

BHIRA INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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		Date of appointment
DIRECTORS	: Fareed Soreefan	6 January 2012
	Zakir Niamut	16 September 2010
	Resmah Mandary	18 May 2015
	Ramesh Subramanyam	25 June 2014
	Anand Agarwal	25 April 2016
	Nandakumar Tirumalai	28 October 2016
	(Permanent alternate to Mr Ramesh Subramanvam)	
REGISTERED OFFICE	: IFS Court Bank Street Twenty Eight Cybercity Ebène 72201 Mauritius	
SECRETARY, ADMINISTRATOR AND MAURITIAN TAX AGENT:	: International Financial Services Limited IFS Court Bank Street Twenty Eight Cybercity Ebène 72201 Mauritius	
BANKER	: HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18 Cybercity Ebène Mauritius	
	Bank of Baroda Baroda House 32 City Road London, UK, EC1Y 2BD United Kingdom	
	State Bank of India 15 King Street London, EC2VC 8EA3 United Kingdom	
	Bank of America N.A 55F, Cheung Kong Centre 2 Queens Road Central, Central Hong Kong	
AUDITOR	: Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebène 72201 Mauritius	

The directors present the financial statements of Bhira Investments Limited (the "Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

RESULTS

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

The Company had not declared and paid any dividend during the year under review (2016: dividend of USD15,000,000 has been paid to its shareholder).

DIRECTORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

AUDITOR

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

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

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required for **Bhira Investments Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2017.



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

Registered office:

IFS Court, Bank Street
TwentyEight Cybercity
Ebene 72201
Mauritius

Date: 25 April 2017

Independent auditor's report to the Shareholder of Bhira Investments Limited

Report on the audit of the financial statements

Adverse opinion

We have audited the financial statements of **Bhira Investments Limited** (the "Company") set out on pages 8 to 42, which comprise the statement of financial position as at 31 March 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for adverse opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

Basis for adverse opinion

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 investment in joint ventures amounting to USD 316,456,007 at cost less impairment as at 31 March 2017. Accordingly the financial statements have not been prepared in accordance with the requirements of IFRS 11. Had the interest in the jointly controlled entity be recognised using the equity method, some elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to equity account have not been determined.

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.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the IESBA Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Material Uncertainty Related To Going Concern

We draw attention to note 26 of the financial statements which indicate that as at 31 March 2017, the company had a shareholder's deficit of USD 250,801,429. This condition along with the matters as set out in note 26 indicates the existence of a material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern. The Company's financial statements have been prepared on a going concern basis, the validity of which depends upon continued availability of funds being made available by the shareholder. The Company's financial statements do not include any adjustments that would result from non-availability of finance. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have not obtained all information and explanations that we have required in so far as explained in the Basis for Adverse Opinion section;
- in our opinion, except for the matters explained in the Basis for Adverse Opinion section, proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- except for matters explained in the Basis for Adverse Opinion section, 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.

Independent auditor's report to the Shareholder of Bhira Investments Limited (cont'd)

Other information

The directors are responsible for the other information. The other information comprises the Company Information, Commentary of Directors and the Certificate from Secretary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent auditor's report to the Shareholder of
Bhira Investments Limited (cont'd)**

Auditor's responsibilities for the audit of the financial statements (cont'd)

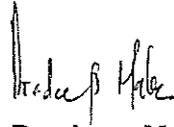
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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


Deloitte

Chartered Accountants



Pradeep Malik, FCA

Licensed by FRC

BHIRA INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	2017 USD	2016 USD
INCOME			
Dividend income		46,933,333	13,866,667
Bank interest income		162,937	15,395
Interest income on loan		831,197	1,942,587
Loan amortisation income	7 (a) (i)	2,714,593	6,563,383
Management fee income	15	20,940,000	16,800,000
Premium on hedge		283,543	690,519
Marked to market gain on derivatives	14 (a)	3,100,133	487,012
		<u>74,965,736</u>	<u>40,365,563</u>
OPERATING EXPENSES			
Tax Residence Service fees		400	400
Licence fees		2,100	2,100
Audit fees		28,268	20,723
Bank charges		10,900	8,420
Interest expense on loan	20	13,172,649	17,367,435
Marked to Market loss on derivatives	14 (b)	614,792	-
Premium on hedge		424,214	1,647,433
Amortisation of loan	12	15,132,037	12,009,255
Impairment loss	5	-	300,000,000
Legal and professional fees		891,455	800,987
Donations	16	750,000	750,000
Service fee expense	17	427,319	363,374
Guarantee commission	18	1,334,630	1,305,590
Hedging costs		-	40,425
Agency fees		-	30,000
Other expenses		-	4,772
Provision for doubtful debts	8	784,494	-
		<u>33,573,258</u>	<u>334,350,914</u>
PROFIT / (LOSS) BEFORE TAXATION		41,392,478	(293,985,351)
Taxation	19	(4,693,333)	(1,386,667)
PROFIT / (LOSS) AND TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u><u>36,699,145</u></u>	<u><u>(295,372,018)</u></u>

The notes on pages 12 to 42 form an integral part of these financial statements.
The independent audit report is on page 5-7.

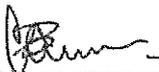
BHIRA INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

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	Notes	2017 USD	2016 USD
ASSETS			
<u>Non-current asset</u>			
Investment in joint venture	5	316,456,007	316,456,007
Loans to related parties	7(a)	-	45,195,485
		<u>316,456,007</u>	<u>361,651,492</u>
<u>Current assets</u>			
Loans to related parties	7(b)	283,632,405	228,800,335
Trade and other receivables	8	80,272,558	58,771,665
Cash and cash equivalents	9	15,354,908	4,950,640
Derivative financial assets	14 (a)	3,100,133	-
		<u>382,360,004</u>	<u>292,522,640</u>
<u>Assets classified as held for sale</u>			
Investment in joint venture	6	100,089,097	100,089,097
		<u>100,089,097</u>	<u>100,089,097</u>
Total assets		<u>798,905,108</u>	<u>754,263,229</u>
EQUITY AND LIABILITIES			
<u>Capital and reserves</u>			
Stated capital	10	1,000,000	1,000,000
Accumulated losses		(251,801,429)	(288,500,574)
Shareholder's deficit		<u>(250,801,429)</u>	<u>(287,500,574)</u>
<u>Non current liabilities</u>			
Loan from related parties	11(a)	340,000,000	458,800,000
Loans	12	420,716,088	453,163,050
		<u>760,716,088</u>	<u>911,963,050</u>
<u>Current liabilities</u>			
Other payables	13	70,172,836	47,361,233
Derivative financial liabilities	14 (b)	614,792	-
Loans from related parties	11(c/d/e)	215,639,520	82,439,520
Advance from sale of investment in joint venture	6	2,563,301	-
		<u>288,990,449</u>	<u>129,800,753</u>
Total equity and liabilities		<u>798,905,108</u>	<u>754,263,229</u>

Approved by the Board of Directors and authorised for issue on 25 April 2017


 Director


 Director

The notes on pages 12 to 42 form an integral part of these financial statements.
 The independent audit report is on page 5-7.

BHIRA INVESTMENTS LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2017

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	Note	Stated capital USD	Accumulated losses USD	Total USD
At 1 April 2015		1,000,000	21,871,444	22,871,444
Loss and total comprehensive loss for the year		-	(295,372,018)	(295,372,018)
Dividend paid	22	-	(15,000,000)	(15,000,000)
At 31 March 2016		1,000,000	(288,500,574)	(287,500,574)
Profit and total comprehensive income for the year		-	36,699,145	36,699,145
At 31 March 2017		1,000,000	(251,801,429)	(250,801,429)

The notes on pages 12 to 42 form an integral part of these financial statements.
 The independent audit report is on page 5-7.

