000,000)	
Interest paid during the year	-		(5,652,778)	
Paid during the year	(1,207,956)	(3,692)	(998,136)	(103,663,686)
Closing balance:				
-Loan	-		-	
-Interest payable	-		-	
-Other payable	329,045	329,045	332,737	332,737
		329,045		332,737
(ii) Receivable from / (payable to) Bhira Investments Limited				
Opening balance:				
-Loan	340,000,000		340,000,000	
-Loan payable (interest free)	(54,052,819)		(26,952,819)	
-Loan payable (interest bearing)	(100,418,328)		-	
-Interest receivable	4,591,223		204,727	
-Management fee payable	(37,800,000)		(21,000,000)	
-Interest payable	-		-	
-Other payable	(6,603,956)		(3,238,710)	
-Other receivable	420,409	146,136,529	54,784	289,067,982
Movement:				
Interest income	6,565,868		6,249,587	
Loan received (interest free)	(2,841,874)		(35,310,000)	
Loan received (Interest bearing)	-		(100,000,000)	
Transaction cost paid	1,500,000		-	
Interest received	-		(1,863,091)	
Hedging costs paid	-		(66,909)	
Repayment of loan (interest free)	29,314,000		8,210,000	
Repayment of loan (interest bearing)	100,000,000		403,328	
Transaction cost	-		1,500,000	
Management fee expense	(16,800,000)		(16,800,000)	
Amortisation	(1,629,640)		(2,321,656)	
Interest expense netted off	-		307,533	
Interest expense	-		(307,533)	
Hedging costs	(50,713)		432,534	

20. RELATED PARTY TRANSACTIONS (CONTINUED)

	2016		2015	
	USD	USD	USD	USD
(ii) Receivable from / (payable to) Bhira Investments Limited (continued)				
Management fee paid	6,952,031		-	
Expenses paid on behalf of Bhira	-		33,291	
Interest paid	(2,047,968)		-	
Expenses paid on behalf of the Company	-		(3,398,537)	
Paid during the year	-	125,057,640	-	(142,931,453)
Closing balance:				
-Loan receivable	340,000,000		340,000,000	
-Loan payable (Interest free)	(27,580,693)		(54,052,819)	
-Loan payable (Interest bearing)	-		(100,418,328)	
-Interest receivable	11,157,091		4,591,223	
-Management fee payable	(47,647,969)		(37,800,000)	
-Other payable	(5,154,669)		(6,603,956)	
-Other receivable	420,409	271,194,169	420,409	146,136,529
		271,194,169		146,136,529

	USD	USD	USD	USD
(iii) Payable to Bhivpuri Investments Limited				
-Loan	-		600,000	
-Interest	-		491,087	
-Interest payable	-		-	
-Other payable	501,575	501,575	508,000	1,599,087
Movement:				
Expenses paid on behalf of Bhivpuri	(25,000)		(6,425)	
Interest repaid	-		(495,451)	
Loan repaid	-		(600,000)	
Interest expense	-	(25,000)	4,364	(1,097,512)
Closing balance:				
-Loan	-		-	
-Interest	-		-	
-Other payable	476,575	476,575	501,575	501,575
		476,575		501,575

	USD	USD	USD	USD
(iv) Receivable / (payable) from Cennergi (Proprietary) Limited				
Opening balance:				
Expense payable	(80,110)		(80,110)	
-Loan	4,922,108	4,841,998	5,660,056	5,579,946
Movement:				
Expense payable	-		-	
Unrealised Foreign exchange loss	(906,151)	(906,151)	(737,948)	(737,948)
Closing balance:				
-Loan	4,015,957		4,922,108	
-Expense Payable	(80,110)	3,935,847	(80,110)	4,841,998
		3,935,847		4,841,998

