

**BIRLA SUN LIFE AMC (MAURITIUS) LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**BIRLA SUN LIFE AMC (MAURITIUS) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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|                   |                              | <b>Appointment</b> | <b>Resignation</b> |
|-------------------|------------------------------|--------------------|--------------------|
| <b>DIRECTORS:</b> | Mr Kapildeo Joory            | 20 May 1996        | 24 September 2015  |
|                   | Mr Kishore Sunil Banymandhub | 14 June 1996       | -                  |
|                   | Mr Georges 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  
3<sup>rd</sup> 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 2016.

#### **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.

#### **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**

4.

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 2016.

  
For International Financial Services Limited  
Secretary

**Registered Office:**

IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebène 72201  
Mauritius

20 April 2016

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
BIRLA SUN LIFE AMC (MAURITIUS) LIMITED**

To  
The Principal Auditor  
Haribhakti & Co  
Chartered Accountants

We have audited the accompanying financial statements of Birla Sun Life AMC (Mauritius) Limited ("the Subsidiary") of Birla Sun Life Asset Management Company Limited expressed in USD, which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standard on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

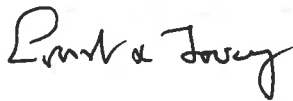
INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
BIRLA SUN LIFE AMC (MAURITIUS) LIMITED (CONTINUED)

*Opinion*

In our opinion, the financial statements on pages 7 to 24 give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Other Matter*

This report is issued solely 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.



ERNST & YOUNG  
Ebène, Mauritius



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

Date: ..... 20 APR 2016 .....

**BIRLA SUN LIFE AMC (MAURITIUS) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

7.

|   | Notes | 2016<br>USD           | 2015<br>USD           |
|---|-------|-----------------------|-----------------------|
| <b>INCOME</b>   |       |                       |                       |
| Investment management income  | 4     | 958,032               | 977,917               |
| Foreign exchange gain   |       | -                     | 616                   |
|   |       | <u>958,032</u>        | <u>978,533</u>        |
| <b>EXPENSES</b>   |       |                       |                       |
| Directors' fees   |       | 20,000                | 20,000                |
| Professional fees   |       | 22,403                | 22,931                |
| Salary  |       | 40,238                | 32,474                |
| Office expenses   |       | 14,438                | 16,082                |
| Audit fees  |       | 13,801                | 16,703                |
| Other expenses  |       | 15,473                | 17,311                |
| Bank charges  |       | 5,268                 | 5,391                 |
| Licence fees  |       | 4,300                 | 4,300                 |
| Depreciation  | 6     | 419                   | 385                   |
|   |       | <u>136,340</u>        | <u>135,577</u>        |
| <b>Profit before tax</b>  |       | <b>821,692</b>        | <b>842,956</b>        |
| Income tax expense  | 5     | (24,664)              | (25,263)              |
| <b>Profit / total comprehensive income for the year, net of tax</b> |       | <b><u>797,028</u></b> | <b><u>817,693</u></b> |

The notes on pages 11 to 24 form an integral part of these financial statements.



**BIRLA SUN LIFE AMC (MAURITIUS) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

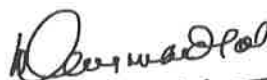
8.

|                                     | Notes | 2016<br>USD    | 2015<br>USD    |
|-------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                       |       |                |                |
| <b>Non-current asset</b>            |       |                |                |
| Office equipment                    | 6     | 454            | 873            |
| <b>Total non-current asset</b>      |       | <b>454</b>     | <b>873</b>     |
| <b>Current assets</b>               |       |                |                |
| Receivables and prepayments         | 7     | 77,245         | 98,569         |
| Cash and cash equivalent            |       | 756,989        | 592,952        |
| <b>Total current assets</b>         |       | <b>834,234</b> | <b>691,521</b> |
| <b>Total assets</b>                 |       | <b>834,688</b> | <b>692,394</b> |
| <b>EQUITY AND LIABILITIES</b>       |       |                |                |
| <b>Equity</b>                       |       |                |                |
| Stated capital                      | 9     | 45,000         | 45,000         |
| Retained earnings                   |       | 764,221        | 617,193        |
| <b>Total equity</b>                 |       | <b>809,221</b> | <b>662,193</b> |
| <b>Current liabilities</b>          |       |                |                |
| Other payables                      | 8     | 13,524         | 16,884         |
| Income tax payable                  | 5     | 11,943         | 13,317         |
| <b>Total current liabilities</b>    |       | <b>25,467</b>  | <b>30,201</b>  |
| <b>Total equity and liabilities</b> |       | <b>834,688</b> | <b>692,394</b> |

