BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
COMPANY INFORMATION

		Date of appointment	*Date of resignation*
DIRECTORS:	Kapildeo Joory	31 October 2008	-
	Rubina Toorawa	31 October 2008	7 March 2014
	Prashant Kumar Ghose	31 October 2008	-
	Ramakrishnan Mukundan	17 February 2009	-
	Zakir Hussein Niamut	7 March 2014	-

REGISTERED OFFICE:
IFS Court, TwentyEight
Cybercity
Ebene
Mauritius

SECRETARY, ADMINISTRATOR & MAURITIAN TAX AGENT:
International Financial Services Limited
IFS Court, TwentyEight
Cybercity
Ebene
Mauritius

BANKER:
HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
18 CyberCity
Ebene
Mauritius

AUDITORS:
Deloitte
7th Floor, Raffles Tower
19 Cybercity
Ebene
Mauritius

The directors present their report and the audited financial statements of Bio Energy Venture-1 (Mauritius) Pvt. Ltd (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income on page 6.

DIRECTORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The directors 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 Mauritian 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.

CONSOLIDATION

Section 212 of the Mauritius Companies Act 2001 requires a company that has one or more subsidiaries to prepare group accounts that comply with IFRS. However, section 12 of the Fourteenth Schedule of the Mauritius Companies Act provides that a company holding a Category 1 Global Business Licence may not prepare group financial statements where it is a wholly owned or virtually owned subsidiary.

The Company, being a Category 1 Global Business Licence Company, has taken advantage of the provision of the Fourteenth Schedule of the Mauritius Companies Act 2001 not to prepare group accounts as its holding company, Tata Chemicals Limited, a company incorporated in India, listed on the Bombay Stock Exchange and National Stock Exchange of India, prepares consolidated accounts under Indian Generally Accepted Accounting Principles. The consolidated financial statements would not add value to the holding company.

AUDITORS

The auditors, Deloitte, have indicated their willingness to continue in office until the next Annual Meeting.

<u>CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001</u>

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 the **Bio Energy Venture - 1 (Mauritius) Pvt. Ltd** under the Companies Act 2001 during the financial year ended 31 March 2015.

Sd/-
…………………………………………….….
for **International Financial Services Limited**
Secretary

Registered office:

IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

Independent auditor's report to the shareholder of

Bio Energy Venture-1 (Mauritius) Pvt. Ltd

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015	2014
		USD	USD
INCOME			
Interest income	12	**2,187,684**	2,174,617
Dividend income		**-**	(109,107)
		2,187,684	2,065,510
OPERATING EXPENSES			
Licence fees		**2,700**	3,100
Professional fees		**40,392**	32,096
Bank charges		**5,245**	3,132
Audit fees		**7,450**	6,876
Impairment of investment in subsidiary and share application monies written off	5 & 7	**31,738,054**	-
Impairment of loan in subsidiary	6	**38,407,000**	-
Total expenditure		**70,200,841**	45,204
(LOSS)/PROFIT BEFORE TAXATION		**(68,013,157)**	2,020,306
Taxation	11	**64,194**	60,609
(LOSS)/PROFIT FOR THE YEAR		**(68,077,351)**	1,959,697
Items that will not be reclassified subsequently to profit or loss		**-**	**-**
Items that may be reclassified subsequently to profit or los		**-**	-
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(68,077,351)**	1,959,697

The notes on pages 10 to 25 form an integral part of these financial statements.
The independent auditors' report is on page 5.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	**2015** **USD**	2014 USD
ASSETS			
Non current assets			
Investment in subsidiaries	5	**604,385,896**	632,343,950
Share application monies	7	**-**	260,000
Loan to related party	6 &16	**49,546,902**	85,803,043
		653,932,798	718,406,993
Current assets			
Receivables and prepayments	8	**8,725,198**	15,739,493
Cash at bank		**659,229**	289,714
		9,384,427	16,029,207
Total assets		**663,317,225**	734,436,200
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	9 (a)	**575,381,426**	574,881,426
Retained earnings		**(62,073,483)**	6,003,868
		513,307,943	580,885,294
Non - current liability			
Reedeemable preference shares	9 (b) & 16	**148,471,400**	151,621,400
Advance towards preference shares		**1,500,000**	1,900,000
		149,971,400	153,521,400
Current liabilities			
Taxation	11	**15,811**	9,305
Payables	10	**22,071**	20,201
		37,882	29,506
Total equity and liabilities		**663,317,225**	734,436,200

