

KHOPOLI INVESTMENTS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

CONTENTS	PAGES
COMPANY INFORMATION	2
COMMENTARY OF DIRECTORS	3
CERTIFICATE FROM THE SECRETARY	4
INDEPENDENT AUDITOR'S REPORT	5-7
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	12-36

		Date of appointment
DIRECTORS:	Fareed Soreefan	6 January 2012
	Zakir Niamut	16 September 2010
	Ramesh Subramanyam	25 June 2014
	Resmah Bibi Mandary	18 May 2015
	Anand Agarwal	25 April 2016
	Nandakumar Tirumalai (Permanent alternate to Mr Ramesh Subramanyam)	28 October 2016
REGISTERED OFFICE:	IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Mauritius	
SECRETARY, ADMINISTRATOR AND TAX AGENT:	International Financial Services Limited IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Mauritius	
BANKERS:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18 Cybercity Ebene, Mauritius	
	Sumitomo Mitsui Banking Corporation 3 Temasek Avenue Centennial Tower #06-01 Singapore 039190	
	Bank of Baroda London Main Office 32 City Road, London EC1Y 2BD United Kingdom	
	State Bank of India 15 King Street London, EC2VC 8EA3 United Kingdom	
	PT. CIMB Securities Indonesia The Jakarta Stock Exchange Building Tower II 20 th Floor, Jl Jend. Sudiram Kav. 52-53 Jakarta 12190 Indonesia	
	AUDITOR:	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebene, Mauritius

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

PRINCIPAL ACTIVITIES

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

RESULTS

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

During the year, no dividend was declared (2016: Nil).

DIRECTORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

AUDITOR

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

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

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

Report on the audit of the financial statements

Adverse opinion

We have audited the financial statements of **Khopoli Investments Limited** (the "Company") set out on pages 8 to 36, 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 26, the company has not met the specific exemption requirements and has stated its investment in joint ventures amounting to USD 49,107,316 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 24 of the financial statements which indicate that as at 31 March 2017, the company had net current liabilities of USD 37,890,454. This condition along with the matters as set out in note 24 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 the matters explained in the Basis for Adverse Opinion section, the financial statements comply with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Category 1 Global Business Licence.

Independent auditor's report to the Shareholder of Khopoli 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 the 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.

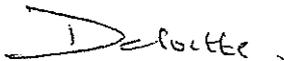
**Independent auditor's report to the Shareholder of
Khopoli Investments Limited (cont'd)**

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.

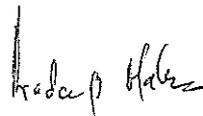
This report is made solely to the Company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for 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

12 MAY 2017



Pradeep Malik, FCA

Licensed by FRC

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

8.

INCOME	Notes	2017	2016
		USD	USD
Management fee income	16	25,860,000	36,500,000
Bank interest income		175,790	177,213
Interest income on loan to related party		7,413,249	7,008,225
Marked to market gain on derivatives		1,463,616	270,542
Service fee income		-	13,250,000
Premium on derivatives		2,272,308	693,888
Foreign exchange gain		1,461,837	80,920
Gain on disposal of investment		520,138	-
Dividend income		747,793	2,991,331
Other income	17	2,862,171	-
		<u>42,776,902</u>	<u>60,972,119</u>
OPERATING EXPENSES			
Licence fees		2,100	2,100
Audit fees		31,298	33,362
Bank charges		9,598	13,251
Professional and legal fees		381,699	851,900
Loan amortization	11	11,186,065	10,540,099
Premium on derivatives		3,090,249	2,137,218
Impairment	5	10,978,147	-
Foreign exchange loss		-	906,151
Loss on disposal of shares in BSSR		-	52,639,661
Guarantee commission	20	1,143,764	1,147,324
Service fee expense	19	397,900	493,752
Management fee expense	18	12,600,000	16,800,000
TRC Service fee		400	400
		<u>39,821,220</u>	<u>85,565,218</u>
PROFIT / (LOSS) BEFORE TAX		2,955,682	(24,593,099)
Tax expense	15	(8,713)	(4,784,750)
PROFIT / (LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>2,946,969</u>	<u>(29,377,849)</u>

The notes on pages 12 to 36 form an integral part of these financial statements.
 The independent auditor's report is on page 5-7.

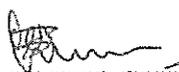
KHOPOLI INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

9.

	Notes	2017 USD	2016 USD
ASSETS			
<u>Non current assets</u>			
Investments in joint ventures	5	49,107,316	59,233,979
Available for sale investments	6(a)	-	29,285
Loan to related parties	7(a)	340,000,000	340,000,000
		<u>389,107,316</u>	<u>399,263,264</u>
<u>Current assets</u>			
Loans to related parties	7(b)	14,292,967	19,515,957
Trade and other receivables	8	134,037,331	139,020,863
Cash and cash equivalents	9	8,828,793	4,762,932
Derivative financial assets	13 (b)	300,727	-
		<u>157,459,818</u>	<u>163,299,752</u>
<u>Asset classified as held for sale</u>			
Available for sale investments	6 (a)/(b)	29,285	4,396,662
		<u>546,596,419</u>	<u>566,959,678</u>
Total assets			
EQUITY AND LIABILITIES			
<u>Capital and reserves</u>			
Stated capital	10	47,007,350	47,007,350
Accumulated losses		(1,564,285)	(4,511,254)
Total Equity		<u>45,443,065</u>	<u>42,496,096</u>
<u>Non current liabilities</u>			
Loan from Banks	11 (a) / (b)	305,773,797	439,002,738
		<u>305,773,797</u>	<u>439,002,738</u>
<u>Current liabilities</u>			
Trade and other payables	12	67,003,336	55,641,373
Derivative financial liabilities	13 (a)	122,739	1,285,628
Loans from related parties	14	27,580,693	27,580,693
Loan from Banks	11 (b)	100,672,789	-
Tax liability	15	-	953,150
		<u>195,379,557</u>	<u>85,460,844</u>
		<u>546,596,419</u>	<u>566,959,678</u>
Total equity and liabilities			

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

Director




Director

The notes on pages 12 to 36 form an integral part of these financial statements.
The independent auditor's report is on page 5-7.

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

10.

	Stated capital USD	Accumulated losses USD	Total USD
At 1 April 2015	47,007,350	24,866,595	71,873,945
Loss and total comprehensive loss for the year	-	(29,377,849)	(29,377,849)
At 31 March 2016	47,007,350	(4,511,254)	42,496,096
Profit and total comprehensive income for the year	-	2,946,969	2,946,969
At 31 March 2017	47,007,350	(1,564,285)	45,443,065

The notes on pages 12 to 36 form an integral part of these financial statements.
The independent auditor's report is on page 5-7.

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

11.