20. RELATED PARTY TRANSACTIONS (CONTINUED)

	2016		2015	
	USD	USD	USD	USD
(v) Receivable from Trust Energy Resources Pte Ltd				
Opening balance:				
-Loan	7,000,000	7,000,000	7,000,000	7,000,000
Movement:				
Loan received	-	-	-	
Closing balance:				
-Loan	7,000,000	7,000,000	7,000,000	7,000,000
		7,000,000		7,000,000

	USD	USD	USD	USD
(vi) Receivable / (payable) from				
Tata Power International Pte Ltd ("TPIPL")				
Opening balance:				
-Management fee payable	(180,000)		-	
-Receivable	1,242,644	1,062,644	244,478	244,478
Movement:				
Management fee expense	-		(180,000)	
Sale of shares held in BSSR to TPIPL	99,058,015		-	
Management fee income	7,500,000		-	
Service fee income received	(2,500,000)		-	
Expenses incurred on behalf of TPIPL	15,050		998,166	
Service fee income	13,250,000		1,200,000	
Service fee income received	-	117,323,065	(1,200,000)	818,166
Closing balance:				
-Management fee payable	(180,000)		(180,000)	
-Management fee income receivable	7,500,000		-	
-Service fee income receivable	10,750,000		-	
-Receivable	100,315,709	118,385,709	1,242,644	1,062,644
		118,385,709		1,062,644

	USD	USD	USD	USD
(vii) Receivable from				
TAHL (Mauritius) Power Projects Limited ("TAHL")				
Opening balance:				
-Loan	37,365,477	37,365,477	10,926,613	10,926,613
Movement:				
-Loan repayment received	(37,365,152)			
-Bank charges	(325)			
-Loan granted to TAHL	-	(37,365,477)	26,438,864	26,438,864
Closing balance:				
-Loan	-	-	37,365,477	37,365,477
		-		37,365,477

20. RELATED PARTY TRANSACTIONS (CONTINUED)

	2016		2015	
	USD	USD	USD	USD
(viii) Receivable from Itezhi Tezhi Power Corporation ("ITPC")				
Opening balance:				
-Loan	8,500,000		-	
-Interest receivable	115,748	8,615,748	-	-
Movement:				
Loan granted to ITPC	-		8,500,000	
Interest income	432,349	432,349	115,748	8,615,748
Closing balance:				
-Loan	8,500,000		8,500,000	
-Interest receivable	548,097	9,048,097	115,748	8,615,748
		9,048,097		8,615,748

	USD	USD	USD	USD
(ix) Receivable from Tata Africa				
Opening balance:				
-Loan	-		-	
-Receivable	-		-	
-Interest receivable	-	-	-	-
Movement:				
-Loan granted	2,572,734		-	
-Interest income	19,820		-	
-Overprovision of interest	(9,812)		-	
-Loan repayment received	(2,528,546)	54,196	-	-
Closing balance:				
-Loan	-		-	
-Receivable from Tata Africa	54,196		-	
-Interest receivable	-	54,196	-	-
		54,196		-

The Company has received dividend of USD2,991,331 (2015: nil) during the year from BSSR..

Fees paid to management entity of the Company

<u>International Financial Services Limited</u>

	2016	2015
	USD	USD
Directors fees paid	3,750	3,750
Fees paid to management entity	87,469	94,069
Total fees paid to management entity	91,219	97,819

Compensation to key management personnel
No compensation has been paid to key management personnel during the year ended 31 March 2016 (2015: USD NIL).

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Capital risk management

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

Gearing ratio

The gearing ratio at the year end was as follows:

	2016	2015
	USD	USD
Debt (i)	466,583,431	494,439,972
Cash and cash equivalents	(4,762,932)	(13,157,013)
Net debt	461,820,499	481,282,959
Equity	47,007,350	47,007,350
Reserves	(4,511,254)	24,866,595
Total equity	42,496,096	71,873,945
Net debt to equity ratio	1087%	670%

(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

	2016	2015
Financial assets	USD	USD
Available for sale investment	4,425,947	4,425,947
Loans and receivables (including cash and cash equivalents)	503,296,752	428,616,086
	507,722,699	433,042,033
Financial liabilities		
Amortised cost	522,224,804	541,932,638
Derivative financial liabilities designated at FVTPL	1,285,628	1,556,170
	523,510,432	543,488,808

Prepayments amounting to USD3,000 (31 March 2015: USD4,750) do not form part of financial assets.