Approved by the Board of Directors and authorised for issue on **XXX 2015**.

Sd/-
....
Director

Sd/-
....
Director

The notes on pages 10 to 25 form an integral part of these financial statements.
The independent auditors' report is on page 5.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital	Retained earnings	Total
	USD	USD	USD
At 1 April 2013	**573,881,426**	**4,044,171**	**577,925,597**
Issue during the year	1,000,000	-	1,000,000
Total comprehensive income for the year	-	1,959,697	1,959,697
At 31 March 2014	**574,881,426**	**6,003,868**	**580,885,294**
Issue during the year	500,000	-	500,000
Total comprehensive loss for the year	-	(68,077,351)	(68,077,351)
At 31 March 2015	**575,381,426**	**(62,073,483)**	**513,307,943**

The notes on pages 10 to 25 form an integral part of these financial statements.
The independent auditors' report is on page 5.

BIO ENERGY VENTURE – 1 (MAURITIUS) PVT. LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	2015 USD	2014 USD
Cash flows from operating activities		
(Loss)/profit for the year	(68,077,351)	1,959,697
Adjustments for:		
Interest income accrued on loans to related party	(2,187,684)	(2,174,617)
Dividend income reversal	-	109,107
Investment in subsidiary and share application monies written off	31,738,054	-
Impairment of loan in subsidiary	38,407,000	-
Taxation	64,194	60,609
	(55,787)	(45,204)
Changes in working capital:		
Decrease in receivables	7,051,120	1,199,700
Increase in payables	1,870	771
Cash generated from operating activities	6,997,203	1,155,267
Tax paid	(57,688)	(69,771)
Net cash generated from operating activities	**6,939,515**	**1,085,496**
Cash flows from investing activities		
Purchase of investment	(3,270,000)	(16,835,000)
Loan to related party	-	(1,199,999)
Share application monies	(250,000)	(210,000)
Net cash used in investing activities	**(3,520,000)**	**(18,244,999)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	500,000	1,000,000
Proceeds from issue of preference shares	1,700,000	14,527,000
Redemption of shares	(6,750,000)	-
Advance received towards preference shares	1,500,000	1,900,000
Net cash (used in) / generated from financing activities	**(3,050,000)**	**17,427,000**
Net increase in cash and cash equivalents	**369,515**	267,497
Cash and cash equivalents at beginning of the year	289,714	22,217
Cash and cash equivalents at end of year	**659,229**	289,714

	2015	2014
Supplementary disclosure of non-cash investing activities:		
Investment in subsidiary and share application monies written off	**31,738,054**	-
Conversion of interest accrued to related party loan	**2,150,859**	**2,142,036**
Dividend Income reversal	**-**	**109,107**
Impairment of loan in loan in subsidiary	**38,407,000**	**-**

The notes on pages 10 to 25 form an integral part of these financial statements.
The independent auditors' report is on page 5.

1. BACKGROUND INFORMATION

The Company was incorporated in Mauritius under the Companies Act 2001 on 31 October 2008 as a private company with limited liability by shares and has its registered office at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission. The principal activity of the Company is that of investment holding.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as modified by the exemption available under Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from consolidation in the Mauritius Companies Act 2001 for companies holding Category 1 Global Business Licence ("IFRS as modified by Mauritius Companies Act 2001"). Consequently, the Company has elected to present separate financial statements in accordance with IAS 27, Separate Financial Statements.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the significant 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.