	Notes	2017 USD	2016 USD
Cash flows from operating activities			
Profit / (loss) before tax		2,955,682	(24,593,099)
<i>Adjustments for:</i>			
Premium on hedge income		(2,272,308)	(693,888)
Premium on hedge expense		3,090,249	2,137,218
Bank interest income		(175,790)	(177,213)
Interest income on loan to related party		(7,413,249)	(7,008,225)
(Gain) / Loss on disposal of shares		(520,138)	52,639,661
Impairment	5	10,978,147	-
Loan amortization	11 and 14	11,186,065	10,540,099
Unrealised foreign exchange (gain) / loss		(1,454,905)	906,151
Dividend income		(747,793)	(2,991,331)
Marked to market gain on derivatives		(1,463,616)	(270,542)
		<u>14,162,344</u>	<u>30,488,831</u>
<i>Movement in working capital:</i>			
Decrease / (increase) in trade and other receivables		12,313,485	(14,929,643)
Increase in trade and other payables		11,440,209	8,375,859
Cash generated from operating activities		<u>37,916,038</u>	<u>23,935,047</u>
Tax		(1,347,232)	(3,831,600)
Net cash generated from operating activities		<u>36,568,806</u>	<u>20,103,447</u>
Cash flows from investing activities			
Dividend income		747,793	2,991,331
Bank interest received		207,920	140,266
Investments in joint ventures	5	(851,484)	(28,615,685)
Proceeds from disposal of investment	6(b)	4,916,800	-
Loan repaid to related party	14	-	(29,314,000)
Loan from related party	14	-	2,841,874
Loan to related parties	7 (b)	(8,822,105)	(2,572,734)
Loan repayment received from related party	7 (b)	15,500,000	39,893,698
Net cash generated from / (used in) investing activities		<u>11,698,924</u>	<u>(14,635,250)</u>
Cash flows from financing activities			
Premium on hedge paid		(1,080,955)	(1,937,764)
Premium on hedge received		67,300	-
Interest paid	11	(8,742,217)	(8,388,514)
Interest received		554,003	-
Repayment of loan	11	(35,000,000)	-
Set up cost on loan	11	-	(3,536,000)
Net cash used in financing activities		<u>(44,201,860)</u>	<u>(13,862,278)</u>
Net increase / (decrease) in cash and cash equivalents		<u>4,065,861</u>	<u>(8,394,081)</u>
Cash and cash equivalents at beginning of the year		<u>4,762,932</u>	<u>13,157,013</u>
Cash and cash equivalents at end of the year		<u>8,828,793</u>	<u>4,762,932</u>

The notes on pages 12 to 36 form an integral part of these financial statements
The independent auditor's report is on page 5-7.

1. BACKGROUND INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

(c) Cash and cash equivalents

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

Short term deposits

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

(d) Financial instruments

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

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

(i) Financial Assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(i) *Financial Assets (continued)*

Available for sale investments

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

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

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

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

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

Loans and receivables

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

Effective interest method

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

Derecognition of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(i) *Financial assets (continued)*

Derecognition of financial assets (continued)

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

(ii) *Financial liabilities*

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(ii) *Financial liabilities (continued)*

(c) Financial liabilities (continued)

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate including interest rate caps and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 13 and 21. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting year. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(d) Other financial liabilities

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

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

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

(e) Derecognition of financial liabilities

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

(e) Impairment of financial assets

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

For all other financial assets, objective evidence of impairment could include:

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

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

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

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When available for sale financial assets is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year.

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

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

(f) Related parties

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

(g) Revenue recognition

Dividend income

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

Interest income

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

Management fee income

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

(h) Expense recognition

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

(i) Taxation

Current tax

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

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

Deferred tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Taxation (continued)

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

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

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

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

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

(j) Provisions

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

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

(k) Investments in Joint Ventures

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

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

(l) 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.

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 27 Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements
- 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 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
- IFRS 12 Disclosure of Interest in Other Entities - Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying scope) (effective 1 January 2017)
- IFRS 15 Revenue from Contracts with Customers - Amendments to defer the effective date to 1 January 2018 (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting judgements in applying the Company's accounting policies

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

Determination of functional currency

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

Impairment of investments

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

Fair value of asset held for disposal

The Company also holds financial instruments that are not quoted on active markets. At a meeting of the board of directors held on 25 June 2013 of the Company it was resolved to dispose the available for sale investment in Trust Energy Resources Pte Ltd to Tata Power Company Limited ("Tata Power") at a consideration to be agreed between parties. Tata Power's board of directors has in parallel resolved on 30 May 2013 to acquire the available for sale investment at a price not exceeding USD4.39M. At a meeting of the Board of directors held on 29 July 2016, it was approved that the shares held in Trust Energy be disposed at a price of USD1.12 per share to Tata Power International Pte Ltd ("TPIPL") for a total consideration of USD4.92 million. As at 31 March 2017, the investment held in Trust Energy has been disposed.

Fair value of derivative financial assets and liabilities

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

5. INVESTMENTS IN JOINT VENTURES

	2017	2016
	USD	USD
Opening balance	59,233,979	182,315,970
Additions during the year	851,484	28,615,685
Disposal during the year	-	(151,697,676)
Impairment	(10,978,147)	-
Closing balance	<u>49,107,316</u>	<u>59,233,979</u>

The details of the investments in joint ventures as at 31 March 2017 are as follows:

Name of joint venture	Country of incorporation	Number and type of shares	% holding	2017	2016
				Cost/ Fair Value	Cost/ Fair Value
				USD	USD
Cennergi (Proprietary) Limited	South Africa	86 ordinary shares	50%	<u>49,107,316</u>	<u>59,233,979</u>

The shares held in Cennergi (Proprietary) Limited carry voting rights. Cennergi (Proprietary) Limited, is a company focussed on renewable energy projects in South Africa. The joint venture ("JV") in the future will examine the feasibility, development, ownership, operation, maintenance, acquisition and management of electricity generation projects in South Africa, Botswana and Namibia. The JV has already been awarded bids for 2 wind power projects, Amakhala limoyeni Wind Farm and Tsitsikama Community Wind Farm and financial closure has been achieved for these projects. As at 31 December 2016, based on an independent valuation of Cennergi and related Companies, the directors are of the opinion that an impairment of USD10,978,147 needs to be provided for the financial statements as at 31 March 2017.