BHIRA INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	2017 USD	2016 USD
Cash flows from operating activities			
Profit/(loss) before tax		41,392,478	(293,985,351)
<i>Adjustments for:</i>			
Bank interest income		(162,937)	(15,395)
Interest income on loan		(831,197)	(1,942,587)
Loan amortisation income	7 (a)(i)	(2,714,593)	(6,563,383)
Premium on hedge income		(283,543)	(690,519)
Premium on hedge expense		424,214	1,647,433
Interest expense on loan	20	13,172,649	17,367,435
Impairment	5	-	300,000,000
Amortisation of loan	12	15,132,037	12,009,255
Marked to market gain on derivatives	14(a)	(3,100,133)	(487,012)
Marked to market loss on derivatives	14(b)	614,792	-
Provision for doubtful debts		784,494	-
Dividend income netted off against loan	11(c)	(42,240,000)	(12,480,000)
		<u>22,188,261</u>	<u>14,859,876</u>
Movement in working capital:			
Increase in other receivables		(21,441,420)	(8,395,802)
Increase/(decrease) in other payables		9,692,570	(84,349)
<i>Cash generated from operating activities</i>		<u>10,439,411</u>	<u>6,379,725</u>
Withholding tax suffered		(4,693,333)	(1,386,667)
<i>Net cash generated from operating activities</i>		<u>5,746,078</u>	<u>4,993,058</u>
Cash flows from investing activities			
Bank interest received		150,071	31,533
Advance from sale of investment in joint venture	6	2,563,301	-
<i>Net cash generated from investing activities</i>		<u>2,713,372</u>	<u>31,533</u>
Cash flows from financing activities			
Premium on hedge paid		(163,110)	(965,720)
Premium on hedge received		22,533	26,483
Dividend paid		-	(27,000,000)
Upfront fees paid on loan		-	(6,927,450)
Loan management fee income received	7(a)(i)	442,700	1,086,012
Interest paid on loan		(12,632,613)	(12,556,392)
Loan received from related party		56,640,000	2,850,040
Interest received on loan	7(a)(i)/20(a) (ii)	1,952,234	6,656,646
Loan to related party	7(b)(i)	(18,000,000)	(23,761,874)
Loan repaid to bank	12	(35,000,000)	-
Loan repaid by related party	7(a)(i)/20(a) (ii) (v)	8,683,074	45,818,227
<i>Net cash generated from/(used in) financing activities</i>		<u>1,944,818</u>	<u>(14,774,028)</u>
Net increase/(decrease) in cash and cash equivalents		10,404,268	(9,749,437)
Cash and cash equivalents at beginning of year		4,950,640	14,700,077
Cash and cash equivalents at end of year		<u><u>15,354,908</u></u>	<u><u>4,950,640</u></u>

The notes on pages 12 to 42 form an integral part of these financial statements.
The independent audit report is on page 5-7.

1. BACKGROUND INFORMATION

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 27 April 2007 as a domestic and private company with limited liability by shares and changed its legal regime to a Category 1 Global Business Company on 22 June 2007. It holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, Bank Street, TwentyEight Cybercity, Ebene 72201, Mauritius

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

2. SIGNIFICANT ACCOUNTING POLICIES

Except for non-compliance with International Financial Reporting Standards ("IFRS") 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, the financial statements have been prepared in accordance with IFRS. The preparation of the financial statements in accordance with and in compliance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the important accounting policies, which have been applied consistently, is set out below.

(a) Basis of preparation

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

(b) Investments in Joint Ventures

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

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

(c) Non current assets held for sale

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

(e) Cash and cash equivalents

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

Short term deposits

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

(f) Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit or loss.

(i) Financial Assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(i) Financial Assets (continued)

Loans and receivables

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

Effective interest method

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

Impairment of financial assets

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

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)

(f) Financial instruments (continued)

(i) Financial Assets (continued)

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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Financial liabilities

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) 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 cap. Further details of derivative financial instruments are disclosed in notes 14 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 and subordinated notes are initially measured at fair value, net of transaction costs. Transaction costs are defined as incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability. An incremental cost is one that would not have been incurred if the Company had not acquired, issued or disposed of the financial instrument.

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

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

(e) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, expired or changed. Where the terms of the financial liability is substantially different, the exchange is accounted for as an extinguishment of the original liability and recognition of a new liability.

(g) Related parties

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

(h) Revenue recognition

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Expense recognition

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

(j) Taxation

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

Current tax

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

Deferred tax

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax for the year

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of assets

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

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

The carrying amount of the asset is reduced by the impairment loss directly for all assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of profit or loss.

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

(l) Provisions

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

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

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

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for accounting periods beginning on 1 April 2016.

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 1	Presentation of Financial Statements - Amendments resulting from disclosure initiative
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception
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 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective 1 January 2016)

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

3.1 *Standards and Interpretations adopted with no effect on the financial statements (continued)*

IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the application of the consolidation exception

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 7	Statement of Cash Flows - Amendments as result of the Disclosure initiative (effective 1 January 2017)
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
IAS 28	Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2018)
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 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Amendments which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 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 JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments in applying the Company's accounting policies

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

Determination of functional currency

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

Impairment of investments in joint ventures

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

As at 31 March 2017, the directors believe that the carrying values approximate the fair values of these investments after recognising impairment loss in the financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
 (CONTINUED)

Fair value of investment held for sale

The Company also holds financial instruments that are not quoted on active markets. At a meeting of the board of directors of the Company held on 26 November 2013, it was resolved to dispose some investments at a gross consideration of USD390 million. At another meeting of the board of directors of the Company held on 20 October 2016, it was resolved to revise the consideration from USD390 million to USD246.64 million. At 31 March 2017, the investments held for disposal have been reported at the lower of the carrying amount and fair value less cost to sell.

Fair value of derivative financial assets

The Company had entered into derivative financial instruments to manage its exposure to interest rate including interest rate caps and swaps. The interest rate caps and swaps have been designated as financial assets at fair value through profit or loss. The fair valuation is the marked to market value as at the reporting date. The fair value of the derivative is worked out by the respective banks Sumitomo Mitsui Banking Corporation and DBS Bank Limited used Proprietary model as their valuation methodology.

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 Sumitomo Mitsui Banking Corporation and DBS Bank Limited used Proprietary model as their valuation methodology.

5. INVESTMENTS IN JOINT VENTURES

	2017 USD	2016 USD
<u>At cost less impairment</u>		
At 1 April	316,456,007	616,456,007
Impairment loss	-	(300,000,000)
At 31 March	<u>316,456,007</u>	<u>316,456,007</u>

Details of the investments in joint ventures are as follows:

	Place of incorporation	Number of shares	% Holding 2017/2016		2017	2017	2016	2016
			Direct	Indirect	Cost USD	Carrying Value USD	Cost USD	Carrying Value USD
PT Kaltim Prima Coal (net of impairment)	Indonesia	123,510	30%	-	618,194,940	316,403,246	618,194,940	316,403,246
PT Indocoal Kaltim Resources	Indonesia	82,380	30%	-	50,430	50,430	50,430	50,430
Candaria Investments Pte Ltd	Singapore	1	30%	-	2	2	2	2
PT Dwikorwi Prima Abadi	Indonesia	99	0.9%	30%	1,109	1,109	1,109	1,109
PT Marvel Capital Indonesia	Indonesia	1,089	0.99%	30%	1,220	1,220	1,220	1,220
					<u>618,247,701</u>	<u>316,456,007</u>	<u>618,247,701</u>	<u>316,456,007</u>

5. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

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

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

As at 31 March 2017 based on an independent valuation of KPC and related Companies as at 31st March 2017, the directors consider that there is no impairment.