The Company is the holder of a category 1 Global Business Licence and has subsidiaries. The directors have taken advantage of the exemption available under Section 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001 and have not prepared group financial statements as it is a wholly owned subsidiary. In the preparation of these financial statements, the directors have adopted International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB), except for International Financial Reporting Standards (IFRS) 10, Consolidated Financial Statements.

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Transactions denominated in foreign currencies are translated in USD at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at statement of financial position 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

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

(i) Financial Assets

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

Loans and receivables

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

Effective interest method

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

Impairment of financial assets

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

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

Derecognition of financial asset

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

(ii) Financial liabilities

(a) *Classification as debt or equity*

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

(b) *Equity instruments*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(c) *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.

(d) *Derecognition of financial liabilities*

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

(d) Cash and cash equivalents

Cash comprises cash held 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.

(e) Stated capital

Stated capital is determined using the nominal value of shares of USD1 that have been issued.

(f) Revenue recognition

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

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

(g) Expense recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and investments in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax for the year

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions.

(k) Impairment of assets

At each statement of financial position date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

(l) Investment in subsidiary

Control in subsidiaries and entities (including structured entities) is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its return.

The Company does not prepare consolidated financial statements and investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

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

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2014.

3.1 Revised Standards applied with no material effect on the financial statements

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

IAS 32 Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities

IAS 36 Impairment of Assets - Amendments arising from recoverable amount disclosures for non-financial assets

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

IAS 27 Separate Financial Statements – Amendments for investment entities

3.2 New and revised Standards in issue but not yet effective

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

IAS 1 Presentation of financial statements – Amendments resulting from disclosure initiative (effective 1 January 2016)

IAS 24 Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)

IAS 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 - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)

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

IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (short-term receivables and payables (effective 1 July 2014)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52) (effective 1 July 2014)

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements, in accordance with IFRS, requires management to exercise judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgment that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

Impairment of investment in subsidiaries

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

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

BIO ENERGY VENTURE – 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

5. INVESTMENT IN SUBSIDIARIES

Name of Company	**Country of incorporation**	**Activity**	**Class of shares held**	**% Holding**	**Number of shares**	**Cost (net of impairment) USD**
Tata Chemicals International Pte Ltd	Singapore	Investment Holding	Ordinary shares fully paid of USD 1 each	100%	**2015** **485,307,852** 2014 485,307,852	**2015** **479,285,896** 2014 479,285,896
			Preference shares fully paid of USD 1 each	100%	**2015** **1,151,000** 2014 1,151,000	**2015** **115,100,000** 2014 115,100,000
Gusiute Holdings (UK) Limited	UK	Investment Holding	Preference shares fully paid of USD 1 each	63%	**2015** **10,000,000** 2014 10,000,000	**2015** **10,000,000** 2014 10,000,000
Grown Energy Zambeze Holdings Pvt. Ltd	Mauritius	Investment Holding	Ordinary shares of USD1 each	100%	**2015** **-** 2014 12,558,054 (Footnote A)	**2015** **-** 2014 12,558,054 (Footnote A)
Homefield Pvt. UK Ltd	UK	Engaged in the manufacture and sale of sodium, salt and related products	Preference shares fully paid of USD 1 each	100%	**2015** **-** 2014 15,400,000 (Footnote B)	**2015** **-** 2014 15,400,000 (Footnote B)
Total						**2015** **604,385,896** 2014 632,343,950

Footnote A:- Investment in Grown Energy Zambeze Holdings Pvt. Ltd

	2015	2014
Unquoted :	**USD**	USD
Balance at start	**12,558,054**	11,623,054
Addition during the year	**1,030,000**	935,000
Written off during the year	**(13,588,054)**	-
Balance at end	**-**	12,558,054

An assessment of the recoverable amount of the investment has been done by the Management based on which a write off has to be recognized in the financial statements. The investment in subsidiary has thus been fully written off to USD Nil.