Approved by the Board and authorised for issue on 20 April 2016 and signed on its behalf by:



Director



Director

The notes on pages 11 to 24 form an integral part of these financial statements.

**BIRLA SUN LIFE AMC (MAURITIUS) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

9.

|  | <u>Stated<br/>capital</u><br>USD | <u>Retained<br/>earnings</u><br>USD | <u>Total</u><br>USD |
|--|----------------------------------|-------------------------------------|---------------------|
| At 1 April 2014                                  | 45,000                           | 174,500                             | 219,500             |
| Profit / total comprehensive income for the year | -                                | 817,693                             | 817,693             |
| Dividends (note 10)                              | -                                | (375,000)                           | (375,000)           |
| At 31 March 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                                 | <u>45,000</u>                    | <u>764,221</u>                      | <u>809,221</u>      |

The notes on pages 11 to 24 form an integral part of these financial statements.

**BIRLA SUN LIFE AMC (MAURITIUS) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

10.

|  | Notes | 2016<br>USD      | 2015<br>USD      |
|--|-------|------------------|------------------|
| <b>Operating activities</b>  |       |                  |                  |
| Profit before tax  |       | 821,692          | 842,956          |
| <i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i> |       |                  |                  |
| Depreciation   | 6     | 419              | 385              |
|  |       | <u>822,111</u>   | <u>843,341</u>   |
| <i>Working capital adjustments:</i>  |       |                  |                  |
| Decrease/ (increase) in receivables and prepayments                          |       | 21,324           | (37,396)         |
| (Decrease)/ increase in other payables                                       |       | (3,360)          | 7,052            |
|  |       | <u>840,075</u>   | <u>812,997</u>   |
| Income tax paid  | 5     | (26,038)         | (16,270)         |
| <b>Net cash flows from operating activities</b>                              |       | <u>814,037</u>   | <u>796,727</u>   |
| <b>Investing activities</b>  |       |                  |                  |
| Purchase of office equipment   | 6     | -                | (1,258)          |
| <b>Net cash flows used in investing activities</b>                           |       | <u>-</u>         | <u>(1,258)</u>   |
| <b>Financing activities</b>  |       |                  |                  |
| Dividend paid  | 10    | (650,000)        | (375,000)        |
| <b>Net cash flows used in financing activities</b>                           |       | <u>(650,000)</u> | <u>(375,000)</u> |
| <b>Net increase in cash and cash equivalents</b>                             |       | <u>164,037</u>   | <u>420,469</u>   |
| Cash and cash equivalents at 1 April   |       | <u>592,952</u>   | <u>172,483</u>   |
| <b>Cash and cash equivalents at 31 March</b>                                 |       | <u>756,989</u>   | <u>592,952</u>   |

The notes on pages 11 to 24 form an integral part of these financial statements.

**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:

*Interest income*

Interest income is accounted for on a time proportion basis.

*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 at bank, 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 (Continued)*

*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) Taxation

*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 Company has applied the following standards, amendments and improvements to existing standards for the first time in 2015:

|  | <b>Effective for<br/>accounting period<br/>beginning on or after</b> |
|--|--|
| Amendments to IAS 19 Defined Benefit Plans: Employee Contributions | 1 July 2014  |
| <b>Annual Improvements 2010-2012 Cycle</b>                         |  |
| IFRS 2 Share-based Payment   | 1 July 2014  |
| IFRS 3 Business Combinations                                       | 1 July 2014  |
| IFRS 8 Operating Segments  | 1 July 2014  |
| IAS 16 Property, Plant and Equipment                               | 1 July 2014  |
| IAS 38 Intangible Assets   | 1 July 2014  |
| IAS 24 Related Party Disclosures                                   | 1 July 2014  |
| <b>Annual Improvements 2011-2013 Cycle</b>                         |  |
| IFRS 3 Business Combinations                                       | 1 July 2014  |
| IFRS 13 Fair Value Measurement                                     | 1 July 2014  |
| IAS 40 Investment Property   | 1 July 2014  |

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 19 Defined Benefit Plans: Employee Contributions - effective 1 July 2014***

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

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 2010-2012 Cycle*

*IAS 16 Property, Plant and Equipment (PPE) and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

This amendment did not have any impact on the assets recorded by the Company since none of the assets of the Company is subject to revaluation during the current period.

*IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Transactions and balances with related parties are disclosed under Note 13.

*Annual Improvements 2011-2013 Cycle*

*IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

**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.

|  | <b>Effective for<br/>accounting period<br/>beginning on or after</b> |
|--|--|
| IFRS 9 Financial Instruments   | 1 January 2018   |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | 1 January 2016   |
| Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)                    | 1 January 2016   |
| IFRS 14 Regulatory Deferral Accounts   | 1 January 2016   |
| IFRS 15 Revenue from Contracts with Customers  | 1 January 2018   |
| IFRS 16 Leases   | 1 January 2019   |
| 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   |

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

|  | <u>Effective for<br/>accounting period<br/>beginning on or after</u> |
|--|--|
| Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)   | 1 January 2016   |
| 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                                 |
| Amendments to IAS 27: Equity Method in Separate Financial Statement  | 1 January 2016   |
| Annual Improvements 2012 - 2014 Cycle  | 1 July 2016  |
| Disclosure Initiative (Amendments to IAS 1)  | 1 January 2016   |
| Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)  | 1 January 2017   |
| Disclosure Initiative (Amendment to IAS 7)   | 1 January 2017   |

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**

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.

*IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - 1 January 2018*

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

*Classification and measurement of financial assets*

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 (Continued)**

*IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - 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)**

**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) - effective 1 January 2016**

This amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have an impact since the Company does not use a depreciation method based on revenue for its plant and equipment.

**Disclosure Initiative (Amendments to IAS 1) - effective 1 January 2016**

This amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

This standard would be adopted by the Company on the effective date.

**Disclosure Initiative (Amendments to IAS 7)**

This amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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

**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.

The investment management income for the year ended 31 March 2016 amounted to USD958,032 (2015: USD977,917).

**5. TAXATION**

The Company is liable to income tax on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income. Capital gains of the Company are exempt from tax in Mauritius.

*(a) Reconciliation of the tax expense and accounting profit*

|                                   | <u>2016</u><br>USD | <u>2015</u><br>USD |
|-----------------------------------|--------------------|--------------------|
| Profit before tax                 | 821,692            | 842,956            |
| Tax calculated at the rate of 15% | 123,254            | 126,443            |
| Tax effect of:                    |                    |                    |
| Allowable expenses                | -                  | (188)              |
| Non allowable expenses            | 63                 | 58                 |
| Foreign tax credit                | (98,653)           | (101,050)          |
| Income tax expense                | <u>24,664</u>      | <u>25,263</u>      |

*(b) Income tax payable*

|                      | <u>2016</u><br>USD | <u>2015</u><br>USD |
|----------------------|--------------------|--------------------|
| At 1 April           | 13,317             | 4,324              |
| Paid during the year | (26,038)           | (16,270)           |
| Charge for the year  | 24,664             | 25,263             |
| At 31 March          | <u>11,943</u>      | <u>13,317</u>      |

**6. OFFICE EQUIPMENT**

|                                  | <u>2016</u><br>USD | <u>2015</u><br>USD |
|----------------------------------|--------------------|--------------------|
| <b>Cost</b>                      |                    |                    |
| At 1 April                       | 2,655              | 1,397              |
| Additions during the year        | -                  | 1,258              |
| At 31 March                      | <u>2,655</u>       | <u>2,655</u>       |
| <b>Depreciation</b>              |                    |                    |
| At 1 April                       | 1,782              | 1,397              |
| Depreciation charge for the year | 419                | 385                |
| At 31 March                      | <u>2,201</u>       | <u>1,782</u>       |
| <b>Net Book Value</b>            |                    |                    |
| At 31 March                      | <u>454</u>         | <u>873</u>         |