6. ASSET CLASSIFIED AS HELD FOR SALE

Name of company	Country of incorporation	Number and type of shares	% Holding	2017 Cost USD	2016 Cost USD
PT Arutmin Indonesia	Indonesia	3,000 ordinary shares	30%	100,057,997	100,057,997
PT Indocoal Kalsel Resources	Indonesia	60,000 ordinary shares	30%	31,100	31,100
				100,089,097	100,089,097

PT Arutmin Indonesia ("Arutmin") and PT Indocoal Kalsel Resources ("Kalsel") are engaged in the coal mining sector. On 26 November 2013, the Board of directors had approved the disposal of the Company's investment in PT Arutmin Indonesia and PT Indocoal Kalsel Resources.

Subsequently, the Company together with its fellow subsidiary, Bhivpuri Investments Limited ("Bhivpuri") entered into a conditional agreement on 30 January 2014 with an unrelated third party named Long Haul Holdings Limited for the sale of PT Arutmin Indonesia ("Arutmin"), PT Indocoal Kalsel Resources ("Kalsel") and Indocoal Resources Cayman Limited ("Indocoal" for Arutmin Assets & Liabilities). Since the investments were expected to be disposed within the next 12 months, they were accordingly reclassified from non-current assets to asset held for sale as from 31 March 2014. Since then, there have been amendments made to the conditional agreement and the Long Stop Date had been extended multiple times which currently stands at 31 December 2016. However, the sale was not completed since some conditions precedents needed to be fulfilled prior to the transfer of shares and receipt of the consideration, which include clearances from the lenders. The Company and Bhivpuri have been in constant negotiations with the counterparty and an alternative arrangement has been negotiated.

The Company together with its fellow subsidiary, Bhivpuri Investments Limited have now entered into a new agreement with PT Cakrawala Langit Sejahtera ("CLS"), (Long Haul Holdings Limited as per earlier arrangement) for a purchase consideration of USD 246.64 mn with effect from 29 November 2016. Out of the USD 246.64 mn, USD 200.06 mn will be allocated to the Company and USD 46.58 mn to Bhivpuri Investments Limited. The Purchase consideration would be received essentially at an agreed rate per ton of coal mined by CLS till 2020.

One of the completion conditions (in both the previous and the revised Agreement) to the finalisation and operationalization of the deal is the restructuring of Indocoal, in Bhivpuri where it is expected that post the transfer of all Assets and Liabilities of PT Kaltim Prima Coal (KPC), Indocoal Cayman would represent only Assets & liabilities relating to Arutmin.

The titles of shares will be transferred upon execution of the amended & restated Arutmin Share Purchase Agreement ("Amendment Agreement"). However, as a security to unrealized payments, the Shares will be pledged back in favour of the Company on and around the date of completion. The investment has not yet been disposed of as at 31 March 2017. Bhira has already received USD2,563,301 as at 31 March 2017 as advance from the sale of the Arutmin assets as per the terms of the new agreement.

In the event the business model of Indocoal is no longer viable, it was approved at a board meeting of the Company held on 14 May 2013, that it would buy out Indocoal from Bhivpuri at a price equal to the cost of Indocoal in the books of Bhivpuri. The Board of Directors of Bhivpuri had also approved on 23 May 2013 to sell the investment held in Indocoal at a price equal to the cost of Indocoal in the books of Bhivpuri.

7. LOANS TO RELATED PARTIES

(a) Long term loans	2017	2016
	USD	USD
(i) PT Mitratama Perkasa ("PTMP")	-	45,195,485
<i>PTMP</i>		
Opening balance	61,500,048	77,135,581
Amortisation income from loan	2,714,593	6,563,383
Loan repayment received	(8,683,074)	(16,504,227)
Interest payment received	(1,952,234)	(4,608,677)
Management fee income received	(442,700)	(1,086,012)
Closing balance	53,136,633	61,500,048
Classified as:		
-short term	53,136,633	16,304,563
-long term	-	45,195,485
	53,136,633	61,500,048

The Company had granted loans aggregating USD118 million to PTMP. Loans had been split into 2 categories, Loan A equal to USD83 million and Loan B equal to USD35 million. Loan A carries an interest at the rate of LIBOR plus 6% per annum and loan management fees of 1.5% per annum whilst Loan B carries interest at a rate of LIBOR plus 6.25% per annum and loan management fees of 1.5% per annum. Loan A is repayable over 66 months after the initial drawdown date of 12 June 2012 whilst Loan B is repayable in 6 instalments from month 67 to month 72 after the initial drawdown. Part of the loan to PTMP was previously classified as long term. The Board of directors has resolved at a meeting held on 20 October 2016 to cease accruing interest on the loan taken from PTMP as from 15 September 2016. Pursuant to the Novation Deed dated 29 November 2016 entered between Rwood Resources Limited, PT Mitratama Perkasa and the Company, the loan receivable shall be novated to RWood Resources Limited within one year whereby the latter wishes to assume the rights and obligations of Bhira in respect of the PTMP Debt. Thus, the loan has been re classified as short term as at 31 March 2017. The loan to PTMP is unsecured.

(ii) Khopoli Investments Limited	2017	2016
	USD	USD
Opening balance	-	100,000,000
Loan refinanced	-	(100,000,000)
Closing balance	-	-

The loan of USD100 million to Khopoli Investments Limited which was unsecured and carried interest at the rate LIBOR plus margin of 2.05% per annum was repaid on 31 August 2015.

7. LOANS TO RELATED PARTIES (CONTINUED)

(b) Short term loans	2017	2016
	USD	USD
(i) Bhivpuri Investments Limited	167,355,079	149,355,079
(ii) PT Mitralama Perkasa	82,496,633	45,664,563
(iii) Tata Power International Pte Ltd	6,200,000	6,200,000
(iv) Khopoli Investments Limited	27,580,693	27,580,693
	<u>283,632,405</u>	<u>228,800,335</u>
<i>(i) Bhivpuri Investments Limited</i>	2017	2016
	USD	USD
Opening balance	149,355,079	149,355,079
Loan granted	18,000,000	-
Closing balance	<u>167,355,079</u>	<u>149,355,079</u>

The loan to Bhivpuri Investments Limited amounting to USD149,355,079 is interest free, unsecured and repayable as and when agreed by the parties whilst the loan amounting to USD18,000,000 bears interest at LIBOR + 2.5% per annum, unsecured and repayable as and when agreed by the parties.

<i>(ii) PT Mitralama Perkasa ("PTMP")</i>	2017	2016
	USD	USD
Opening balance	29,360,000	8,440,000
Loan granted	-	20,920,000
Closing balance	<u>29,360,000</u>	<u>29,360,000</u>

The loan of USD29,360,000 granted to PTMP carries interest at the rate of LIBOR plus a margin of 4%. The loan shall be repaid only at a date that is reasonably agreed between the Company and PTMP. The Board of directors has resolved at a meeting held on 20 October 2016 to cease accruing interest on the loan taken from PTMP as from 31 August 2016. Pursuant to the Receivables Novation Deed dated 29 November 2016 entered between Rwood Resources Limited, PTMP and the Company, the loan receivable and accrued interest as at 31 August 2016 shall be novated to RWood Resources Limited within one year whereby the latter wishes to assume the rights and obligations of Bhira in respect of the PTMP Debt. The loan to PTMP is unsecured.