Footnote B:- Investment in Homefield Pvt. UK Ltd

	2015	2014
	USD	USD
Unquoted :		
Balance at start	**15,400,000**	6,100,000
Addition during the year	**2,450,000**	9,300,000
Written off during the year	**(17,850,000)**	-
Balance at end	**-**	15,400,000

An assessment of the recoverable amount of the investment has been done by the Management based on which a write off has to be recognized in the financial statements. The investment in Homefield Pvt. UK Ltd has thus been fully written off to USD Nil.

6. LOAN TO RELATED PARTY

The loan to Homefield Pvt. UK Ltd is unsecured, repayable at such time as agreed by the parties and carry interest at the rate of LIBOR plus 2.25% (2014: LIBOR + 2.25%).

An assessment of the recoverable amount of the loan to to Homefield Pvt. UK Ltd has been done by the Management based on which a write off of USD38,407,000 has to be recognized in the financial statements. The loan to Homefield Pvt. UK Ltd has thus been written off to USD49,546,902 as follows:

	2015	2014
	USD	USD
Balance at start	**85,803,043**	81,111,496
Interest capitalized during the year	**2,150,859**	4,691,547
Written off during the year	**(38,407,000)**	-
Balance at end	**49,546,902**	85,803,043

7. SHARE APPLICATION MONIES

	2015	2014
	USD	USD
Balance at start		
Grown Energy Zambeze Limitada	**50,000**	50,000
Grown Energy Zambeze Holdings Pvt. Ltd	**210,000**	-
	260,000	50,000
Adjusted against issue of shares		
Grown Energy Zambeze Holdings Pvt. Ltd	**210,000**	
Additions during the year		
Grown Energy Zambeze Holdings Pvt. Ltd	**250,000**	210,000
Written off during the year	**300,000**	-
Balance at end		
Grown Energy Zambeze Limitada	**-**	50,000
Grown Energy Zambeze Holdings Pvt. Ltd	**-**	210,000
	-	260,000

An assessment of the recoverable amount of the share application moneis has been done by the Management based on which a write off has to be recognized in the financial statements. The share application monies of USD 300,000 has thus been fully written off to USD nil.

8. RECEIVABLES AND PREPAYMENTS

	2015	2014
	USD	USD
Receivable from Tata Chemicals International Pte. Ltd	**8,203,000**	15,253,813
Short term loan to Gusuite Holdings (UK) Limited	**300,000**	300,000
Interest receivable on loan to Homefield Pvt. UK Ltd	**217,268**	180,443
Other receivable from Tata Chemicals Limited	**2,530**	2,837
Prepayments	**2,400**	2,400
	8,725,198	15,739,493

The short term loan to Gusuite Holdings (UK) Limited was unsecured, interest free and repayable on demand.

9. (a) STATED CAPITAL

	2015	2014	**2015**	2014
	Number of shares	Number of shares	**USD**	USD
Ordinary shares of USD1 each held by Tata Chemicals Limited	**575,381,426**	574,881,426	**575,381,426**	574,881,426

- Fully paid Ordinary shares carry one vote per share and carry the right to dividends

(b) NON CUMULATIVE REDEEMABLE PREFERENCE SHARES

	2015	2014	**2015**	2014
	Number of shares	Number of shares	**USD**	USD
Non Cumulative Redeemable Preference shares of no par value held by Tata Chemicals Limited	**1,484,714**	251,000	**148,471,400**	25,100,000
Non Cumulative Redeemable Preference shares of no par value held by Homefield International Private Limited	**-**	1,265,214	**-**	126,521,400
	1,484,714	1,516,214	**148,471,400**	151,621,400

- The Non Cumulative Redeemable Preference Shares ("NCRPS") are redeemable at the option of the issuer not later than 10 years from the issue date and carry a dividend rate of 5%. Dividends are accrued only when declared by the board of the Company.;
- The NCRPS have priority for distribution over the Ordinary shares on winding up;
- 1,265,214 NCRPS amounting to USD 126,521,400 were transferred from Homefield International Private Limited to Tata Chemicals Limited during the current year;
- 67,500 NCRPS amounting to USD 6,750,000 were redeemed by Tata Chemicals Limited during the current year; and
- A total 36,000 NCRPS amounting to USD 3,600,000 were issued to Tata Chemicals Limited during the current year.