6. AVAILABLE FOR SALE INVESTMENTS

(a) *Assets classified as Held for Sale*

Name of Company	Country of incorporation	Number and type of shares		2017		2016	
		2017	2016	% Holding	% Holding	Cost/ Fair Value	Cost/ Fair Value
						2017	2016
						USD	USD
PT Sumber Energi Andalan Tbk	Indonesia	2,280,000 shares	114,000 ordinary shares	0.3%	0.3%	<u>29,285</u>	<u>29,285</u>

The Board resolved to purchase a 0.3% stake in PT Sumber on 17 February 2014. PT Sumber is a company listed on the Indonesian Stock Exchange ("IDX") and is involved in investment holding, consultancy in energy and power sector in Indonesia. At a Board meeting of the Company held on 20 October 2016, it was approved that the investment held in PT Sumber be disposed to RWOOD Resources Limited for a consideration of USD544,823. In this respect, the investments in PT Sumber has been classified as current assets as at 31 March 2017.

(b) *Available for sale investment*

	2017	2016
	USD	USD
Opening balance	4,396,662	4,396,662
Disposal during the year	(4,396,662)	-
Closing balance	<u>-</u>	<u>4,396,662</u>

KHOPOLI INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2017

21.

6. AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

(b) Available for sale investment (continued)

Name of Company	Country of incorporation	Number and type of shares	% Holding	2017 Cost/Fair value USD	2016 Cost/Fair value USD
Trust Energy Resources Pte Ltd	Singapore	4,390,000 ordinary shares	3.4%	-	4,396,662

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

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

At a meeting of the Board of directors held on 25 June 2013 of the Company resolved to dispose the available for sale investment to Tata Power Company Limited ("Tata Power") at a consideration to be agreed between parties. Tata Power's board of directors has in parallel resolved on 30 May 2013 to acquire the available for sale investment at a price not exceeding USD4.39M. At another meeting of the Board of directors held on 29 July 2016, it was approved that the shares held in Trust Energy be disposed at a price of USD1.12 per share to Tata Power International Pte Ltd ("TPIPL") for a total consideration of USD4.92 million. The sale of the investment was completed on 6 October 2016.

7. LOAN TO RELATED PARTIES

(a) Loans to Bhira Investments Limited

	2017 USD	2016 USD
Balance at	340,000,000	340,000,000

The loan to Bhira Investments Limited is unsecured, repayable on 31 December 2021 and carries interest at the rate of LIBOR plus margin as agreed between the parties on the basis of 360 days a year. The effective rate of interest ranges from 1.3858% to 2.8217% per annum. The loan to Bhira is recoverable and the Company will receive financial support from Tata Power for the next twelve months

(b) Short term loans

	2017 USD	2016 USD
(i) Cennergi (Proprietary) Limited	14,292,967	4,015,957
(ii) Trust Energy Resources Pte Ltd	-	7,000,000
(iii) Itezhi Tezhi Power Corporation	-	8,500,000
	14,292,967	19,515,957

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

	2017 USD	2016 USD
Opening balance	4,015,957	4,922,108
Additions during the year	8,822,105	-
Unrealised foreign exchange gain / (loss)	1,454,905	(906,151)
Closing balance	14,292,967	4,015,957

The loan to Cennergi (Proprietary) Limited is unsecured, interest free and has no fixed terms of repayments.

7. LOAN TO RELATED PARTIES (CONTINUED)

	2017	2016
	USD	USD
<i>(b) (ii) Loan to Trust Energy Resources Pte Ltd</i>		
Opening balance	7,000,000	7,000,000
Loan repaid	(7,000,000)	-
Closing balance	-	7,000,000

The loans to Trust Energy Resources Pte Ltd is unsecured, interest free and has no fixed terms of repayments. The loan has been repaid as at 31 March 2017.

	2017	2016
	USD	USD
<i>(b) (iii) Itezhi Tezhi Power Corporation</i>		
Opening balance	8,500,000	8,500,000
Loan repaid	(8,500,000)	-
Closing balance	-	8,500,000

The loan to Itezhi Tezhi Power Corporation is unsecured and carries interest at the rate of LIBOR plus 5% margin with an overall cap of 6% per annum. The loan and interest has been repaid as at 31 March 2017.

8. TRADE AND OTHER RECEIVABLES

	2017	2016
	USD	USD
Other receivables	99,112,211	111,540,315
Premium receivable	429,958	312,491
Prepaid expenses	4,950	3,000
Interest receivable on short term deposits	13,741	45,871
Interest on loan to related party	18,564,435	11,705,188
Management fees receivable	15,860,000	15,413,998
Tax refund receivable	52,036	-
	<u>134,037,331</u>	<u>139,020,863</u>

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

Disposal proceeds of USD99,058,015 is receivable from TPIPL in respect of the disposal of the shares held by the Company in BSSR to the latter and same is expected to be received by 31 December 2017.

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

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

Management fees are receivable from PT Arutmin Indonesia ("Arutmin") and TPIPL and are unsecured and carry no interest, and will be recalled for payment as and when required. As per the Deed of Novation dated 29 March 2016, entered between KPC, Tata Power International Pte Limited ("TPIPL") and the Company and the Service Agreement entered between TPIPL and the Company, management fees of USD2,500,000 are receivable from TPIPL on a monthly basis. The monthly management fees was revised from USD2,500,000 to USD2,780,000 per month as per the Addendum for revision of compensation dated 13 January 2017. Pursuant to the Deed of Novation dated 28 February 2017 entered between Bhira, TPIPL and the Company, the monthly management fees income received by the Company from TPIPL has been novated in favour of Bhira.

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

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

9. CASH AND CASH EQUIVALENTS

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

	2017	2016
	USD	USD
Cash at bank	52,712	2,652,427
Short term fixed deposits	8,776,081	2,110,505
	<u>8,828,793</u>	<u>4,762,932</u>

The interest rate on short term fixed deposits ranges from 1.2% to 1.6% per annum for the year ended 31 March 2017.

10. STATED CAPITAL

	2017	2016
	USD	USD
47,007,350 Ordinary shares of USD1 each	<u>47,007,350</u>	<u>47,007,350</u>

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

11. LOAN FROM BANKS

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

		2017	2016
		USD	USD
Loan of USD305 million from SMBC	(a)	305,773,797	303,624,225
Loan of USD135 million from SMBC	(b)	100,672,789	135,378,513
		<u>406,446,586</u>	<u>439,002,738</u>
Long term		305,773,797	439,002,738
Short term		100,672,789	-
		<u>406,446,586</u>	<u>439,002,738</u>

(a) Loan of USD305 million from SMBC

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

	2017	2016
	USD	USD
Loan received	303,624,225	305,000,000
Set up cost	-	(3,050,000)
Loan amortization	8,233,375	3,601,272
Loan interest paid	(6,083,803)	(1,927,047)
Closing balance	<u>305,773,797</u>	<u>303,624,225</u>

(b) Loan of USD135 million from SMBC

The bank loan of USD135 million is unsecured and carries interest at the rate of LIBOR plus 1.2%. The total principal, is payable after 24 months from the utilisation date of 23 April 2015. The loan is recognized at amortised cost. Tata Power Company Limited, the holding company stands as guarantor. The loan was reclassified as short term at the reporting date and repayment was made at its final maturity 28 April 2017.