<i>(iii) Tata Power International Pte Ltd</i>	2017	2016
	USD	USD
Balance at 31 March 2017	<u>6,200,000</u>	<u>6,200,000</u>

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

<i>(iv) Khopoli Investments Limited</i>	2017	2016
	USD	USD
Opening balance	27,580,693	54,052,819
Loan granted	-	2,841,874
Loan repaid	-	(29,314,000)
Closing balance	<u>27,580,693</u>	<u>27,580,693</u>

The loan of USD27,580,693 to Khopoli Investments Limited is unsecured, interest free and repayable on demand

8. TRADE AND OTHER RECEIVABLES

	2017	2016
	USD	USD
Interest on loan to related parties	5,778,755	4,947,557
Interest receivable on short-term deposits	12,866	-
Prepayments	4,550	2,800
Management fee receivable	68,587,969	47,647,969
Amounts paid at the request of related parties	5,888,418	5,388,845
Other receivables	784,494	784,494
Provision for doubtful debts	(784,494)	-
	<u>80,272,558</u>	<u>58,771,665</u>

The management fee is receivable from Khopoli Investments Limited and Tata Power International Pte Limited, both related companies and it has been agreed by both parties to repay the dues as and when required. The amounts paid at the request of related parties are unsecured, non-interest bearing and repayable on demand.

The Directors of the Company have made a provision to doubtful debts amounting to USD784,494 for the receivable from PT Bumi of USD13,569, interest receivable from Bumi of USD45,782 and the management fee receivable from PT Nusantara Indah of USD725,143 as they are of the opinion that the recovery of these amounts are doubtful.

9. CASH AND CASH EQUIVALENTS

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

	2017	2016
	USD	USD
Cash at bank	219,671	4,950,640
Short term bank deposits	15,135,237	-
	<u>15,354,908</u>	<u>4,950,640</u>

The interest rate on short term deposits ranges from 1.20% to 1.25% (2016: 0.35% to 0.70%) for the year under review. The term deposits are less than 3 months.

10. STATED CAPITAL

	2017	2016
	USD	USD
1,000,000 ordinary shares of USD1 each	1,000,000	1,000,000

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

11. LOAN FROM RELATED PARTIES

Long term loans

	2017	2016
	USD	USD
(a) Khopoli Investments Limited	340,000,000	340,000,000
(b) PT Mitratama Perkasa	-	118,800,000
	<u>340,000,000</u>	<u>458,800,000</u>

(a) Khopoli Investments Limited

Balance at	<u>340,000,000</u>	<u>340,000,000</u>
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The loan from related party is unsecured, repayable on 31 December 2021 and carries interest at the rate of LIBOR plus margin as agreed between the parties on the basis of 360 days a year. The effective rate of interest ranges from 1.3858% to 2.8217% per annum.

(b) PT Mitratama Perkasa

	2017	2016
	USD	USD
At 1 April	118,800,000	118,800,000
Re classified as short term	(118,800,000)	-
At 31 March	<u>-</u>	<u>118,800,000</u>

The Company has taken loans aggregating USD118.8 million from PTMP. The loans have been split into 2 categories, Loan A equal to USD83.8 million and Loan B amounting to USD35 million. Loan A carries interest at LIBOR plus 6.1% per annum whilst interest on Loan B is LIBOR plus 6.35% per annum. The amount shall be deemed payable on a cumulative basis and on the applicable Final Maturity Date that is in 66 months after initial drawdown date of 12 June 2012 for Loan A and in 72 months after initial drawdown for Loan B, as defined in the inter company loan agreement entered with PTMP. The loan from PTMP was previously classified as long term. Interest on Loan A and Loan B is accrued only till 31 August 2016 as agreed at a Board meeting of the Company held on 20 October 2016. Pursuant to the Novation Deed dated 29 November 2016 entered between Rwood Resources Limited, PT Mitratama Perkasa and the Company, the loan payable shall be novated to RWood Resources Limited within one year whereby the latter wishes to assume the rights and obligations of Bhira in respect of the PTMP Debt. Thus, the loan has been re classified as short term as at 31 March 2017..

	2017	2016
	USD	USD
Short term loans		
(c) PT Kaltim Prima Coal	14,700,000	3,840,000
(d) PT Arutmin Indonesia	48,924,761	48,924,761
(e) PT Dwikarya Prima Abadi	33,214,759	29,674,759
(f) PT Mitratama Perkasa	118,800,000	-
	<u>215,639,520</u>	<u>82,439,520</u>

11. LOAN FROM RELATED PARTIES (CONTINUED)

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

The Company entered into an inter-company loan facility agreement dated 30 September 2011, with KPC having effective date 15 May 2011. Pursuant to the agreement, KPC has granted a loan facility of up to USD150,000,000 to the Company. The loan is unsecured, repayable on demand only out of dividends received by the Company from KPC and carries interest at the rate of 3 months LIBOR plus margin of 2% per annum. For the year ended 31 March 2017, the loan was netted off against dividend income of USD46,933,333 received by the Company from KPC (2016: USD13,866,667).

	2017	2016
	USD	USD
Opening balance	3,840,000	16,320,000
Loan received	53,100,000	-
Dividend income (net of withholding tax)	(42,240,000)	(12,480,000)
Closing balance	<u>14,700,000</u>	<u>3,840,000</u>

(d) PT Arutmin Indonesia ("Arutmin")

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

	2017	2016
	USD	USD
Balance at	<u>48,924,761</u>	<u>48,924,761</u>

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

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

	2017	2016
	USD	USD
Opening balance	29,674,759	26,824,719
Loan received	3,540,000	2,850,040
Closing balance	<u>33,214,759</u>	<u>29,674,759</u>

12. LOANS

The Company has entered into a Term Facility Agreement dated 1 August 2014 with the Royal Bank of Scotland ("RBS"), Australia and New Zealand Banking Group Limited, Bank of America, N.A. and Standard Chartered Bank which was amended by a Syndication and Amendment Agreement dated 25 September 2014 for drawing a loan facility of up to USD560 million in 2 tranches as follows. In accordance with clause 25.11 (c) of the Term Facility Agreement, RBS had resigned as agent with effect from 5 November 2015 and National Bank of Abu Dhabi PJSC was appointed as agent in its stead.

Pursuant to a Facility Agreement dated 24 February 2016, the loan of USD460 million has been refinanced on 29 February 2016 with Bank of America N.A acting as agent and a consortium of banks comprising of Industrial and Commercial Bank of China (Asia) Limited, Bank of America N.A, DBS Bank Limited, Export Development Canada, Sumitomo Mitsui Banking Corporation, Australia and New Zealand Banking Group Limited and Axis Bank Limited Hong Kong Branch.

The refinanced USD460 million loan carries interest at the rate of 1 month LIBOR plus margin of 1.95% and is repayable on 26 February 2021.

	2017	2016
	USD	USD
USD460 million loan	420,716,088	453,163,050
	<u>420,716,088</u>	<u>453,163,050</u>
	2017	2016
	USD	USD
Opening balance	-	458,919,623
Amortisation of loan	-	10,972,644
Interest paid	-	(9,892,267)
Loan refinanced	-	(460,000,000)
Closing balance	<u>-</u>	<u>-</u>
	2017	2016
	USD	USD
Loan	453,163,050	460,000,000
Upfront fee	-	(6,927,450)
Amortisation of loan	15,132,037	1,036,611
Interest paid	(12,578,999)	(946,111)
Repayment	(35,000,000)	-
Closing balance	<u>420,716,088</u>	<u>453,163,050</u>

The holding company has agreed to guarantee the above loan for the sum of USD460,000,000, as reduced on each day on which any principal amount the loan is repaid or prepaid or increased at any time on which any principal amount of the loan so repaid or prepaid is reinstated, in each case, to an amount at all times equal to 110% of the principal amount of the loan then outstanding.