**7. RECEIVABLES AND PREPAYMENTS**

|  | <u>2016</u><br>USD | <u>2015</u><br>USD |
|--|--------------------|--------------------|
| Amount due from India Advantage Fund Limited (note 13) | 74,335             | 94,807             |
| Prepayments  | 2,075              | 2,075              |
| Deposit for office rental                              | 835                | 835                |
| Other receivables                                      | -                  | 852                |
|  | <u>77,245</u>      | <u>98,569</u>      |

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

8. OTHER PAYABLES

|                        | 2016          | 2015          |
|------------------------|---------------|---------------|
|                        | USD           | USD           |
| Administration fees    | 1,000         | 2,000         |
| Audit fees             | 6,326         | 5,175         |
| Director fees          | 5,000         | 5,000         |
| Accounting fees        | 656           | 1,157         |
| Miscellaneous Expenses | 292           | 2,269         |
| Office expenses        | -             | 783           |
| Payroll expenses       | 250           | 500           |
|                        | <u>13,524</u> | <u>16,884</u> |

9. STATED CAPITAL

|  | 2016          | 2015          |
|--|---------------|---------------|
|  | USD           | USD           |
| <i>Issued share capital</i>                        |               |               |
| 4,500 (2015: 4,500) ordinary shares of USD 10 each | <u>45,000</u> | <u>45,000</u> |

10. DIVIDEND PAID

During the year ended 31 March 2016, the directors declared and paid dividend of USD650,000 (2015: USD375,000) representing USD144.44 per share (2015: USD83.33 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 interest rate risk and currency 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**

*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 cash equivalents may fluctuate in amount, in particular due to changes in market interest rates. In view of the small average balance held in cash and cash equivalents, 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**

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 2016 and 31 March 2015 based on contractual undiscounted payments:

|                | <b>Less than 3<br/>months</b> | <b>Total</b>  | <b>Less than 3<br/>months</b> | <b>Total</b>  |
|----------------|-------------------------------|---------------|-------------------------------|---------------|
|                | <b>2016</b>                   | <b>2016</b>   | <b>2015</b>                   | <b>2015</b>   |
|                | <b>USD</b>                    | <b>USD</b>    | <b>USD</b>                    | <b>USD</b>    |
| Other payables | <u>13,524</u>                 | <u>13,524</u> | <u>16,884</u>                 | <u>16,884</u> |

**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 receivables and cash and cash equivalents.

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:

|                           | <b>Carrying amount</b> |                |
|---------------------------|------------------------|----------------|
|                           | <b>2016</b>            | <b>2015</b>    |
|                           | <b>USD</b>             | <b>USD</b>     |
| Receivables               | <u>74,335</u>          | <u>95,659</u>  |
| Cash and cash equivalents | <u>756,989</u>         | <u>592,952</u> |
|                           | <u>831,324</u>         | <u>688,611</u> |

Prepayments and deposits amounting to USD2,910 (2015: 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 2016.



**13. RELATED PARTY DISCLOSURES**

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

|   | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|
|   | USD              | USD              |
| <b>Amount due from India Advantage Fund Limited</b>           |                  |                  |
| At 1 April  | 94,807           | 57,163           |
| Investment management income                                  | 958,032          | 977,917          |
| Amount received   | <u>(978,504)</u> | <u>(940,273)</u> |
| At 31 March (note 7)  | <u>74,335</u>    | <u>94,807</u>    |
| <br>  |                  |                  |
| <b>Amount due to International Financial Services Limited</b> |                  |                  |
| At 1 April  | 2,000            | 1,000            |
| Professional fees for the year                                | 15,040           | 13,500           |
| Amount paid during the year                                   | <u>(16,040)</u>  | <u>(12,500)</u>  |
| At 31 March   | <u>1,000</u>     | <u>2,000</u>     |

**Directors' fees**

Directors' fees amounting to USD20,000 (2015: USD20,000) were paid to Messrs Kishore Sunil Banymandhub and Georges 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 V. Birla Group 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 after the reporting date which would require disclosures or adjustments to the financial statements for the year ended 31 March 2016.