	2017	2016
	USD	USD
Loan received	135,378,513	135,000,000
Set up cost	-	(486,000)
Loan amortization	2,952,690	2,369,182
Loan repaid	(35,000,000)	-
Loan interest paid	(2,658,414)	(1,504,669)
Closing balance	<u>100,672,789</u>	<u>135,378,513</u>

12. TRADE AND OTHER PAYABLES

	2017	2016
	USD	USD
Audit fees	17,746	11,400
Guarantee commission/service fees	357,807	329,045
Expenses paid by related company	5,874,120	5,580,531
Premium on derivatives	462,989	541,235
Management fee expense	60,247,969	47,647,969
Other payables	42,705	1,531,193
	<u>67,003,336</u>	<u>55,641,373</u>

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

Guarantee commission is payable to The Tata Power Company Limited on account of the guarantees for the loans as stated in notes 11 and 20. These are unsecured, interest free and have no fixed terms of repayment. The other payables and management fee expenses are unsecured, interest free and payable as and when required.

13. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative financial liabilities

The Company has purchased interest rate caps at the cap rate of 1.112% p.a. and 1.0525% p.a. and interest rate swaps at a fixed rate of 1.012% p.a., 0.9525% p.a. and 1.2510% p.a. respectively from the Australia and New Zealand Banking Group Limited ("ANZ") for the loans taken by the Company (see Note 11 (b)) to mitigate the risk of adverse movement in LIBOR. Settlement of the cap and swap payoff would be made quarterly on a net basis. In case the LIBOR is below 1.112% and 1.0525%, there is no pay out to the Company.

However, if the LIBOR is higher than 1.112% and 1.0525%, the Company receives the applicable LIBOR on the notional value and pays only 1.112% and 1.0525% on the respective outstanding notional value.

	2017	2016
	USD	USD
Opening balance	1,161,991	894,080
Marked to market (gain)/loss on interest rate swap from ANZ	(1,047,710)	10,771
Marked to market (gain)/loss on interest rate cap from ANZ	-	257,140
Closing balance	<u>114,281</u>	<u>1,161,991</u>

The Company has also purchased an interest rate swap from Bank of America ("BOA") at 0.765% p.a. on LIBOR for the loans taken by the Company (see Note 11 (a)) to mitigate the risk of adverse movement in LIBOR. Settlement of the swap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.765%, there is no pay out to the Company.

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

	2017	2016
	USD	USD
Opening balance	123,637	-
Marked to market (gain)/loss on interest rate swap from BOA	(40,907)	40,907
Marked to market (gain)/loss on interest rate swap from ICICI Bank	(74,272)	82,730
Closing balance	<u>8,458</u>	<u>123,637</u>

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

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) *Derivative financial liabilities (continued)*

Financial liabilities	Fair value hierarchy	Valuation technique	Fair value	
			2017	2016
Derivative financial liabilities	Level 2	Black Scholes Model	114,281	1,161,991
Derivative financial liabilities	Level 2	Black Scholes Model	8,458	123,637
			<u>122,739</u>	<u>1,285,628</u>

(b) *Derivative financial assets*

The Company has also purchased an interest rate swap from Bank of America ("BOA") at the cap rate of 0.765% p.a. on LIBOR for the loans taken by the Company (see Note 11 (a)) to mitigate the risk of adverse movement in LIBOR. Settlement of the cap payoff would be made quarterly on a net basis. In case the LIBOR is below 0.765%, there is no pay out to the Company.

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

	2017	2016
	USD	USD
Marked to market gain on interest rate swap from BOA	50,189	-
Marked to market gain on interest rate swap from ANZ	250,538	-
Closing balance	<u>300,727</u>	<u>-</u>

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 following table gives information about how the fair values of the financial assets have been determined.

Financial liabilities	Fair value hierarchy	Valuation technique	Fair value	
			2017	2016
Derivative financial assets	Level 2	Black Scholes Model	50,189	-
Derivative financial assets	Level 2	Black Scholes Model	250,538	-
			<u>300,727</u>	<u>-</u>

14. LOANS FROM RELATED PARTIES

Short term loan

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

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

15. TAX EXPENSE

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.

KHOPOLI INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2017

26.

15. TAX EXPENSE (CONTINUED)

	2017	2016
	USD	USD
Tax charge		
Mauritian income tax based on profit for the year	342,046	953,150
Withholding tax (credit) / suffered	(333,333)	3,831,600
	<u>8,713</u>	<u>4,784,750</u>
Tax (refund)/liability		
At 1 April	953,150	-
Tax paid relating to previous year	(959,400)	-
Provision for the year	342,046	953,150
Tax paid under Advance Payment System	(387,832)	-
At 31 March	<u>(52,036)</u>	<u>953,150</u>
Income tax reconciliation		
Profit before taxation	2,955,682	(24,593,099)
Tax at the applicable rate of 15%	443,352	(3,688,965)
Tax effect of :		
- Other deductible expenses	(1,313,164)	(1,182,957)
- Items outside scope of taxation	2,619,307	1,664,218
- Non allowable expenses	7,388	7,973,455
- Exempt income	(78,021)	-
- Withholding tax (credit) / suffered	(333,333)	3,831,600
- Foreign tax credit	(1,343,090)	(3,812,601)
- Under provision in prior periods	6,274	-
Tax charge	<u>8,713</u>	<u>4,784,750</u>

The withholding tax credit of USD333,333 relates to the reversal of over provision of withholding tax of 10% arising during the year ended 31 March 2014 on management fee income of USD3,333,333 received from PT Kaltim Prima Coal.

16. MANAGEMENT FEE INCOME

	2017	2016
	USD	USD
Tata Power International Pte Limited	25,860,000	7,500,000
PT Kaltim Prima Coal	-	29,000,000
	<u>25,860,000</u>	<u>36,500,000</u>

Pursuant to a Deed of Novation dated 1 August 2012 entered between the Company, Bhivpuri Investments Limited, PT Kaltim Prima Coal ("KPC") and PT Arutmin Indonesia ("Arutmin"), the Company provides management support services to KPC and Arutmin. As per the Deed of Novation dated 29 March 2016, entered between KPC, Tata Power International Pte Limited ("TPIPL") and the Company, management fees of USD2,500,000 are receivable from TPIPL on a monthly basis. The monthly management fees was revised from USD2,500,000 to USD2,780,000 per month as per the Addendum for revision of compensation dated 13 January 2017. Subsequently, at a meeting of the Board of directors of the Company held on 25 January 2017, it was resolved that the monthly management fees from TPIPL be novated in favour of Bhira Investments Limited as from 1 January 2017. The management fee income from Arutmin was initially waived for the period from 1 July 2013 to 31 December 2014. On 29 May 2015, the Board had approved to extend the waiver on the management fees for the period from 1 January 2015 to 31 December 2016 and on 13 April 2017, the Board approved to further extend the waiver of the management fees for the period from 1 January 2017 to 31 December 2017.