13. OTHER PAYABLES

	2017	2016
	USD	USD
Accruals	188,468	131,841
Interest on loan from related parties	59,376,307	46,257,272
Other payables to shareholders	472,236	381,648
Other payables to related party	9,933,249	377,546
Other payables	202,576	212,926
	<u>70,172,836</u>	<u>47,361,233</u>

14. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative financial assets

(i) Interest rate swap DBS Bank Ltd: Notional Value USD60,000,000

(ii) Interest rate swap Sumitomo Mitsui Banking Corporation ("SMBC"): Notional Value USD55,000,000

The Company has purchased 2 interest rate swaps at a swap rate of 1.0975% p.a. from DBS Bank Ltd and SMBC for the long term loan of USD460 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the swap payoff would be made quarterly on a net basis. In case the LIBOR is below 1.0975%, there is no pay out to the Company.

However, if the LIBOR is higher than the aforementioned rate, the Company receives the applicable LIBOR on the notional value and pays only 1.0975% on the outstanding notional value.

The marked to market loss for the year ended 31 March 2016 relates to interest rates swaps from ICICI Bank Limited. Further to the refinancing of the loan by Khopoli Investments Limited ("Khopoli"), the Company has transferred the underlying derivative transaction and related accounts to Khopoli pursuant to a novation Agreement dated 23 December 2015.

	<u>2017</u>	<u>2016</u>
	USD	USD
Opening balance	-	107,310
Marked to market gain / (loss) on interest rate swap	3,100,133	(107,310)
Classified as derivative financial assets	<u>3,100,133</u>	<u>-</u>

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

Derivative Financial assets/(liability)	Fair Value hierarchy	Valuation technique	Fair value as at	
			<u>2017</u>	<u>2016</u>
			USD	USD
DBS Bank Ltd	Level 2	Proprietary model	1,625,614	-
SMBC	Level 2	Proprietary model	1,474,519	-
			<u>3,100,133</u>	<u>-</u>

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

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Derivative financial liabilities

(i) Interest rate swap DBS Bank Ltd: Notional Value USD75,000,000

(ii) Interest rate swap Sumitomo Mitsui Banking Corporation ("SMBC"): Notional Value USD40,000,000

The Company has purchased an interest rate swap at a swap rate of 1.0944% p.a. from DBS Bank Ltd and an interest rate swap at a swap rate of 1.0945% from SMBC for the long term loan of USD460 million (see Note 12) to mitigate the risk of adverse fluctuation in LIBOR. Settlement of the swap payoff would be made quarterly on a net basis. In case the LIBOR is below 1.0944%, there is no pay out to the Company from DBS Bank Ltd and in case the LIBOR is below 1.0945%, there is no pay out to the Company from SMBC.

The marked to market gain for the year ended 31 March 2016 relates to interest rates swaps from ANZ and ICICI Bank Limited. Further to the refinancing of the loan by Khopoli Investments Limited ("Khopoli"), the Company has transferred the underlying derivative transaction and related accounts to Khopoli pursuant to a novation Agreement dated 23 December 2015.

	2017 USD	2016 USD
Opening balance	-	594,322
Marked to market loss/(gain) on interest rate swap	614,792	(594,322)
Classified as derivative financial liabilities	<u>614,792</u>	<u>-</u>

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

Derivative liabilities	Fair value hierarchy	Valuation technique	Fair Value as at	
			2017 USD	2016 USD
DBS Bank Ltd	Level 2	Proprietary model	401,373	-
SMBC	Level 2	Proprietary model	213,419	-
			<u>614,792</u>	<u>-</u>

15. MANAGEMENT FEE INCOME

Pursuant to a Subcontracting Agreement dated 1 August 2012 (the "Subcontracting Agreement") entered with Khopoli Investments Limited ("Khopoli"), Khopoli has subcontracted the provision of management support services to the Company in return for a fee of USD1,400,000 per month. For the year ended 31 March 2017, the Company had received a management fee income of USD12,600,000 (2016: USD16,800,000). At a Board meeting of the Company held on 25 January 2017, the Board had approved the termination of the Subcontracting Agreement with effect from 1 January 2017. The Company has entered into a Restated and Amended Services Agreement with Tata Power International Pte Limited ("TPIPL") and a Deed of Novation with Khopoli and TPIPL dated 21 February 2017 (the "Agreements"), whereby the management fee which were previously received by Khopoli from TPIPL was novated in favour of the Company with effect from 1 January 2017. Pursuant to the Agreements, the Company has earned management fee income of USD2,780,000 per month from TPIPL and for the year ended 31 March 2017, the Company has received USD8,340,000 from TPIPL.

16. DONATION

On 18 August 2012, the Company had approved the funding of the development of Massachusetts Institute of Technology ("MIT") Center for Technology and Design of up to USD4.5M over a period of six years. During the year ended 31 March 2017, the Company had made contributions of USD750,000 (2016: USD750,000) towards the development of MIT.

17. SERVICE FEE EXPENSE

Pursuant to a Procurement Services Agreement dated 26 August 2011 entered into between the Company and its holding Company, The Tata Power Company Limited, the latter provides the Company expert services such as capital raising, mine acquisition, management of currency and interest rate markets. The Company pays service fee expense as agreed between parties from time to time. For the year ended 31 March 2017, the Company had incurred a service fee expense of USD427,319 (2016: USD363,374).

18. GUARANTEE COMMISSION

Guarantee commission represent arm's length fees payable to the holding company for acting as guarantor for the issue of subordinated notes contracted by the Company and loan availed by the Company from a consortium of banks (see Note 12). For the year ended 31 March 2017, the Company had incurred a guarantee commission of USD1,334,630 (2016: USD1,305,590).

19. TAXATION

The Company is liable to income tax on its chargeable income at the rate of 15% (2016:15%) 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 had a tax charge of USD4,693,333 (2016: USD1,386,667) during the year under review. The tax charge pertains to withholding tax suffered on dividend income received from PT Kaltim Prima Coal

	2017	2016
	USD)	USD)
Profit / (Loss) before taxation	41,392,478	(293,985,351)
Tax at the applicable rate of 15%	6,208,872	(44,097,803)
Tax effect of:		
Taxable Income	317,239	807,490
Other allowable expenses	(1,795,020)	(1,520,631)
Non allowable expenses	2,331,362	46,558,779
Withholding tax suffered	(4,693,333)	(1,386,667)
Foreign tax credit	4,663,853	1,290,576
Underlying tax credit	(11,726,306)	(3,038,411)
Tax Charge	(4,693,333)	(1,386,667)

20. RELATED PARTY TRANSACTIONS (CONTINUED)

<i>(a) (ii) (Payable to) / Receivable from Khopoli Investments Limited (fellow subsidiary)</i>	2017		2016	
	USD	USD	USD	USD
Closing Balance				
- Loan payable	(340,000,000)		(340,000,000)	
- Loan receivable	27,580,693		27,580,693	
- Interest Payable	(18,564,433)		(11,157,091)	
- Management fees receivable	60,247,968		47,647,968	
- Other receivable	5,874,119		5,103,956	
- Other payable	-	(264,861,653)	(369,696)	(271,194,170)
		<u>(264,861,653)</u>	<u>(369,696)</u>	<u>(271,194,170)</u>

<i>(a) (iii) Receivable from Tata Power International Pte Ltd (fellow subsidiary)</i>	2017		2016	
	USD	USD	USD	USD
Opening Balance				
- Interest receivable	243,270		132,531	
- Loan	6,200,000	6,443,270	6,200,000	6,332,531
Movements:				
- Management fee income	8,340,000			
- Interest income	130,412	8,470,412	110,739	110,739
Closing Balance				
- Interest receivable	373,682		243,270	
- Management fee income receivable	8,340,000		-	
- Loan	6,200,000	14,913,682	6,200,000	6,443,270
		<u>14,913,682</u>	<u>6,200,000</u>	<u>6,443,270</u>

