

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD

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

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

		<i>Date of appointment</i>
DIRECTORS:	Ramakrishnan Mukundan	17 February 2009
	Zakir Hussein Niamut	7 March 2014
	Shafiiq-Ur-Rahmaan Soyfoo	3 August 2015
	John Mulhall	30 September 2015

REGISTERED OFFICE: IFS Court, Bank Street
TwentyEight
Cybercity
Ebene 72201
Mauritius

**SECRETARY,
ADMINISTRATOR &
MAURITIAN
TAX AGENT:** International Financial Services Limited
IFS Court, Bank Street, TwentyEight
Cybercity
Ebene 72201
Mauritius

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

AUDITORS: Deloitte
7th Floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebene
Mauritius

**BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present the audited financial statements of Bio Energy Venture-1 (Mauritius) Pvt. Ltd (the “Company”) for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

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

RESULTS

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

DIRECTORS

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

STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

CONSOLIDATION

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

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

AUDITORS

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

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 for the **Bio Energy Venture - 1 (Mauritius) Pvt. Ltd** under the Companies Act 2001 during the financial year ended 31 March 2017.

Sd/-

**For International Financial Services
Limited Secretary**

Registered office:

IFS Court
Bank Street
Twenty Eight
Cybercity
Ebene 72201
Mauritius

Date: 21.07.2017

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	<u>2017</u> USD	<u>2016</u> USD
INCOME			
Interest income	12	1,597,282	1,330,337
Dividend income		409,863	131,507
		<u>2,007,145</u>	<u>1,461,844</u>
OPERATING EXPENSES			
Licence fees		2,700	2,700
Professional fees	7(a)	16,908	26,676
Bank charges		306	1,080
Audit fees		5,955	8,048
Impairment of investment in subsidiaries	5	-	370,000
Receivable written off	7(b)	7,000	-
Total expenditure		<u>32,869</u>	<u>408,504</u>
PROFIT BEFORE TAXATION		1,974,276	1,053,340
Taxation	10	(59,462)	(42,701)
PROFIT FOR THE YEAR		1,914,814	1,010,639
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,914,814</u>	<u>1,010,639</u>

The notes on pages 10 to 26 form an integral part of these financial statements.
The independent auditors' report is on page 5.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	<u>2017</u> USD	<u>2016</u> USD
ASSETS			
<u>Non - current assets</u>			
Investment in subsidiaries	5	604,385,896	604,385,896
Loan to related party	6	52,599,682	50,926,353
		<u>656,985,578</u>	<u>655,312,249</u>
<u>Current assets</u>			
Receivables and prepayments	8 (a)	8,300,037	8,376,086
Loan to Gusuite Holdings (UK) Limited	8 (b)	300,000	300,000
Taxation		-	12,556
Cash at bank		674,621	334,255
		<u>9,274,658</u>	<u>9,022,897</u>
Total assets		<u><u>666,260,236</u></u>	<u><u>664,335,146</u></u>
EQUITY AND LIABILITIES			
<u>Capital and reserves</u>			
Stated capital	9 (a)	575,381,426	575,381,426
Accumulated losses		(59,148,030)	(61,062,844)
		<u>516,233,396</u>	<u>514,318,582</u>
<u>Non - current liability</u>			
Redeemable preference shares	9 (b)	150,001,400	150,001,400
		<u>150,001,400</u>	<u>150,001,400</u>
<u>Current liabilities</u>			
Taxation	10	12,515	-
Payables	11	12,925	15,164
		<u>25,440</u>	<u>15,164</u>
Total equity and liabilities		<u><u>666,260,236</u></u>	<u><u>664,335,146</u></u>

Approved by the Board of Directors and authorised for issue on **21.07.2017**.

