BIRLA SUN LIFE AMC (MAURITIUS) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

CONTENTS

		Appointment
DIRECTORS:	Mr Kishore Sunil Banymandhub	14 June 1996
	Mr George André Robert	26 November 1999
	Mr Sandeep Asthana	1 June 2011
	Mr Shriram Jagetiya	17 June 2014
	Ms Anupama Basanta Lala	24 September 2015

ADMINISTRATOR AND SECRETARY:

International Financial Services Limited
IFS Court
Bank Street
TwentyEight
Cybercity
Ebène 72201
Mauritius

REGISTERED OFFICE:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebène 72201
Mauritius

AUDITORS:

Ernst & Young
9th Floor, Tower 1
NeXTeracom
Cybercity
Ebène
Mauritius

BANKER:

Barclays Bank Mauritius Limited
3rd Floor
Barclays House
68-68A, Cybercity
Ebene
Mauritius

The Directors present the audited financial statements of BIRLA SUN LIFE AMC (MAURITIUS) LIMITED (the 'Company') for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as an investment manager to India Advantage Fund Limited, a related entity.

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 ended 31 March 2017, the directors paid a dividend of USD600,000 (2016: USD650,000).

DIRECTORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements 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 International Financial Reporting 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 have confirmed that they have complied with the above requirements in preparing the financial statements.

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 Companies Act 2001 and International Financial Reporting Standards. 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 made an assessment of the Company's ability to continue as a going concern and has no reason to believe that the business will not be a going concern in the year ahead.

AUDITORS

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

CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (D) OF THE 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 of **BIRLA SUN LIFE AMC (MAURITIUS) LIMITED** under Section 166(d) of the Companies Act 2001, for the financial year ended 31 March 2017.

For International Financial Services Limited
Secretary

Registered Office:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebène 72201
Mauritius

Date: 20 April 2017

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

BIRLA SUN LIFE AMC (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Birla Sun Life AMC (Mauritius) Limited (the "Company") set out on pages 8 to 28 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 significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of Birla Sun Life AMC (Mauritius) Limited as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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 the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the corporate information, commentary of the 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 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 on the other information obtained prior to the date of this auditor's report, 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 the 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 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

BIRLA SUN LIFE AMC (MAURITIUS) LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

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 scepticism 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 the directors.

- Conclude on the appropriateness of the director's 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

BIRLA SUN LIFE AMC (MAURITIUS) LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Other matter

This report is made solely for the Company's member for the purpose of inclusion in the consolidation of Birla Sun Life Asset Management Company Limited. This report may not be used for any 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 member for our audit work, for this report, or for the opinions we have formed.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, A.C.A, F.C.C.A.
Licensed by FRC

Date: ......20 APR 2017......

	Notes	2017 USD	2016 USD
INCOME			
Investment management income	4	913,288	958,032
		913,288	958,032
EXPENSES			
Directors' fees		20,000	20,000
Professional fees		23,381	22,403
Salary		41,000	40,238
Office expenses		20,221	14,438
Audit fees		14,000	13,801
Other expenses		10,549	15,473
Bank charges		5,531	5,268
Licence fees		4,300	4,300
Depreciation	6	419	419
		139,401	136,340
Profit before tax		773,887	821,692
Income tax expense	5	(23,230)	(24,664)
Profit/total comprehensive income for the year, net of tax		750,657	797,028

	Notes	2017 USD	2016 USD
ASSETS			
Non-current asset			
Office equipment	6	35	454
Total non-current asset		35	454
Current assets			
Receivables and prepayments	7	242,931	77,245
Cash and cash equivalents		751,362	756,989
Total current assets		994,293	834,234
TOTAL ASSETS		994,328	834,688
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	45,000	45,000
Retained earnings		914,878	764,221
Total equity		959,878	809,221
Current liabilities			
Other payables		22,135	13,524
Income tax payable	5	12,315	11,943
Total liabilities		34,450	25,467
TOTAL EQUITY AND LIABILITIES		994,328	834,688