10. PAYABLES

	2015	2014
	USD	USD
Accruals	**21,900**	19,722
Other payables	**171**	479
	22,071	20,201

11. TAXATION

Income tax

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

The foregoing is based on current interpretation and practice and is subject to any future changes in Indian or Mauritian tax laws and in the treaty between India and Mauritius.

As at 31 March 2015, the Company has a tax liability of **USD 15,811** (2014:USD 9,305).

	2015	2014
	USD	USD
Profit before taxation	**(68,013,157)**	2,020,306
Tax at the applicable rate of 15%	**(10,201,974)**	303,046
Tax effect of:		
- Non allowable expenses	**10,522,942**	-
- Deemed tax credits (80%)	**(256,774)**	(242,437)
Tax expense	**64,194**	60,609

11. TAXATION (CONTINUED)

During the year under review, **USD 48,383** (2014: USD 51,304) was paid under Advance Payment System ("APS") to the Mauritius Revenue Authority. Consequently, the amount payable at year end is as follows:

	2015	2014
	USD	USD
Balance at start	**9,305**	18,467
Tax charge for the year	**64,194**	60,609
Tax paid	**(9,305)**	(18,467)
Tax paid under APS	**(48,383)**	(51,304)
Balance at end	**15,811**	9,305

12. INTEREST INCOME

Interest income amounting to **USD 2,187,684** (2014: USD 2,174,617) represents interest on loans advanced to Homefield Pvt. UK Ltd.

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Significant accounting policies

Details of the significant accounting policies and method adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised are disclosed in note 2 to the financial statements.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholder through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity attributable to the equity holders of the parent, comprising stated capital, capital contribution and retained earnings.

Categories of financial instruments

	2015	2014
	USD	USD
Financial assets		
Cash and cash equivalents	**659,229**	289,714
Receivables	**8,722,798**	15,737,093
Loan to related party	**49,546,902**	85,803,043
	58,928,929	101,829,850
Financial liabilities		
Payables	**22,071**	20,201
Redeemable preference shares	**148,471,400**	151,621,400
Advance towards preference shares	**1,500,000**	1,900,000
	149,993,471	153,541,601

Associated risks

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

Currency risk

Given that the Company's investment is denominated in USD, the Company is not exposed to any currency risk.

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13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Currency profile

The currency profile of the Company's financial assets and liabilities is summarized as follows:

	2015		2014	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	USD	**USD**	USD	USD
United States Dollars	**58,928,929**	**149,993,471**	101,829,850	153,541,601

Prepayments amounting to **USD 2,400** (2014:USD 2,400) have not been included in the financial assets.

Credit risk

Financial assets that potentially expose the Company to credit risk consist principally of investment and cash at bank and loan receivable from related party. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit exposure is controlled by counterparty limits that are approved and reviewed by the Board of directors on a regular basis.

Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash in its bank account, and by also ensuring timely recovery of receivables.

Liquidity and interest risk tables

Non-derivative financial liabilities:

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

	2015				2014			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**	Less than 1 year	1 to 5 years	More than 5 years	Total
	USD	**USD**	**USD**	**USD**	USD	USD	USD	USD
Non-interest bearing	**22,071**	**-**	**149,971,400**	**149,993,471**	20,201	-	153,521,400	153,541,601

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Non-derivative Financial assets:

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that would be earned on those assets.