Sd/-
Director

Sd/-
Director

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BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Stated capital</u> USD	<u>Accumulated losses</u> USD	<u>Total</u> USD
At 1 April 2015	575,381,426	(62,073,483)	513,307,943
Total comprehensive income for the year	-	1,010,639	1,010,639
At 31 March 2016	<u>575,381,426</u>	<u>(61,062,844)</u>	<u>514,318,582</u>
Total comprehensive income for the year	-	1,914,814	1,914,814
At 31 March 2017	<u><u>575,381,426</u></u>	<u><u>(59,148,030)</u></u>	<u><u>516,233,396</u></u>

The notes on pages 10 to 26 form an integral part of these financial statements.
The independent auditors' report is on page 5.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 USD	2016 USD
Cash flows from operating activities		
Profit before taxation	1,974,276	1,053,340
Adjustments for:		
Interest income accrued on loans to related party	(1,597,282)	(1,330,337)
Dividend income	(409,863)	(131,507)
Investment in subsidiary written off	-	370,000
Receivable written off	7,000	-
	<u>(25,869)</u>	<u>(38,504)</u>
<i>Changes in working capital:</i>		
Decrease in payables	(2,237)	(6,907)
Increase in receivables	(7,000)	-
Cash used in from operating activities	<u>(35,106)</u>	<u>(45,411)</u>
Tax paid	(46,947)	(71,070)
Tax refund	12,556	-
Net cash (used in) generated from operating activities	<u>(62,497)</u>	<u>(116,481)</u>
Cash flows from investing activities		
Dividend received	409,863	131,507
Purchase of investment	-	(370,000)
Net cash generated / (used in) investing activities	<u>409,863</u>	<u>(238,493)</u>
Cash flows from financing activities		
Proceeds from issue of preference shares	-	30,000
Net cash generated from financing activities	<u>-</u>	<u>30,000</u>
Net increase in cash and cash equivalents	340,366	(324,974)
Cash and cash equivalents at beginning of the year	334,255	659,229
Cash and cash equivalents at end of year	<u>674,621</u>	<u>334,255</u>
Supplementary disclosure of non-cash investing activities:		
Investment in subsidiary written off	-	370,000
Conversion of interest accrued to related party loan	1,673,329	1,379,451

The notes on pages 10 to 26 form an integral part of these financial statements.
The independent auditors' report is on page 5.

BIO ENERGY VENTURE – 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. BACKGROUND INFORMATION

The Company was incorporated in Mauritius under the Companies Act 2001 on 31 October 2008 as a private company with limited liability by shares and has its registered office at IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene, 72201, Mauritius. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission. The principal activity of the Company is that of investment holding.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the significant accounting policies, which have been applied consistently, is set out below:

(a) Basis of preparation

The financial statements are prepared under the historical cost convention except financial assets and financial liabilities.

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

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

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

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

(i) Financial Assets

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

Loans and receivables

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

Effective interest method

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

Impairment of financial assets

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

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

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

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

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

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

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

Derecognition of financial asset

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

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

(ii) Financial liabilities

(a) Classification as debt or equity

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

(b) Equity instruments

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

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(c) Other financial liabilities

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

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

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

(d) Derecognition of financial liabilities

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

(d) Cash and cash equivalents

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

(e) Stated capital

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

(f) Revenue recognition

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

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

(g) Expense recognition

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

(h) Taxation

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

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (Continued)

Current tax

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

Deferred tax

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

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

Current and deferred tax for the year

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

(i) Provisions

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

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

BIO ENERGY VENTURE – 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets

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

(k) Investment in subsidiary

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

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

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

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2015.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 11	Joint Arrangements ¹
Amendments to IFRS 10, 12 and IAS 28	Consolidation exception ¹
Amendments to IAS 7	Information about financing activities ²
IFRS 15	Revenue from Contracts with Customers ³
IFRIC 22	Foreign Currency Transactions and Advance Consideration ³
IFRS 16	Leases ⁴
IFRIC 23	Uncertainty over Income Tax Treatments ⁴

¹ Effective for annual periods beginning on or after 1 January, 2016.

² Effective for annual periods beginning on or after 1 January, 2017.

³ Effective for annual periods beginning on or after 1 January, 2018.

⁴ Effective for annual periods beginning on or after 1 January, 2019.

Amendments to IFRS 11 – Joint Arrangements

When the Company acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with this standard, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this standard and disclose the information that is required in those IFRSs in relation to business combinations. Since the Company does not have any joint arrangement, it is not affected by the amendments.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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

IFRS 10, 12 and IAS 28 – Consolidation Exception

In December 2014, IASB published amendments to IFRS 10, 12 and IAS 28, Investment Entities: Applying the Consolidation Exception aimed at clarifying the application of these standards to investment entities. The Company, being a Category 1 Global Business License Company, has taken advantage of the provision of the Fourteenth Schedule of the Mauritius Companies Act 2001 not to prepare group accounts as its holding company, Tata Chemicals Limited, a company incorporated in India, listed on the Bombay Stock Exchange and National Stock Exchange of India, prepares consolidated accounts under Indian Generally Accepted Accounting Principles. The consolidated financial statements would not add value to the holding company and hence this standard is not applicable to the Company.