Approved by the Board and authorised for issue on 20 April 2017 and signed on its behalf by:

Director

Director

	Stated capital USD	Retained earnings USD	Total USD
At 1 April 2015	45,000	617,193	662,193
Profit / total comprehensive income for the year	-	797,028	797,028
Dividends (note 10)	-	(650,000)	(650,000)
At 31 March 2016	45,000	764,221	809,221
Profit / total comprehensive income for the year	-	750,657	750,657
Dividends (note 10)	-	(600,000)	(600,000)
At 31 March 2017	**45,000**	**914,878**	**959,878**

BIRLA SUN LIFE AMC (MAURITIUS) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 USD	2016 USD
Operating activities			
Profit before tax		773,887	821,692
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation	6	419	419
		774,306	822,111
Working capital adjustments:			
(Increase) / decrease in receivables and prepayments		(165,686)	21,324
Increase / (decrease) in other payables		8,611	(3,360)
		617,231	840,075
Income tax paid	5	(22,858)	(26,038)
Net cash flows from operating activities		594,373	814,037
Financing activities			
Dividend paid	10	(600,000)	(650,000)
Net cash flows used in financing activities		(600,000)	(650,000)
Net (decrease) / increase in cash and cash equivalent		(5,627)	164,037
Cash and cash equivalents at 1 April		756,989	592,952
Cash and cash equivalents at 31 March		751,362	756,989

1. LEGAL FORM AND PRINCIPAL ACTIVITY

Birla Sun Life AMC (Mauritius) Limited (the "Company") was incorporated in Mauritius on 20 May 1996 as a private company with liability limited by shares and has registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebène 72201, Mauritius. It holds a Category 1 Global Business Licence and a CIS Manager Licence issued by the Financial Services Commission under the Financial Services Act 2007 and the Securities Act 2005 respectively.

The principal activity of the Company is to act as investment manager to India Advantage Fund Limited (the "Fund"), a related entity.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. One of the specific recognition criteria that must also be met before revenue is recognised:

Investment management income

Investment management income is recognised in accordance with the terms of the relevant agreement in place and is disclosed under Note 4.

(d) Foreign currencies

Functional and presentation currency

The financial statements are presented in United States Dollars ("USD") which is also the currency of the primary economic environment in which the Company operates.

The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies (Continued)

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

(e) Office equipment

Office equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of such assets. Additions during the year bear a due proportion of the annual depreciation charge. The annual depreciation rate used for the purpose of calculating depreciation is 33.33%.

Gains and losses on disposal of plant and equipment are determined by reference to their written down value and are included in determining operating profit.

(f) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits and receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other short-term receivables have been included in this category.

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

Loan and receivables (Continued)

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement;
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) 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.

(h) 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 decisions.

(i) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Taxation (Continued)

Deferred taxation

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

(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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 April 2016:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments	
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
Annual Improvements 2012 – 2014 Cycle	1 January 2016
Disclosure Initiative (Amendments to IAS 1)	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016

Where the adoption of the standards or amendments or improvements is deemed to have an impact on the financial statements or performance of the Company, their impact is described below.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation – effective 1 January 2016

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

This amendment had no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Annual Improvements 2012-2014 Cycle

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

This amendment is applied prospectively and had no impact on the Company's financial statements.

Amendments to IAS 1 Disclosure Initiative - effective 1 January 2016

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

This amendment had no impact on the Company's financial statements.

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Company would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
Disclosure Initiative (Amendment to IAS 7)	1 January 2017
Annual Improvements 2014 - 2016 Cycle	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

	Effective for accounting period beginning on or after
Amendments	
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	1 January 2018

An assessment of the standards, amendments to existing standards and interpretations that may impact on the Company's financial statements when they become effective, given existing operations and financial position, is as follows:

IFRS 9 Financial Instruments - effective 1 January 2018

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Classification and measurement of financial assets

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition – effective 1 January 2018 (Continued)

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held.

The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The Company would adopt the new standard on the effective date and currently has no impact on the financial position or performance of the Company.