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

Financial risk management

Market risk

Market risk is the risk that changes in market prices, such as (i) foreign exchange rates (currency risk), (ii) interest rates (interest rate risk) and (iii) credit 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.

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(i) Currency risk

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

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

	2016		2015	
	Increase/ (decrease) In USD Against ZAR	Effect on Profit and Loss	Increase/ (decrease) In USD Against ZAR	Effect on Profit and Loss
	%	USD	%	USD
Loan to related party (ZAR)	10%	(365,087)	10%	(447,464)
	-10%	446,217	-10%	(546,901)

Sensitivity analysis

(ii) 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. The Company's financial assets and liabilities are interest-bearing. As such, the Company is subject to significant risk due to fluctuations in the prevailing levels of the market interest rates.

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

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

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

	2016	2016	2015	2015
	5% increase USD	5% decrease USD	5% increase USD	5% decrease USD
USD denominated				
Interest on loan	350,411	(350,411)	318,267	(318,267)
Effect on profit before tax	350,411	(350,411)	318,267	(318,267)

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

	2016	2016	2015	2015
	5% increase USD	5% decrease USD	5% increase USD	5% decrease USD
USD denominated				
Interest on loan	-	-	(110,705)	110,705
Effect on profit before tax	-	-	(110,705)	110,705

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:

	2016	2016	2015	2015
	5% increase	5% decrease	5% increase	5% decrease
USD denominated	USD	USD	USD	USD
Bank interest income	8,861	(8,861)	1,902	(1,902)
Effect on profit before tax	8,861	(8,861)	1,902	(1,902)

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(ii) Interest rate risk (continued)

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

LIBOR Cap rate	Premium	End date	Notional value USD	2016 Fair value USD	2015 Fair value USD
1.1% p.a	0.81% p.a	28 April 2015	135 million	-	662,090
1.112% p.a.	0.2399% p.a	28 April 2017	205 million	649,565	392,425
1.012%p.a.	0.2399% p.a	28 April 2017	102.5 million	512,426	501,655
0.765% p.a	To be determined	28 April 2017	75 million	40,907	-
0.765% p.a	To be determined	28 April 2017	60 million	82,730	-
				1,285,628	1,556,170

(iii) Credit risk

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

Financial assets that potentially expose the Company to credit risk consist principally of loans and interest, management fees receivable from related party and short terms deposits.

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

Carrying Amount	2016	2015
	USD	USD
Loan to related parties	359,515,957	397,787,585
Trade and other receivables	139,017,863	17,671,488
	498,533,820	415,459,073

(iv) Liquidity risk management

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

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iv) Liquidity risk management (continued)

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 be required to pay. The Company will continue receiving support from the holding company as and when required. The table includes both interest and principal cash flows.

	Less than 1 year USD 2016	More than 1 year USD 2016	Total USD 2016
Financial assets			
Non -interest bearing	157,082,909	29,285	157,112,194
Variable interest rate instruments	8,500,000	340,000,000	348,500,000
Fixed interest rate instruments	2,110,506	-	2,110,506
	167,693,414	340,029,285	507,722,699
Financial liabilities			
Non-interest bearing	84,507,694	-	84,507,694
Variable interest rate instruments	-	439,002,738	439,002,738
	84,507,694	439,002,738	523,510,432

	Less than 1 year USD 2015	More than 1 year USD 2015	Total USD 2015
Financial assets			
Non-interest bearing	76,563,654	29,285	76,592,939
Variable interest rate instruments	8,500,000	340,000,000	348,500,000
Fixed interest rate instruments	7,949,094	-	7,949,094
	93,012,748	340,029,285	433,042,033
Financial liabilities			
Non-interest bearing	103,101,655	-	103,101,655
Variable interest rate instruments	135,173,334	305,213,819	440,387,153
	238,274,989	305,213,819	543,488,808

(v) Fair values

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

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(v) Fair values (continued)

Fair value measurement recognized in the statement of financial position

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

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

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

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

Except for derivatives which are included in level 2, the carrying amounts of these financial assets and financial liabilities approximate their fair values. 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.

22. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY

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

23. DIVIDEND PAID

During the year, no dividend was declared. (31 March 2015: Nil).

24. NON COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) 11 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 investment in joint ventures.

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 2016.

26. CONTINGENCIES AND COMMITMENTS

As at the reporting date, the Company held a 3.4% stake in Trust Energy Resources Pte Ltd and had invested USD4,396,662. Consequently, the Board of Directors has approved the disposal of the investments to The Tata Power Company Limited at a price not exceeding USD4,396,662.

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

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

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Year ended March, 2016 USD	Exchange Rate	Amount ₹	Year ended March, 2015 USD	Exchange Rate	Amount ₹
INCOME						
Management fee income	36,500,000	65.46	2,389,330,150	40,000,000	61.15	2,445,884,000
Bank interest income	177,213	65.46	11,600,558	38,043	61.15	2,326,219
Interest income on loan to related party	7,008,225	65.46	458,766,118	6,365,334	61.15	389,221,715
Marked to market gain on derivatives	270,542	65.46	17,709,977	-	61.15	-
Service fees income	13,250,000	65.46	867,359,575	1,200,000	61.15	73,376,520
Premium on derivatives	693,888	65.46	45,422,672	77,312	61.15	4,727,405
Foreign exchange gain	80,920	65.46	5,297,112	-	61.15	-
Dividend income	2,991,331	65.46	195,815,818	-	61.15	-
Other income	-	65.46	-	478,135	61.15	29,236,569
	60,972,119	65.46	3,991,301,980	48,158,824	61.15	2,944,772,428
OPERATING EXPENSES						
License fees	2,100	65.46	137,468	2,100	61.15	128,409
Audit fees	33,362	65.46	2,183,913	28,575	61.15	1,747,278
Bank charges	13,251	65.46	867,425	11,193	61.15	684,419
Professional and legal fees	851,900	65.46	55,766,311	1,807,785	61.15	110,540,810
Interest on loans	-	65.46	-	2,214,104	61.15	135,386,039
Loan amortization	10,540,099	65.46	689,966,475	11,196,761	61.15	684,649,465
Premium on derivatives	2,137,218	65.46	139,904,641	1,582,134	61.15	96,742,906
Foreign exchange loss	906,151	65.46	59,317,641	718,025	61.15	43,905,146
Loss on disposal of shares in BSSR	52,639,661	65.46	3,445,850,113	-	61.15	-
Gurantee commission	1,147,324	65.46	75,105,091	695,721	61.15	42,541,322
Service fee expense	493,752	65.46	32,321,549	444,284	61.15	27,166,678
Management fees expense	16,800,000	65.46	1,099,746,480	16,980,000	61.15	1,038,277,758
Mark to Market Loss on derivatives	-	65.46	-	269,881	61.15	16,502,440
TRC Service fees	400	65.46	26,184	200	61.15	12,229
	85,565,218	65.46	5,601,193,291	35,950,763	61.15	2,198,284,899
(LOSS) / PROFIT BEFORE TAX	**(24,593,099)**	**65.46**	**(1,609,891,311)**	**12,208,061**	**61.15**	**746,487,529**
Tax expense	(4,784,750)	65.46	(313,214,998)	(4,000,090)	61.15	(244,593,903)
(LOSS) / PROFIT AND TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	**(29,377,849)**	**65.46**	**(1,923,106,309)**	**8,207,971**	**61.15**	**501,893,626**