17. OTHER INCOME

The other income pertains to reimbursement from TPIPL and reversal of overprovision of expenses provided in the past for which payment shall not be made now.

KHOPOLI INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2017

27.

18. MANAGEMENT FEE EXPENSE

The Company has subcontracted to Bhira Investments Limited for the provision of management support services to KPC and Arutmin pursuant to a Subcontracting Agreement dated 1 August 2012. On 11 September 2013, the Board of directors approved an addendum to the Subcontracting Agreement where it was approved that Bhivpuri Investments Limited become a party to the agreement. However, as on date, no services have been provided by Bhivpuri Investments Limited. On 14 January 2014, the Board approved the appointment of Tata Power International Pte Limited ("TPIPL") as subcontractor of management services in the stead of Bhivpuri. The management fee expense for the year ended 31 March 2017 was 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 Bhira with effect from 1 January 2017.

19. SERVICE FEE EXPENSE

The Company has entered into a Procurement Services Agreement dated 1 September 2012 with its holding Company, The Tata Power Company Limited ("Tata Power"), for the provision of expert services to the Company in relation to investment opportunity evaluation and capital raising. The Company pays service fee expense to Tata Power in exchange of its services. The service fee expense for the year ended 31 March 2017 was USD397,900 (2016: USD493,752).

20. GUARANTEE COMMISSION

Guarantee commission represent arm's length fees payable to the holding company for providing corporate guarantees to the long term bank loans of USD135 Million and USD305 Million (Note 11). The Company has prepaid the USD35 million loan out of the USD135 million loan taken from SMBC on 31 January 2017 which explains the lower guarantee commission for the year ended 31 March 2017 of USD1,143,764 (2016: USD1,147,324).

21. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2017, the Company transacted with certain related parties. Details of the nature, volume of transactions and the balances with the related parties are as follows:

	2017		2016	
	USD	USD	USD	USD
<i>(i) Payable to The Tata Power Company Limited</i>				
<i>Opening balance:</i>				
-Other payable	329,045	329,045	332,737	332,737
<i>Movement:</i>				
Interest expense	-	-	-	-
Guarantee commission	1,143,764	-	1,147,324	-
Service fees	397,900	-	493,752	-
Expenses to be reimbursed to the Company	-	-	(535,312)	-
Received during the year	-	-	98,500	-
Netting off of receivable balance	-	-	436,812	-
Netting off of payable balance	-	-	(436,812)	-
Paid during the year	(1,512,902)	28,762	(1,207,956)	(3,692)
<i>Closing balance:</i>				
-Other payable	357,807	357,807	329,045	329,045
		357,807		329,045

21. RELATED PARTY TRANSACTIONS (CONTINUED)

	2017		2016	
	USD	USD	USD	USD
<i>(ii) Receivable from / (payable to) Bhira Investments Limited</i>				
<i>Opening balance:</i>				
-Loan	340,000,000		340,000,000	
-Loan payable (interest free)	(27,580,693)		(54,052,819)	
-Loan payable (interest bearing)	-		(100,418,328)	
-Interest receivable	11,157,091		4,591,223	
-Management fee payable	(47,647,969)		(37,800,000)	
-Other payable	(5,154,669)		(6,603,956)	
-Other receivable	420,409	271,194,169	420,409	146,136,529
<i>Movement:</i>				
Interest income	7,407,343		6,565,868	
Loan received (interest free)	-		(2,841,874)	
Transaction cost paid	-		1,500,000	
Repayment of loan (interest free)	-		29,314,000	
Repayment of loan (interest bearing)	-		100,000,000	
Management fee expense	(12,600,000)		(16,800,000)	
Amortisation	-		(1,629,640)	
Hedging costs	-		(50,713)	
Management fee paid	-		6,952,031	
Hedging costs paid	50,713		-	
Expenses paid by Bhira on behalf of the Company	(1,139,859)		-	
Interest paid	-		2,047,968	
Netting off of payable balance	369,696		-	
Netting off of receivable balance	(420,409)	(6,332,516)	-	125,057,640
<i>Closing balance:</i>				
-Loan receivable	340,000,000		340,000,000	
-Loan payable (Interest free)	(27,580,693)		(27,580,693)	
-Interest receivable	18,564,435		11,157,091	
-Management fee payable	(60,247,969)		(47,647,969)	
- Expenses paid by Bhira on behalf of the Company	(5,874,120)		(5,154,669)	
-Other receivable		264,861,653	420,409	271,194,169
		<u>264,861,653</u>	<u>420,409</u>	<u>271,194,169</u>

21. RELATED PARTY TRANSACTIONS (CONTINUED)

	2017		2016	
	USD	USD	USD	USD
<i>(iii) Payable to Bhivpuri Investments Limited</i>				
-Other payable	476,575	476,575	501,575	501,575
<i>Movement:</i>				
Expenses paid on behalf of Bhivpuri	(51,199)		(25,000)	
Payment made to Bhivpuri	(140,487)		-	
Netting off of payable balance	(284,889)	(476,575)	-	(25,000)
<i>Closing balance:</i>				
-Other payable	-	-	476,575	476,575
				476,575
	USD	USD	USD	USD
<i>(iv) Receivable / (payable) from Cenmergi (Proprietary) Limited</i>				
<i>Opening balance:</i>				
Expense payable	(80,110)		(80,110)	
-Loan	4,015,957	3,935,847	4,922,108	4,841,998
<i>Movement:</i>				
Additional loan	8,822,105		-	
Unrealised Foreign exchange gain / (loss)	1,454,905	10,277,010	(906,151)	(906,151)
<i>Closing balance:</i>				
-Loan	14,292,967		4,015,957	
-Expense Payable	(80,110)	14,212,857	(80,110)	3,935,847
		14,212,857		3,935,847
	USD	USD	USD	USD
<i>(v) Receivable from Trust Energy Resources Pte Ltd</i>				
<i>Opening balance:</i>				
-Loan	7,000,000	7,000,000	7,000,000	7,000,000
<i>Movement:</i>				
Loan paid	(7,000,000)	(7,000,000)	-	
<i>Closing balance:</i>				
-Loan	-	-	7,000,000	7,000,000
				7,000,000