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is still assessing the impact of this new standard.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 16 Leases – effective 1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors will assess the impact of the amendments when they become effective.

IFRS 10 and IAS 28 (Amendments to sale or contribution of assets between an investor and its associate or joint venture – effective date deferred indefinitely

This amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) was made to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- it requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); and

- it requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The directors will assess the impact of the amendments when they become effective.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective 1 January 2017

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IAS 7 Disclosure Initiative (Amendments to IAS 7) - effective 1 January 2017

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide Comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

The Company is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements.

Annual Improvements 2014 – 2016 Cycle - 1 January 2017

The following amendments were made to these standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose
- IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

The Company is still evaluating the effect of these new or revised standards and interpretations on the presentation of its financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – effective 1 January 2018

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation; or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – effective 1 January 2018 (Continued)

Early application of interpretation is permitted and must be disclosed. First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency.

The Company is still assessing the impact of this new standard.

Amendments to IAS 40 Transfers of Investment Property – effective 1 January 2018

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.

An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. The amendments will eliminate diversity in practice.

The Company is still assessing the impact of this new standard.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - effective 1 January 2018

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Company is still assessing the impact of this new standard.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12 – effective 1 January 2018

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Company would adopt the new standard on the effective date and currently has no impact on the financial position or performance of the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters - effective 1 January 2018

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.

The amendment is effective from 1 January 2018.

IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice - effective 1 January 2018

The amendments clarifies that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted.

The Company is still assessing the impact of this new standard.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The determination of 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 USD.

Estimates and assumptions

No significant accounting estimates and assumptions were used in the preparation of the financial statements.

4. INVESTMENT MANAGEMENT INCOME

The Company has entered into an Investment Management Agreement ("IMA") with India Advantage Fund Limited (the "Fund"), a related party. Under the IMA, the Company is entitled to a fee, accruing at the annual rate of 0.25% of the net proceeds of the initial placing to 30 September 1996 and subsequently at the annual rate of 0.25% of the net asset value of the Fund on the last Business day in each calendar month until 31 July 2005.

The annual rate was afterwards revised as follows:

- 1.25% of the daily NAV of the Fund with effect from 1 August 2005.
- 0.75% of the daily NAV of the Fund with effect from 1 February 2012.

The IMA shall be effective until terminated by either party giving at least ninety days' notice in writing on the Valuation Day falling in March, June, September or December in any year on or after December 1999. The Fund will indemnify the Company against any claim as specified in clause 17.3 of the IMA and to the extent that such claim is not due to breach of duty, negligence, wilful default or liability on the part of the Company.

5. TAXATION

The Company is liable to pay income tax on its net income at a rate of 15%. It is, however, entitled to a foreign tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income thus reducing its effective tax rate to a maximum of 3%. No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends paid by the Company to its shareholders will be exempt in Mauritius from any withholding tax.

5. TAXATION (CONTINUED)

(a) Reconciliation of tax charge and accounting profit

	2017 USD	2016 USD
Profit before tax	773,887	821,692
Tax calculated at the rate of 15%	116,083	123,254
Tax effect of:		
Non allowable expenses	63	63
Foreign tax credit	(92,916)	(98,653)
Income tax charge	23,230	24,664

(b) In the statement of financial position

Income tax payable	2017 USD	2016 USD
At 1 April	11,943	13,317
Paid during the year	(22,858)	(26,038)
Charge for the year	23,230	24,664
At 31 March	12,315	11,943

6. OFFICE EQUIPMENT

	2017 USD	2016 USD
Cost		
At 1 April / 31 March	2,655	2,655
Depreciation		
At 1 April	2,201	1,782
Depreciation charge for the year	419	419
At 31 March	2,620	2,201
Net Book Value		
At 31 March	35	454

7. RECEIVABLES AND PREPAYMENTS

	2017 USD	2016 USD
Amount due from India Advantage Fund Limited (note 12)	240,021	74,335
Prepayments	2,075	2,075
Deposit for office rental	835	835
	242,931	77,245

7. RECEIVABLES AND PREPAYMENTS (CONTINUED)

The amount due from India Advantage Fund Limited, is unsecured, interest free and receivable on demand.