<i>(a) (iv) Receivable from Bhivpuri Investments Limited ("Bhivpuri") (fellow subsidiary)</i>	2017		2016	
	USD	USD	USD	USD
Opening Balance				
- Loan	149,355,079		149,355,079	
- Interest receivable	3,797,638		3,797,638	
- Other receivable	284,889	153,437,606	235,211	153,387,928
Movements:				
- Expenses paid by the Company	28,774		49,678	
- Expenses paid by Bhivpuri	(14,475)		-	
- Netting off of payable balance	(284,889)		-	
- Loan granted	18,000,000		-	
- Interest income	144,184	17,873,594	-	49,678
Closing Balance				
- Loan	167,355,079		149,355,079	
- Interest receivable	3,941,822		3,797,638	
- Other receivable	14,299	171,311,200	284,889	153,437,606
		<u>171,311,200</u>	<u>284,889</u>	<u>153,437,606</u>

20. RELATED PARTY TRANSACTIONS (CONTINUED)

	2017		2016	
	USD	USD	USD	USD
<i>(a) (v) (Payable to) / Receivable from PT</i>				
<i>Mitratama Perkasa ("PTMP") (Entity</i>				
<i>under common shareholding)</i>				
Opening Balance				
- Loan receivable	90,860,048		85,575,581	
- Loan payable	(118,800,000)		(118,800,000)	
- Interest payable	(29,222,855)		(21,461,158)	
- Interest receivable	906,650	(56,256,157)	54,054	(54,631,523)
Movements:				
Loan granted	-		20,920,000	
Amortization of loan income	2,714,593		6,563,383	
Loan repayment received	(8,683,074)		(16,504,227)	
Interest received	(1,952,234)		(4,608,677)	
Interest income	556,601		852,596	
Receipt from PTMP	9,925,400		-	
Interest expense	(3,347,817)		(7,761,697)	
Loan management fees received	(442,700)	(1,229,231)	(1,086,012)	(1,624,634)
Closing Balance				
- Loan receivable	82,496,633		90,860,048	
- Interest payable	(32,570,671)		(29,222,855)	
- Interest receivable	1,463,251		906,650	
- Payable	9,925,400		-	
- Loan payable	(118,800,000)	(57,485,388)	(118,800,000)	(56,256,157)
		<u>(57,485,388)</u>		<u>(56,256,157)</u>

	2017		2016	
	USD	USD	USD	USD
<i>(a) (vi) Payable to PT Dwikarya Prima</i>				
<i>Abadi (Joint Venture)</i>				
Opening Balance				
- Interest payable	(1,120,085)		(469,701)	
- Loan	(29,674,759)	(30,794,844)	(26,824,719)	(27,294,420)
Movements:				
- Interest expense	(816,753)		(650,384)	
- Loan received	(3,540,000)	(4,356,753)	(2,850,040)	(3,500,424)
Closing Balance				
- Interest payable	(1,936,838)		(1,120,085)	
- Loan	(33,214,759)	(35,151,597)	(29,674,759)	(30,794,844)
		<u>(35,151,597)</u>		<u>(30,794,844)</u>

20. RELATED PARTY TRANSACTIONS (CONTINUED)

	2017		2016	
	USD	USD	USD	USD
<i>(a) (vii) Payable to PT Kaltim Prima Coal (Joint Venture)</i>				
Opening Balance				
- Loan	(3,840,000)		(16,320,000)	
- Interest payable	(23,627)		(80,444)	
- Other payable	(7,849)	(3,871,476)	(3,077)	(16,403,521)
Movements:				
- Dividend Income netted off	42,240,000		12,480,000	
- Interest Expense	(203,687)		(227,700)	
- Loan received	(53,100,000)		-	
- Other professional fees payable- bank charges	-		(4,772)	
- Interest Paid	53,614	(11,010,073)	284,517	12,532,045
Closing Balance				
- Loan Payable	(14,700,000)		(3,840,000)	
- Interest payable	(173,700)		(23,627)	
- Other payable	(7,849)	(14,881,549)	(7,849)	(3,871,476)
		(14,881,549)		(3,871,476)

	2017		2016	
	USD	USD	USD	USD
<i>(a) (viii) Payable to PT Arutmin Indonesia (Joint Venture)</i>				
Opening Balance				
- Loan payable	(48,924,761)		(48,924,761)	
- Interest payable	(4,733,616)	(53,658,377)	(3,529,734)	(52,454,495)
Movements:				
- Interest expense	(1,397,050)	(1,397,050)	(1,203,882)	(1,203,882)
Closing Balance				
- Loan payable	(48,924,761)		(48,924,761)	
- Interest payable	(6,130,666)	(55,055,427)	(4,733,616)	(53,658,377)
		(55,055,427)		(53,658,377)

Fees paid to management entity of the Company

International Financial Services Limited

	2017	2016
	USD	USD
Directors fees paid	3,750	3,750
Fees paid to management entity	83,776	80,198
Total fees paid to management entity	87,526	83,948

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 stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Capital Structure

The capital structure of the Company consists of net debt, stated capital and accumulated losses.

Significant accounting policies

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

Categories of financial instruments

	2017 USD	2016 USD
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>382,355,454</u>	<u>337,715,325</u>
Financial liabilities		
Amortized Cost	<u>1,047,143,236</u>	<u>1,041,763,803</u>

Prepayments amounting to USD4,550 (2016: USD2,800) do not form part of financial assets.

Financial risk management

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

(i) Market risk

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

(iii) Currency risk

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

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

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iii) Interest rate risk

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

All investments are financed by loan from related parties and the shareholder and proceeds from subordinated note. The Company's financial assets except trade and other receivables, loans to Bhivpuri Investments Limited and Khopoli Investments Limited and cash and cash equivalents and financial liabilities, except other payables, are interest-bearing. As such, the Company is subject to significant risk due to fluctuations in the prevailing levels of the market interest rates. Interest income from bank deposits may fluctuate in amount, in particular due to changes in the interest rates.

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

	5% increase 2017 USD)	5% decrease 2017 USD)	5% increase 2016 USD)	5% decrease 2016 USD)
Interest expense on loan	(658,632)	658,632	(868,372)	868,372
Effect on profit before tax	(658,632)	658,632	(868,372)	868,372

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

	5% increase 2017 USD)	5% decrease 2017 USD)	5% increase 2016 USD)	5% decrease 2016 USD)
Bank interest income	8,147	(8,147)	770	(770)
Effect on profit before tax	8,147	(8,147)	770	(770)

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

	5% increase 2017 USD)	5% decrease 2017 USD)	5% increase 2016 USD)	5% decrease 2016 USD)
Interest income on loan	41,560	(41,560)	97,129	(97,129)
Effect on profit before tax	41,560	(41,560)	97,129	(97,129)

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iv) *Credit risk*

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

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

<i>Carrying Amount</i>	2017	2016
	USD	USD
Loan receivable	283,632,405	273,995,820
Interest receivable on loan	5,778,755	4,947,557
Interest receivable on short term deposits	12,866	-
Management fees receivable	68,587,969	47,647,969
Expenses paid on behalf of related parties	5,888,418	5,388,755
Other receivables	-	784,494
	<u>363,900,413</u>	<u>332,764,595</u>

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

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

(v) *Liquidity risk management*

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

Liquidity and interest risk tables

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

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(v) *Liquidity risk management (continued)*