KHOPOLI INVESTMENTS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2017

30.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

	2017		2016	
	USD	USD	USD	USD
<i>(vi) Receivable / (payable) from</i>				
<i>Tata Power International Pte Ltd ("TPIPL")</i>				
<i>Opening balance:</i>				
-Management fee payable	(180,000)		(180,000)	
-Management fee income receivable	7,500,000		-	
-Service fee income receivable	10,750,000		-	
-Receivable	100,315,709	118,385,709	1,242,644	1,062,644
<i>Movement:</i>				
Sale of shares held in BSSR to TPIPL	-		99,058,015	
Management fee income	25,860,000		7,500,000	
Reimbursement to the Company for expenses paid	(2,700,870)		-	
Expenses incurred on behalf of TPIPL	-		15,050	
Service fee income	-		13,250,000	
Management fee income received	(25,000,000)		-	
Reversal of provision for management fee	180,000		-	
Other income	1,443,176		-	
Service fee income received	(10,750,000)	10,967,694	(2,500,000)	117,323,065
<i>Closing balance:</i>				
-Management fee payable	-		(180,000)	
-Management fee income receivable	8,360,000		7,500,000	
-Service fee income receivable	-		10,750,000	
-Receivable	99,058,015	107,418,015	100,315,709	118,385,709
		<u>107,418,015</u>		<u>118,385,709</u>
<i>(vii) Receivable from</i>				
<i>TAHL (Mauritius) Power Projects Limited ("TAHL")</i>				
<i>Opening balance:</i>				
-Loan	-		37,365,477	37,365,477
<i>Movement:</i>				
-Loan repayment received	-		(37,365,152)	
-Bank charges	-		(325)	
-Loan granted to TAHL	-		-	(37,365,477)
<i>Closing balance:</i>				
-Loan	-		-	-

21. RELATED PARTY TRANSACTIONS (CONTINUED)

	2017		2016	
	USD	USD	USD	USD
<i>(viii) Receivable from</i>				
<i>Itezhi Tezhi Power Corporation ("ITPC")</i>				
<i>Opening balance:</i>				
-Loan	8,500,000		8,500,000	
-Interest receivable	548,097	9,048,097	115,748	8,615,748
<i>Movement:</i>				
Loan repaid	(8,500,000)		-	
Interest received	(554,003)			
Interest income	5,906	(9,048,097)	432,349	432,349
<i>Closing balance:</i>				
-Loan	-		8,500,000	
-Interest receivable	-	-	548,097	9,048,097
				9,048,097
<i>(ix) Receivable from Tata Africa</i>				
<i>Opening balance:</i>				
-Receivable	54,196		-	
<i>Movement:</i>				
-Loan granted	-		2,572,734	
-Interest income	-		19,820	
-Overprovision of interest	-		(9,812)	
-Loan repayment received	-	-	(2,528,546)	54,196
<i>Closing balance:</i>				
-Loan	-		-	
-Receivable from Tata Africa	54,196		54,196	
-Interest receivable	-	54,196	-	54,196
		54,196		54,196

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	75,656	94,069
Total fees paid to management entity	79,406	97,819

Compensation to key management personnel

No compensation has been paid to key management personnel during the year ended 31 March 2017 (2016: NIL).

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Capital risk management

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

Gearing ratio

The gearing ratio at the year end was as follows:

	2017	2016
	USD	USD
Debt (i)	434,027,279	466,583,431
Cash and cash equivalents	(8,828,793)	(4,762,932)
Net debt	425,198,486	461,820,499
Equity	47,007,350	47,007,350
Reserves	(1,564,285)	(4,511,254)
Total equity	45,443,065	42,496,096
Net debt to equity ratio	936%	1087%

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

Significant accounting policies

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

Categories of financial instruments

	2017	2016
	USD	USD
Financial assets		
Available for sale investment	29,285	4,425,947
Loans and receivables (including cash and cash equivalents)	497,102,105	503,296,752
Derivative financial assets designated at FVTPL	300,727	-
	497,432,117	507,722,699
Financial liabilities		
Amortised cost	501,030,615	522,224,804
Derivative financial liabilities designated at FVTPL	122,739	1,285,628
	501,153,354	523,510,432

Prepayments amounting to USD4,950 (2016: USD3,000) do not form part of financial assets.

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

Financial risk management

Market risk

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

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

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(i) Currency risk

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

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

	2017		2016	
	Increase/ (decrease) In USD Against ZAR	Effect on Profit and Loss USD	Increase/ (decrease) In USD Against ZAR	Effect on Profit and Loss USD
Loan to related party (ZAR)	10%	(1,229,361)	10%	(365,087)
	-10%	1,588,107	-10%	446,217

Sensitivity analysis

(ii) Interest rate risk

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

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

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

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

	2017		2016	
	5% increase USD	5% decrease USD	5% increase USD	5% decrease USD
<i>USD denominated</i>				
Interest on loan	370,662	(370,662)	350,411	(350,411)
Effect on profit before tax	370,662	(370,662)	350,411	(350,411)

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

	2017		2016	
	5% increase USD	5% decrease USD	5% increase USD	5% decrease USD
<i>USD denominated</i>				
Interest on loan	-	-	-	-
Effect on profit before tax	-	-	-	-

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:

	2017		2016	
	5% increase USD	5% decrease USD	5% increase USD	5% decrease USD
<i>USD denominated</i>				
Bank interest income	8,790	(8,790)	8,861	(8,861)
Effect on profit before tax	8,790	(8,790)	8,861	(8,861)

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(ii) Interest rate risk (continued)

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

LIBOR Cap rate	Premium	End date	Notional value USD	2017	2016
				Fair value USD	Fair value USD
1.112% p.a.	0.2399% p.a.	28 April 2017	205 million	-	649,565
1.012% p.a.	0.2399% p.a.	28 April 2017	102.5 million	6,683	512,426
0.9525% p.a.	To be determined	28 April 2017	50 million	10,445	-
1.2510% p.a.	To be determined	31 August 2018	75 million	233,410	-
1.5950% p.a.	To be determined	31 August 2018	75 million	114,281	-
0.765% p.a.	To be determined	28 April 2017	75 million	50,189	40,907
0.765% p.a.	To be determined	28 April 2017	25 million	8,458	82,730
				<u>423,466</u>	<u>1,285,628</u>

(iii) Credit risk

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

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

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

Carrying Amount

	2017	2016
	USD	USD
Loan to related parties	354,292,967	359,515,957
Trade and other receivables	133,980,345	139,017,863
	<u>488,273,312</u>	<u>498,533,820</u>

(iv) Liquidity risk management

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

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iv) Liquidity risk management (continued)

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to pay. The Company will continue receiving support from the holding company as and when required. The table includes both interest and principal cash flows.