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	As at March, 2016	Exchange Rate	Amount	As at March, 2015	Exchange Rate	Amount
	USD		₹	USD		₹
ASSETS						
Non current assets						
Investment in joint ventures	59,233,979	66.25	3,924,103,024	182,315,970	62.50	11,394,292,335
Available for sale investments	29,285	66.25	1,940,058	29,285	62.50	1,830,239
Loans to related parties	340,000,000	66.25	22,524,150,000	340,000,000	62.50	21,249,150,000
	399,263,264	66.25	26,450,193,082	522,345,255	62.50	32,645,272,574
Current assets						
Loans to related parties	19,515,957	66.25	1,292,883,361	57,787,585	62.50	3,611,579,594
Trade and other receivables	139,020,863	66.25	9,209,784,622	17,676,238	62.50	1,104,720,684
Cash and cash equivalents	4,762,932	66.25	315,532,338	13,157,013	62.50	822,280,420
Available for sale investments	4,396,662	66.25	291,267,866	4,396,662	62.50	274,780,383
	167,696,414	66.25	11,109,468,187	93,017,498	62.50	5,813,361,081
Total assets	**566,959,678**	**66.25**	**37,559,661,269**	**615,362,753**	**62.50**	**38,458,633,655**
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	47,007,350	54.29	2,551,932,526	47,007,350	54.29	2,551,932,526
(Accumulated Losses) / retained earnings	(4,511,254)	88.24	(398,091,781)	24,866,595	61.33	1,525,014,528
Exchange fluctuation reserve	-		661,419,374	-		414,994,823
Total Equity	42,496,096	66.25	2,815,260,119	71,873,945	62.50	4,491,941,877
Non current liabilities						
Loans from Banks	439,002,738	66.25	29,082,833,886	204,795,491	62.50	12,799,206,199
Loans from related parties	-	66.25	-	100,418,328	62.50	6,275,894,454
	439,002,738	66.25	29,082,833,886	305,213,819	62.50	19,075,100,653
Current liabilities						
Trade and other payables	55,641,373	66.25	3,686,101,858	47,492,666	62.50	2,968,172,893
Derivative finnacial liabilities	1,285,628	66.25	85,169,641	1,556,170	62.50	97,256,735
Loans from related parties	27,580,693	66.25	1,827,151,960	54,052,819	62.50	3,378,166,055
Loans from Banks	-	66.25	-	135,173,334	62.50	8,447,995,442
Tax liability	953,150	66.25	63,143,805		62.50	-
	85,460,844	66.25	5,661,567,264	238,274,989	62.50	14,891,591,125
Total equity and liabilities	**566,959,678**	**66.25**	**37,559,661,269**	**615,362,753**	**62.50**	**38,458,633,655**

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Stated capital	Exchange Rate	Amount	(Accumulated losses) / Retained Earnings	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹
At 1 April, 2014	**47,007,350**	**54.29**	**2,551,932,526**	**16,658,624**	**61.42**	**1,023,120,904**	**63,665,974**	**56.15**	**3,575,053,430**
Profit and total comprehensive income for the year				8,207,971	61.15	501,893,624	8,207,971	61.15	501,893,624
At 31 March 2015	**47,007,350**	**54.29**	**2,551,932,526**	**24,866,595**	**61.33**	**1,525,014,528**	**71,873,945**	**56.72**	**4,076,947,054**
Loss and total comprehensive Loss for the year				(29,377,849)	65.46	(1,923,106,309)	(29,377,849)	65.46	(1,923,106,309)
At 31 March 2016	**47,007,350**	**54.29**	**2,551,932,526**	**(4,511,254)**	88.24	**(398,091,781)**	**42,496,096**	50.68	**2,153,840,745**