2017	Less than 1 Year USD	More than 1 Year USD	Total USD
Financial assets			
Fixed Interest bearing	15,135,237	-	15,135,237
Non-interest bearing	343,020,217	-	343,020,217
Variable interest rate instruments	24,200,000	-	24,200,000
	<u>382,355,454</u>	<u>-</u>	<u>382,355,454</u>
Financial liabilities			
Non-interest bearing	70,787,628	-	70,787,628
Variable interest rate instruments	215,639,520	760,716,088	976,355,608
	<u>286,427,148</u>	<u>760,716,088</u>	<u>1,047,143,236</u>
2016	Less than 1 Year USD	More than 1 Year USD	Total USD
Financial assets			
Fixed Interest bearing	240,655,277	-	240,655,277
Variable interest rate instruments	51,864,563	45,195,485	97,060,048
	<u>292,519,840</u>	<u>45,195,485</u>	<u>337,715,325</u>
Financial liabilities			
Non-interest bearing	47,361,233	-	47,361,233
Variable interest rate instruments	82,439,520	911,963,050	994,402,570
	<u>129,800,753</u>	<u>911,963,050</u>	<u>1,041,763,803</u>

(vi) *Fair values*

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

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

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

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

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

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

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

21. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(vi) Fair values (continued)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

	Average contracted fixed interest rate		Notional principal amount		Fair value assets (liabilities)	
	2017	2016	2017	2016	2017	2016
	%	%	USD	USD	USD	USD
Less than 1 year	1.09445	-	115,000,000	-	(614,792)	-
Less than 1 year	1.0975	-	115,000,000	-	3,100,333	-
			<u>230,000,000</u>	<u>-</u>	<u>2,485,541</u>	<u>-</u>

22. DIVIDEND PAID

The directors did not declare any dividends during the year under review (2016: USD15,000,000, USD15 per share).

23. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY

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

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

IFRS 11 requires a parent company that holds investments in joint ventures to apply the equity method for accounting its investments. However, the Company has not applied the equity method for accounting its joint ventures.

IFRS 12 Disclosure of Interests in Other Entities requires the parent company to make additional disclosures on its joint ventures. In addition to the information disclosed for each joint venture, the Company should give a summarized financial information including current assets, non-current assets, revenue, other comprehensive income among others and a reconciliation of the summarized financial information to the carrying amount of its interest in the joint venture.

However the Company has not applied IFRS 11 and IFRS 12 given the fact that the same is done at the parent (The Tata Power Company limited) level as at 31 March 2017.

25. CONTINGENCIES AND COMMITMENT

Contingencies

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

Commitments

On 14 May 2013, the Board of Directors (the "Board") had approved the buying out of Indocoal Resources (Cayman) Limited ("Indocoal") at the price that would be equivalent to the cost at which Indocoal was held in the books of Bhivpuri Investments Limited which was approximately USD432 million. However, Bhivpuri has entered into an agreement on 30 January 2014 for the sale of Indocoal Resources (Cayman) Limited. Consequently, the commitment will be contingent if buyer under the sale agreement does not proceed with the purchase of Indocoal. The investment has not yet been disposed of as at 31 March 2017 since some Conditions Precedent need to be fulfilled prior to the transfer of shares.

26. GOING CONCERN

At 31 March 2017, the Company had a shareholder's deficit of USD250,801,429 (31 March 2016: USD287,500,574). This condition indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

BHIRA INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Year ended March, 2017	Exchange Rate	Amount ₹	Year ended March, 2016	Exchange Rate	Amount ₹
	USD			USD		
INCOME						
Dividend income	469,33,333	67.09	31487,38,538	138,66,667	65.46	9077,27,275
Bank interest income	1,62,937	67.09	109,31,378	15,395	65.46	10,07,774
Interest income on loan	8,31,197	67.09	557,64,674	19,42,587	65.46	1271,63,882
Loan amortisation income	27,14,593	67.09	1821,20,959	65,63,383	65.46	4296,46,271
Management fees income	209,40,000	67.09	14048,56,224	168,00,000	65.46	10997,46,480
Premium on hedge	2,83,543	67.09	190,22,786	6,90,519	65.46	452,02,133
Marked to Market gain on derivatives	31,00,133	67.09	2079,86,683	4,87,012	65.46	318,80,341
	<u>749,65,736</u>	67.09	<u>50294,21,242</u>	<u>403,65,563</u>	65.46	<u>26423,74,156</u>
OPERATING EXPENSES						
Tax Residence Service Fees	400	67.09	26,836	400	65.46	26,184
License fees	2,100	67.09	1,40,888	2,100	65.46	1,37,468
Audit fees	28,268	67.09	18,96,489	20,723	65.46	13,56,550
Bank charges	10,900	67.09	7,31,277	8,420	65.46	5,51,182
Interest expense on loan	131,72,649	67.09	8837,47,752	173,67,435	65.46	11368,91,399
Marked to Market loss on Derivatives	6,14,792	67.09	412,46,149	-	65.46	-
Premium on hedge	4,24,214	67.09	284,60,348	16,47,433	65.46	1078,42,776
Amortisation of loan	151,32,037	67.09	10152,02,310	120,09,255	65.46	7861,39,042
Impairment loss	-	67.09	-	3000,00,000	65.46	196383,30,000
Legal and professional fees	8,91,455	67.09	598,07,359	8,00,987	65.46	524,33,490
Donation	7,50,000	67.09	503,17,200	7,50,000	65.46	490,95,825
Service fee expense	4,27,319	67.09	286,68,661	3,63,374	65.46	237,86,862
Guarantee commission	13,34,630	67.09	895,39,793	13,05,590	65.46	854,65,358
Hedging costs	-	67.09	-	40,425	65.46	26,46,265
Agency fees	-	67.09	-	30,000	65.46	19,63,833
Other Expenses	-	67.09	-	4,772	65.46	3,12,380
Provision for Doubtful Debts	7,84,494	67.09	526,31,389	-	65.46	-
	<u>335,73,258</u>	67.09	<u>22524,16,451</u>	<u>3343,50,914</u>	65.46	<u>218869,78,614</u>
PROFIT / (LOSS) BEFORE TAXATION	413,92,478	67.09	27770,04,791	(2939,85,351)	65.46	(192446,04,458)
Taxation	(46,93,333)	67.09	(3148,73,834)	(13,86,667)	65.46	(907,72,747)
PROFIT / (LOSS) AND TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	<u>366,99,145</u>	67.09	<u>24621,30,957</u>	<u>(2953,72,018)</u>	65.46	<u>(193353,77,205)</u>