	Less than 1 year USD 2017	More than 1 year USD 2017	Total USD 2017
<u>31 March 2017</u>			
Financial assets			
Non -interest bearing	148,656,036	-	148,656,036
Variable interest rate instruments	-	340,000,000	340,000,000
Fixed interest rate instruments	8,776,081	-	8,776,081
	<u>157,432,117</u>	<u>340,000,000</u>	<u>497,432,117</u>
Financial liabilities			
Non-interest bearing	94,706,768	-	94,706,768
Variable interest rate instruments	100,672,789	305,773,797	406,446,586
	<u>195,379,557</u>	<u>305,773,797</u>	<u>501,153,354</u>
<u>31 March 2016</u>			
	Less than 1 year USD 2016	More than 1 year USD 2016	Total USD 2016
Financial assets			
Non-interest bearing	157,082,909	29,285	157,112,194
Variable interest rate instruments	8,500,000	340,000,000	348,500,000
Fixed interest rate instruments	2,110,505	-	2,110,505
	<u>167,693,414</u>	<u>340,029,285</u>	<u>507,722,699</u>
Financial liabilities			
Non-interest bearing	84,507,694	-	84,507,694
Variable interest rate instruments	-	439,002,738	439,002,738
	<u>84,507,694</u>	<u>439,002,738</u>	<u>523,510,432</u>

(v) 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.

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(v) 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	1.18	0.9135	100,000,000	407,500,000	(122,739)	(1,285,628)
Less than 1 year	2.79	-	302,500,000	-	300,727	-
			<u>402,500,000</u>	<u>407,500,000</u>	<u>177,988</u>	<u>(1,285,628)</u>

23. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANY

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

24. GOING CONCERN

At 31 March 2017, the Company had net current liabilities of USD37,890,454 (2016: net current assets USD82,235,570). 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, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

25. DIVIDEND PAID

During the year, no dividend was declared. (2016: Nil).

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

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

IFRS 12 Disclosure of Interests in Other Entities requires the parent company to make additional disclosures on its joint ventures. 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.

27. CONTINGENCIES AND COMMITMENTS

Contingencies and Commitments

As at the reporting date, the Company did not have any contingency and commitment with respect to its investments in the joint ventures

KHOPOLI 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						
Management fee income	258,60,000	67.09	17349,37,056	365,00,000	65.46	23893,30,150
Bank interest income	1,75,790	67.09	117,93,681	1,77,213	65.46	116,00,558
Interest income on loan to related party	74,13,249	67.09	4973,51,910	70,08,225	65.46	4587,66,118
Marked to market gain on derivatives	14,63,616	67.09	981,93,412	2,70,542	65.46	177,09,977
Service fees income		67.09	-	132,50,000	65.46	8673,59,575
Premium on derivatives	22,72,308	67.09	1524,48,235	6,93,888	65.46	454,22,672
Foreign exchange gain	14,61,837	67.09	980,74,060	80,920	65.46	52,97,112
Gain on disposal	5,20,138	67.09	348,95,850	-	65.46	-
Dividend income	7,47,793	67.09	501,69,133	29,91,331	65.46	1958,15,818
Other income	28,62,171	67.09	1920,21,908	-	65.46	-
	<u>427,76,902</u>	67.09	<u>28698,85,245</u>	<u>609,72,119</u>	65.46	<u>39913,01,980</u>
OPERATING EXPENSES						
License fees	2,100	67.09	1,40,888	2,100	65.46	1,37,468
Audit fees	31,298	67.09	20,99,770	33,362	65.46	21,83,913
Bank charges	9,598	67.09	6,43,926	13,251	65.46	8,67,425
Professional and legal fees	3,81,699	67.09	256,08,033	8,51,900	65.46	557,66,311
Loan amortization	111,86,065	67.09	7504,68,626	105,40,099	65.46	6899,66,475
Premium on derivatives	30,90,249	67.09	2073,23,569	21,37,218	65.46	1399,04,641
Impairment	109,78,147	67.09	7365,19,491	-	65.46	-
Foreign exchange loss	-	67.09	-	9,06,151	65.46	593,17,641
Loss on disposal of shares in BSSR	-	67.09	-	526,39,661	65.46	34458,50,113
Guarantee commission	11,43,764	67.09	767,34,669	11,47,324	65.46	751,05,091
Service fee expense	3,97,900	67.09	266,94,952	4,93,752	65.46	323,21,549
Management fees expense	126,00,000	67.09	8453,28,960	168,00,000	65.46	10997,46,480
TRC Service fees	400	67.09	26,836	400	65.46	26,184
	<u>398,21,220</u>	67.09	<u>26715,89,720</u>	<u>855,65,218</u>	65.46	<u>56011,93,291</u>
PROFIT / (LOSS) BEFORE TAX	29,55,682	67.09	1982,95,525	(245,93,099)	65.46	(16098,91,311)
Tax expense	(8,713)	67.09	(5,84,552)	(47,84,750)	65.46	(3132,14,998)
PROFIT / (LOSS) AND TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	29,46,969	67.09	1977,10,973	(293,77,849)	65.46	(19231,06,309)

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

	As at March, 2017	Exchange Rate	Amount ₹	As at March, 2016	Exchange Rate	Amount ₹
	USD			USD		
ASSETS						
<u>Non current assets</u>						
Investment in joint ventures	491,07,316	64.85	31846,09,443	592,33,979	66.25	39241,03,024
Available for sale investments	-	64.85	-	29,285	66.25	19,40,058
Loans to related parties	3400,00,000	64.85	220490,00,000	3400,00,000	66.25	225241,50,000
	<u>3891,07,316</u>	64.85	<u>252336,09,443</u>	<u>3992,63,264</u>	66.25	<u>264501,93,082</u>
<u>Current assets</u>						
Loans to related parties	142,92,967	64.85	9268,98,910	195,15,957	66.25	12928,83,361
Trade and other receivables	1340,37,331	64.85	86923,20,915	1390,20,863	66.25	92097,84,622
Cash and cash equivalents	88,28,793	64.85	5725,47,226	47,62,932	66.25	3155,32,338
Derivative financial assets	3,00,727	64.85	195,02,146	-	66.25	-
	<u>1574,59,818</u>	64.85	<u>102112,69,197</u>	<u>1632,99,752</u>	66.25	<u>108182,00,321</u>
<u>Assets classified as held for sale</u>						
Available for sale investments	29,285	64.85	18,99,132	43,96,662	66.25	2912,67,866
Total assets	<u>5465,96,419</u>	64.85	<u>354467,77,772</u>	<u>5669,59,678</u>	66.25	<u>375596,61,269</u>
EQUITY AND LIABILITIES						
<u>Capital and reserves</u>						
Stated capital	470,07,350	54.29	25519,32,526	470,07,350	54.29	25519,32,526
Accumulated Losses	(15,64,285)	128.10	(2003,80,808)	(45,11,254)	88.24	(3980,91,781)
Exchange fluctuation reserve	-		5954,31,047	-		6614,19,374
Total Equity	<u>454,43,065</u>	64.85	<u>29469,82,765</u>	<u>424,96,096</u>	66.25	<u>28152,60,119</u>
<u>Non current liabilities</u>						
Loans from Banks	3057,73,797	64.85	198294,30,735	4390,02,738	66.25	290828,33,886
	<u>3057,73,797</u>	64.85	<u>198294,30,735</u>	<u>4390,02,738</u>	66.25	<u>290828,33,886</u>
<u>Current liabilities</u>						
Trade and other payables	670,03,336	64.85	43451,66,340	556,41,373	66.25	36861,01,858
Derivative financial liabilities	1,22,739	64.85	79,59,624	12,85,628	66.25	851,69,641
Loans from related parties	275,80,693	64.85	17886,07,941	275,80,693	66.25	18271,51,960
Loans from Banks	1006,72,789	64.85	65286,30,367	-	66.25	-
Tax liability	-	64.85	-	9,53,150	66.25	631,43,805
	<u>1953,79,557</u>	64.85	<u>126703,64,272</u>	<u>854,60,844</u>	66.25	<u>56615,67,264</u>
Total equity and liabilities	<u>5465,96,419</u>	64.85	<u>354467,77,772</u>	<u>5669,59,678</u>	66.25	<u>375596,61,269</u>