KHOPOLI INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Year ended March, 2016	Exchange Rate	Amount	Year ended March, 2015	Exchange Rate	Amount
			₹	USD		₹
Cash flows from operating activities						
(Loss) / Profit before tax	(24,593,099)	65.46	(1,609,891,311)	12,208,061	61.15	746,487,529
Adjustments for:						
Premium on Hedge Income	(693,888)	65.46	(45,422,672)	-	61.15	-
Premium on Hedge Expenses	2,137,218	65.46	139,904,641	-	61.15	-
Bank interest income	(177,213)	65.46	(11,600,558)	(38,043)	61.15	(2,326,219)
Interest income	(7,008,225)	65.46	(458,766,117)	(6,365,334)	61.15	(389,221,715)
Interest on loan	-	65.46	-	2,214,104	61.15	135,386,039
Loss on Disposal of Shares of BSSR	52,639,661	65.46	3,445,850,109	-	61.15	-
Loan amortisation	10,540,099	65.46	689,966,474	11,196,761	61.15	684,649,465
Unrealised foreign exchange loss	906,151	65.46	59,317,641	737,948	61.15	45,123,380
Mark to market gain on derivatives	(270,542)	65.46	(17,709,977)	269,881	61.15	16,502,440
Dividend Income	(2,991,331)	65.46	(195,815,817)	-	61.15	-
	30,488,831	65.46	1,995,832,413	20,223,378	61.15	1,236,600,919
Movement in working capital :						
Decrease in trade and other receivables	(14,929,643)	65.46	(977,310,852)	(2,156,617)	61.15	(131,870,875)
Increase in trade and other payables	8,375,859	65.46	548,292,943	21,119,424	61.15	1,291,391,531
Cash generated from operating activities	23,935,047	65.46	1,566,814,504	39,186,185	61.15	2,396,121,575
Withholding tax suffered	(3,831,600)	65.46	(250,820,750)	(4,000,090)	61.15	(244,593,903)
Net cash generated from operating activities	**20,103,447**	**65.46**	**1,315,993,754**	**35,186,095**	**61.15**	**2,151,527,672**
Cash flows from investing activities						
Dividend Income	2,991,331	65.46	195,815,817	-	61.15	-
Bank interest received	140,266	65.46	9,181,967	47,477	61.15	2,903,081
Interest received	-	65.46	-	1,863,090	61.15	113,922,551
Investment in joint venture	(28,615,685)	65.46	(1,873,214,215)	(10,465,347)	61.15	(639,925,620)
Loan repaid to related party	(29,314,000)	65.46	(1,918,926,683)	(8,810,000)	61.15	(538,705,951)
Loan from related party	2,841,874	65.46	186,032,198	135,310,000	61.15	8,273,814,101
Loan to related parties	(2,572,734)	65.46	(168,413,997)	(34,938,864)	61.15	(2,136,410,211)
Loan repayment received from related party	39,893,698	65.46	2,611,485,351		61.15	-
Net cash (used in) / generated investing activities	**(14,635,250)**	**65.46**	**(958,039,562)**	**83,006,356**	**61.15**	**5,075,597,951**
Cash flows from financing activities						
Premium on hedge paid	(1,937,764)	65.46	(126,848,163)	-	61.15	-
Repayment of loan from shareholder	-	65.46	-	(100,000,000)	61.15	(6,114,710,000)
Interest paid	(8,388,514)	65.46	(549,121,353)	(11,925,890)	61.15	(729,233,588)
Set up cost loan	(3,536,000)	65.46	(231,470,449)	(4,727,244)	61.15	(289,057,262)
Net cash used in financing activities	**(13,862,278)**	**65.46**	**(907,439,965)**	**(116,653,134)**	**61.15**	**(7,133,000,850)**
Net (decrease) / increase in cash and cash equivalents	(8,394,081)	65.46	(549,485,773)	1,539,317	61.15	94,124,773
Cash and cash equivalents at beginning of year	13,157,013	62.50	822,280,420	11,617,696	59.89	695,783,813
Effect of exchange fluctuation on cash and cash equivalents			42,737,691			32,371,834
Cash and cash equivalents at end of year	**4,762,932**	**66.25**	**315,532,338**	**13,157,013**	**62.50**	**822,280,420**