8. OPERATING LEASE COMMITMENT

The Company has entered into commercial lease for an office space, which is renewable on an annual basis.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows

	2017	2016
	USD	USD
Within one year	9,903	9,672

9. STATED CAPITAL

	2017	2016
	USD	USD
Issued share capital		
4,500 (2016: 4,500) ordinary shares of USD10 each	45,000	45,000

10. DIVIDEND PAID

During the year ended 31 March 2017, the directors paid a dividend of USD600,000 (2016: USD650,000) representing USD133.33 per share (2016: USD144.44 per share).

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), liquidity risk and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

Cash flow interest rate risk

The Company's income and operating cash flows are substantially independent of changes in interest rates. The Company's only significant interest earning financial asset is cash at bank. Interest income from cash and short term deposits may fluctuate in amount, in particular due to changes in market interest rates. In view of the small average balance held in cash and short term deposits, the directors are of the opinion that interest rate changes will not have a material impact on the Company's profit and equity.

Currency risk

All of the Company's financial assets and liabilities are denominated in USD and therefore it is not exposed to currency risk.

Liquidity risk

The Company is not exposed to any significant liquidity risk.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2017 and 31 March 2016 based on contractual undiscounted payments:

	Less than 3 months 2017	Total 2017	Less than 3 months 2016	Total 2016
	USD	USD	USD	USD
Other payables	22,135	22,135	13,524	13,524

Credit risk

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. The Company's main credit risk concentration is its other receivables and cash and short term deposits.

With respect to credit risk arising from financial assets, the Company's exposure arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets.

The maximum exposure to credit risk at the statement of financial position date was:

	Carrying amount 2017	Carrying amount 2016
	USD	USD
Receivables	240,021	74,335
Cash and cash equivalents	751,362	756,989
	991,383	831,324

Prepayments and deposits amounting to USD2,910 (2016: USD2,910) have been excluded.

The financial assets were neither past due nor impaired at the reporting date. The cash and short term deposits are maintained with a regulated financial institution.

Fair values of financial instruments

Except where otherwise stated the carrying amounts of financial assets and liabilities approximate their fair value.

12. 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. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company has external capital requirement imposed by the Financial Services Commission, the Regulator, in that it shall maintain a minimum paid-up and unimpaired stated capital and shareholders' funds of at least Mauritian Rupees 1,000,000 or its equivalent in any currency. At year end, this condition was met.

No changes were made in the objectives, policies or processes during the year ended 31 March 2017.

13. RELATED PARTY DISCLOSURES

During the year, the Company transacted with related entities. Details of the nature, volume of transactions and the balances with the entities are as follows:

	2017	2016
	USD	USD
Amount due from India Advantage Fund Limited		
At 1 April	74,335	94,807
Investment management fees	913,288	958,032
Amount received	(747,602)	(978,504)
At 31 March (note 7)	240,021	74,335

	2017	2016
	USD	USD
Amount due to International Financial Services Limited		
At 1 April	1,000	2,000
Professional fees for the year	13,500	15,040
Amount paid during the year	(13,500)	(16,040)
At 31 March	1,000	1,000

Directors' fees

Directors' fees amounting to USD20,000 (2016: USD20,000) were paid to Messrs Kishore Sunil Banymandhub and George André Robert. Both of them are independent of the Administrator or Investment Manager and do not have any shareholding in the Company.

14. HOLDING AND ULTIMATE HOLDING COMPANIES

The directors consider Birla Sun Life Asset Management Company Limited, a company incorporated in India, as the immediate holding company. The Company is ultimately owned jointly by the Aditya Birla Financial Services Pvt Ltd and Sun Life (India) AMC Investments Inc. incorporated in Singapore and India respectively.

15. EVENTS AFTER THE REPORTING DATE

There have been no material events since the end of the reporting period which would require disclosures or adjustments to the financial statements for the year ended 31 March 2017.