BHIRA INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	As at March, 2017 USD	Exchange Rate	Amount ₹	As at March, 2016 USD	Exchange Rate	Amount ₹
ASSETS						
<u>Non current assets</u>						
Interest in joint ventures	3164,56,007	64.85	205221,72,054	3164,56,007	66.25	209644,19,324
Loan to related parties	-	64.85	-	451,95,485	66.25	29940,87,893
	<u>3164,56,007</u>	64.85	<u>205221,72,054</u>	<u>3616,51,492</u>	66.25	<u>239585,07,217</u>
<u>Current assets</u>						
Loans to related parties	2836,32,405	64.85	183935,61,464	2288,00,335	66.25	151574,50,193
Trade and other receivables	802,72,558	64.85	52056,75,386	587,71,665	66.25	38934,75,877
Cash and cash equivalents	153,54,908	64.85	9957,65,784	49,50,640	66.25	3279,67,523
Derivative financial assets	31,00,133	64.85	2010,43,625	-	66.25	-
	<u>3823,60,004</u>	64.85	<u>247960,46,259</u>	<u>2925,22,640</u>	66.25	<u>193788,93,593</u>
<u>Assets classified as held for sale</u>						
Investments in joint ventures	1000,89,097	64.85	64907,77,940	1000,89,097	66.25	66306,52,454
	<u>1000,89,097</u>	64.85	<u>64907,77,940</u>	<u>1000,89,097</u>	66.25	<u>66306,52,454</u>
Total assets	<u>7989,05,108</u>	64.85	<u>518089,96,253</u>	<u>7542,63,229</u>	66.25	<u>499680,53,264</u>
EQUITY AND LIABILITIES						
<u>Capital and reserves</u>						
Stated capital	10,00,000	41.00	410,00,000	10,00,000	41.00	410,00,000
(Accumulated losses) / retained earnings	(2518,01,429)	66.40	(167208,18,143)	(2885,00,574)	66.49	(191829,49,100)
Foreign Currency Translation Reserves	-		4153,45,471	-		957,54,825
(Shareholder's deficit) / Total equity	<u>(2508,01,429)</u>	64.85	<u>(162644,72,672)</u>	<u>(2875,00,574)</u>	66.25	<u>(190461,94,275)</u>
<u>Non current liabilities</u>						
Loan from related parties	3400,00,000	64.85	220490,00,000	4588,00,000	66.25	303943,53,000
Loans	4207,16,088	64.85	272834,38,307	4531,63,050	66.25	300209,19,155
	<u>7607,16,088</u>	64.85	<u>493324,38,307</u>	<u>9119,63,050</u>	66.25	<u>604152,72,155</u>
<u>Current liabilities</u>						
Other payables	701,72,836	64.85	45507,08,415	473,61,233	66.25	31375,63,283
Derivatives Financial Liabilities	6,14,792	64.85	398,69,261	-	66.25	-
Advance from sale of Investment in Joint Venture	25,63,301	64.85	1662,30,070	-	66.25	-
Loans from related parties	2156,39,520	64.85	139842,22,872	824,39,520	66.25	54614,12,101
	<u>2889,90,449</u>	64.85	<u>187410,30,618</u>	<u>1298,00,753</u>	66.25	<u>85989,75,384</u>
Total equity and liabilities	<u>7989,05,108</u>	64.85	<u>518089,96,253</u>	<u>7542,63,229</u>	66.25	<u>499680,53,264</u>

BHIRA INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Stated Capital	Exchange Rate	Amount	Retained earnings	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹
At 1 April 2015	10,00,000	41.00	410,00,000	218,71,444	51.86	11343,44,605	228,71,444	51.39	11753,44,605
Loss and total comprehensive loss for the year				(2953,72,018)	65.46	(193353,77,205)	(2953,72,018)	65.46	(193353,77,205)
Dividend paid				(150,00,000)	65.46	(9819,16,500)	(150,00,000)	65.46	(9819,16,500)
At 31 March 2016	10,00,000	41.00	410,00,000	(2885,00,574)	66.49	(191829,49,100)	(2875,00,574)	66.58	(191419,49,100)
Profit and total comprehensive income for the year				366,99,145	67.09	24621,30,957	366,99,145	67.09	24621,30,957
At 31 March 2017	10,00,000	41.00	410,00,000	(2518,01,429)	66.40	(167208,18,143)	(2508,01,429)	66.51	(166798,18,143)

BHIRA INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Year ended March, 2017	Exchange Rate	Amount	Year ended March, 2016	Exchange Rate	Amount
	USD		₹	USD		₹
Cash flows from operating activities						
Profit / (loss) before tax	413,92,478	67.09	27770,04,792	(2939,85,351)	65.46	(192446,04,458)
<i>Adjustments for:</i>						
Bank interest income	(1,62,937)	67.09	(109,31,378)	(15,395)	65.46	(10,07,774)
Interest income on loan	(8,31,197)	67.09	(557,64,674)	(19,42,587)	65.46	(1271,63,882)
Loan amortisation income	(27,14,593)	67.09	(1821,20,959)	(65,63,383)	65.46	(4296,46,271)
Premium on hedge Income	(2,83,543)	67.09	(190,22,786)	(6,90,519)	65.46	(452,02,133)
Premium on hedge Expense	4,24,214	67.09	284,60,348	16,47,433	65.46	1078,42,776
Interest expense on loan	131,72,649	67.09	8837,47,752	173,67,435	65.46	11368,91,399
Impairment	-	67.09	-	3000,00,000	65.46	196383,30,000
Amortisation of Loan	151,32,037	67.09	10152,02,310	120,09,255	65.46	7861,39,042
Marked to Market Loss on derivatives	6,14,792	67.09	412,46,149	-	65.46	-
Marked to Market Gain on derivatives	(31,00,133)	67.09	(2079,86,683)	(4,87,012)	65.46	(318,80,341)
Provision for Doubtful Debts	7,84,494	67.09	526,31,389	-	65.46	-
Dividend income	(422,40,000)	67.09	(28338,64,704)	(124,80,000)	65.46	(8169,54,528)
	<u>221,88,261</u>	67.09	<u>14886,01,555</u>	<u>148,59,876</u>	65.46	<u>9727,43,830</u>
<i>Movement in working capital :</i>						
Increase in other receivables	(214,41,420)	67.09	(14384,96,291)	(83,95,802)	65.46	(5495,98,433)
Increase/(decrease) in other payables	96,92,570	67.09	6502,70,644	(84,349)	65.46	(55,21,578)
Cash generated from operating activities	<u>104,39,411</u>	67.09	<u>7003,75,908</u>	<u>63,79,725</u>	65.46	<u>4176,23,819</u>
Withholding tax suffered	(46,93,333)	67.09	(3148,73,834)	(13,86,667)	65.46	(907,72,747)
Net cash generated from operating activities	<u>57,46,078</u>	67.09	<u>3855,02,075</u>	<u>49,93,058</u>	65.46	<u>3268,51,072</u>
Cash flows from investing activities						
Bank interest received	1,50,071	67.09	100,68,203	31,533	65.46	20,64,185
Advance from sale of Investment in Joint Venture	25,63,301	67.09	1719,70,839	-	65.46	-
Net cash generated from investing activities	<u>27,13,372</u>	67.09	<u>1820,39,042</u>	<u>31,533</u>	65.46	<u>20,64,185</u>
Cash flows from financing activities						
Premium on hedge Paid	(1,63,110)	67.09	(109,42,985)	(9,65,720)	65.46	(632,17,093)
Premium on hedge Received	22,533	67.09	15,11,730	26,483	65.46	17,33,606
Loan management fees income received	4,42,700	67.09	297,00,566	10,86,012	65.46	710,91,540
Dividend paid	-	67.09	-	(270,00,000)	65.46	(17674,49,700)
Upfront fees paid on loan	-	67.09	-	(69,27,450)	65.46	(4534,78,497)
Interest paid on loan	(126,32,613)	67.09	(8475,16,953)	(125,56,392)	65.46	(8219,55,232)
Loan from related party	566,40,000	67.09	37999,54,944	28,50,040	65.46	1865,66,753
Interest received on loan	19,52,234	67.09	1309,74,598	66,56,646	65.46	4357,51,369
Loan to related party	(180,00,000)	67.09	(12076,12,800)	(237,61,874)	65.46	(15554,78,410)
Loan repaid to bank	(350,00,000)	67.09	(23481,36,000)	-	65.46	-
Loan repaid by related party	86,83,074	67.09	5825,43,961	458,18,227	65.46	29993,11,539
Net cash generated from / (used in) financing activities	<u>19,44,818</u>	67.09	<u>1304,77,062</u>	<u>(147,74,028)</u>	65.46	<u>(9671,24,125)</u>
Net increase / (decrease) in cash and cash equivalents	104,04,268	67.09	6980,18,178	(97,49,437)	65.46	(6382,08,868)
Cash and cash equivalents at beginning of year	49,50,640	66.25	3279,67,523	147,00,077	62.50	9187,18,062
Effect of exchange fluctuation on cash and cash equivalents			(302,19,917)			474,58,329
Cash and cash equivalents at end of the year	<u>153,54,908</u>	64.85	<u>9957,65,784</u>	<u>49,50,640</u>	66.25	<u>3279,67,523</u>