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

	Stated capital	Exchange Rate	Amount	(Accumulated losses) / Retained Earnings	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹
At 1 April, 2015	470,07,350	54.29	25519,32,526	248,66,595	61.33	15250,14,528	718,73,945	56.72	40769,47,054
Profit and total comprehensive income for the year				(293,77,849)	65.46	(19231,06,309)	(293,77,849)	65.46	(19231,06,309)
At 31 March 2016	<u>470,07,350</u>	54.29	<u>25519,32,526</u>	<u>(45,11,254)</u>	88.24	<u>(3980,91,781)</u>	<u>424,96,096</u>	50.68	<u>21538,40,745</u>
Loss and total comprehensive Loss for the year				29,46,969	67.09	1977,10,973	29,46,969	67.09	1977,10,973
At 31 March 2017	<u>470,07,350</u>	54.29	<u>25519,32,526</u>	<u>(15,64,285)</u>	128.10	<u>(2003,80,808)</u>	<u>454,43,065</u>	51.75	<u>23515,51,718</u>

KHOPOLI 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
Cash flows from operating activities						
Profit / (Loss) before tax	29,55,682	67.09	1982,95,525	(245,93,099)	65.46	(16098,91,311)
<i>Adjustments for:</i>						
Premium on Hedge Income	(22,72,308)	67.09	(1524,48,235)	(6,93,888)	65.46	(454,22,672)
Premium on Hedge Expenses	30,90,249	67.09	2073,23,569	21,37,218	65.46	1399,04,641
Bank interest income	(1,75,790)	67.09	(117,93,681)	(1,77,213)	65.46	(116,00,558)
Interest income	(74,13,249)	67.09	(4973,51,910)	(70,08,225)	65.46	(4587,66,118)
Loss on Disposal of Shares of BSSR	(5,20,138)	67.09	(348,95,850)	526,39,661	65.46	34458,50,113
Impairment	109,78,147	67.09	7365,19,491	-	65.46	-
Loan amortisation	111,86,065	67.09	7504,68,626	105,40,099	65.46	6899,66,475
Unrealised foreign exchange loss	(14,54,905)	67.09	(976,08,994)	9,06,151	65.46	593,17,641
Dividend Income	(7,47,793)	67.09	(501,69,133)	(29,91,331)	65.46	(1958,15,818)
Mark to market gain on derivatives	(14,63,616)	67.09	(981,93,412)	(2,70,542)	65.46	(177,09,977)
	<u>141,62,344</u>	67.09	<u>9501,45,996</u>	<u>304,88,831</u>	65.46	<u>19958,32,416</u>
Movement in working capital :						
Decrease / (increase) in trade and other receivables	123,13,485	67.09	8261,06,783	(149,29,643)	65.46	(9773,10,853)
Increase in trade and other payables	114,40,209	67.09	7675,19,046	83,75,859	65.46	5482,92,944
Cash generated from operating activities	<u>379,16,038</u>	67.09	<u>25437,71,825</u>	<u>239,35,047</u>	65.46	<u>15668,14,507</u>
Tax	(13,47,232)	67.09	(903,85,256)	(38,31,600)	65.46	(2508,20,751)
Net cash generated from operating activities	<u>365,68,806</u>	67.09	<u>24533,86,569</u>	<u>201,03,447</u>	65.46	<u>13159,93,756</u>
Cash flows from investing activities						
Dividend Income	7,47,793	67.09	501,69,133	29,91,331	65.46	1958,15,818
Bank interest received	2,07,920	67.09	139,49,270	1,40,266	65.46	91,81,967
Interest received	-	67.09	-	-	65.46	-
Proceeds from disposal of investments	49,16,800	67.09	3298,66,145	-	65.46	-
Investment in joint venture	(8,51,484)	67.09	(571,25,721)	(286,15,685)	65.46	(18732,14,217)
Loan repaid to related party		67.09	-	(293,14,000)	65.46	(19189,26,685)
Loan from related party		67.09	-	28,41,874	65.46	1860,32,198
Loan to related parties	(88,22,105)	67.09	(5918,71,496)	(25,72,734)	65.46	(1684,13,998)
Loan repayment received from related party	155,00,000	67.09	10398,88,800	398,93,698	65.46	26114,85,354
Net cash generated from / (used in) investing activities	<u>116,98,924</u>	67.09	<u>7848,76,131</u>	<u>(146,35,250)</u>	65.46	<u>(9580,39,563)</u>
Cash flows from financing activities						
Premium on hedge paid	(10,80,955)	67.09	(725,20,839)	(19,37,764)	65.46	(1268,48,163)
Premium on hedge received	67,300	67.09	45,15,130	-	65.46	-
Interest paid	(87,42,217)	67.09	(5865,11,842)	(83,88,514)	65.46	(5491,21,354)
Interest received	5,54,003	67.09	371,67,840	-	65.46	-
Repayment of loan	(350,00,000)	67.09	(23481,36,000)	-	65.46	-
Set up cost loan	-	67.09	-	(35,36,000)	65.46	(2314,70,450)
Net cash used in financing activities	<u>(442,01,869)</u>	67.09	<u>(29654,85,711)</u>	<u>(138,62,278)</u>	65.46	<u>(9074,39,967)</u>
Net increase / (decrease) in cash and cash equivalents	40,65,861	67.09	2727,76,989	(83,94,081)	65.46	(5494,85,774)
Cash and cash equivalents at beginning of year	47,62,932	66.25	3155,32,338	131,57,013	62.50	8222,80,420
Effect of exchange fluctuation on cash and cash equivalents			(157,62,101)			427,37,692
Cash and cash equivalents at end of year	<u>88,28,793</u>	64.85	<u>5725,47,226</u>	<u>47,62,932</u>	66.25	<u>3155,32,338</u>