	Weighted average effective interest rate(%)	2015 Less than 1 year	1 to 5 years	More than 5 years	Total	2014 Less than 1 year	1 to 5 years	More than 5 years	Total
		USD	USD	USD		USD	USD	USD	USD
Financial assets									
Non-interest bearing		**9,382,027**	-	-	**9,382,027**	16,026,807	-	-	16,026,807
Variable interest rate instrument	2.51	**-**	-	**49,546,902**	**49,546,902**	-	-	85,803,043	85,803,043
		9,382,027	**-**	**49,546,902**	**58,928,929**	16,026,807	-	85,803,043	101,829,850

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 majority of the Company's financial assets are interest bearing while the majority of the financial liabilities are non-interest bearing. The financial assets may fluctuate in amount in particular due to changes in LIBOR rate. If the interest rates had been 50 basis points higher or lower and all other variables were held constant then the profit for the year ended 31 March 2015 would increase/decrease by **USD 439,770** (2014:USD 429,015). Any excess cash and cash equivalents are invested at short-term market interest rates.

14. FAIR VALUE MEASUREMENT

(i) Fair value measurement of financial instruments

The Company's financial instruments are measured at their carrying amounts, which approximate their fair values.

(ii) Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of investment investments in subsidiaries and prepayments, for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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15. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2015, the following transactions were carried out with related parties. The nature, volume of transactions and the balances with the entities are as follows:

	2015	2014
	USD	USD
International Financial Services Limited		
Professional fees:		
Directors fees	**2,500**	2,500
Secretarial fees	**1,500**	1,500
Administration expenses and legal fees for constitution	**26,502**	26,096
Mauritian tax compliance services	**2,000**	2,000
	32,502	32,096
Homefield Pvt. UK Ltd – Group company		
Interest income	**2,187,684**	2,174,617
Interest receivable	**217,268**	180,443
Loan	**87,953,902**	85,803,043
Investment	**17,850,000**	15,400,000
Gusiute Holdings (UK) Limited – Group company		
Loan	**300,000**	300,000
The Magadi Soda Company Limited – Group company		
Payable	**171**	171
Grown Energy Zambeze Holdings Pvt. Ltd- Subsidiary company		
Share application monies	**-**	210,000
Homefield International Pvt Ltd– Group company		
Issue of shares	**-**	7,927,000
Payable	**-**	308
Investment	**13,558,054**	12,558,054
Tata Chemicals International Pte Ltd– Group company		
Receivable	**8,203,000**	15,253,813
Tata Chemicals Limited – Shareholder		
Issue of shares	**4,100,000**	7,600,000
Redemption	**6,750,000**	-
Receivable	**2,530**	2,837
Capital contribution	**1,500,000**	1,900,000
Grown Energy Zambeze Limitada – Group company		
Share application monies	**-**	50,000

The outstanding balances above are unsecured, interest free and repayable on demand.

Compensation of key management personnel

One of the directors of the Company, Mr Kapildeo Joory is also a director of International Financial Services Limited ("IFS") and hence deemed to have beneficial interest in the Service Agreement between the Company and IFS which are disclosed in the above table.

16. RECLASSIFICATIONS

The loan to Homefield Pvt. UK Ltd has been reclassified from current assets to non-current assets as the loan would be repayable as such time as agreed by the parties on account of which the expectation of recovery within the next 12 months has been revisited.

Preference shares which had been classified as a part of equity in earlier years are now reclassified as a part of the Company's non-current liabilities as these are redeemable and there have been redemptions during the year.

These reclassifications have affected financial statement line items for the prior periods, the impact on each of the line items are as follows:

	31 March 2014 USD	1 April 2013 USD
Stated capital	(153,521,400)	(137,094,400)
Total Equity	**(153,521,400)**	**(137,094,400)**
Non- current liability	153,521,400	137,094,400
Total Liabilities	**153,521,400**	**137,094,400**
Current assets	(85,803,043)	(82,461,008)
Non current assets	85,803,043	82,461,008
Total Assets	**-**	-

17. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period which requires disclosure or adjustment to the 31 March 2015 financial statements.

18. HOLDING AND ULTIMATE HOLDING COMPANY.

Tata Chemicals Ltd, a company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange of India is the holding and ultimate holding company.