IAS 7 – Amendments arising out of Disclosure Initiative

On 29 January, 2016, the IASB published amendments to IAS 7, Statement of Cash Flows. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements to evaluate changes in liabilities arising from an entity's financing activities. This is amendment affects the disclosure requirements only and the Company does not expect it to have any impact on its financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Since the Company does not have any operating revenue from customers, this standard is not applicable to it.

IFRIC 22 – Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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

IFRS 16 - Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS16, Leases. IFRS16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

IFRIC 23- Uncertainty over Income Tax Treatments

On 7 June 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected.

Impairment of investment in subsidiaries and loans given to Related party

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

As at 31 March 2017, the directors compared the carrying values with the fair values of these investments and impairment has been recognised in the financial statements.

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. INVESTMENT IN SUBSIDIARIES

Name of Company	Country of incorporation	Activity	Class of shares held	% Holding	Number of shares	Cost (net of impairment) USD
Tata Chemicals International Pte Ltd	Singapore	Investment Holding	Ordinary shares fully paid of USD 1 each	100%	2017 485,307,852 2016 485,307,852	2017 479,285,896 2016 479,285,896
			Preference shares fully paid- 1,000,000 shares at USD100 each and 15,100,000 shares at USD1 each	100%	2017 16,100,000 2016 16,100,000	2017 115,100,000 2016 115,100,000
Gusiute Holdings (UK) Limited	UK	Investment Holding	Preference shares fully paid of USD 1 each	63%	2017 10,000,000 2016 10,000,000	2017 10,000,000 2016 10,000,000
Grown Energy Zambeze Holdings Pvt. Ltd	Mauritius	Investment Holding	Ordinary shares of USD1 each	100%	2017 14,208,054 2016 14,208,054 (Footnote A)	2017 - 2016 - (Footnote A)
Homefield Pvt. UK Ltd	UK	Engaged in the manufacture and sale of sodium, salt and related products	Preference shares fully paid of USD 1 each	100%	2017 17,850,000 2016 17,850,000 (Footnote B)	2017 - 2016 - (Footnote B)
Total						2017 604,385,896 2016 604,385,896

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

	2017	2016
	USD	USD
<i>Unquoted :</i>		
Balance at start	-	-
Addition during the year	-	370,000
Impairment charges of investment	-	(370,000)
Balance at end	-	-

There was a proposal for the Company to sell its entire holding in Grown Energy Zambeze Holdings Pvt. Ltd to Mr Rademan Janse Van Rensburg, a South African national, residing in Mozambique for a consideration of USD5,500,000.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Footnote B: Investment in Homefield Pvt. UK Ltd

	<u>2017</u>	<u>2016</u>
	USD	USD
<i>Unquoted :</i>		
Balance at start	-	-
Addition during the year	-	-
Impairment charges of investment	-	-
Balance at end	<u>-</u>	<u>-</u>

6. LOAN TO RELATED PARTY

The loan to Homefield Pvt. UK Ltd is unsecured, repayable at such time as agreed by the parties and carry interest at the rate of LIBOR plus 1.15% (2016: LIBOR + 0.63%).

An assessment of the recoverable amount of the loan to Homefield Pvt. UK Ltd has been carried out during the year ended 31 March 2015 by management, based on which, an impairment of USD38,407,000 has been recognised in the financial statements, thus bringing the carrying amount of the loan to USD49,546,902 as follows.

	<u>2017</u>	<u>2016</u>
	USD	USD
Balance at start	50,926,353	49,546,902
Interest capitalized during the year	<u>1,673,329</u>	<u>1,379,451</u>
Balance at end	<u>52,599,682</u>	<u>50,926,353</u>

7. (a) PROFESSIONAL FEES

	<u>2017</u>	<u>2016</u>
	USD	USD
Administration fees	9,570	19,791
Tax filing fees	2,000	2,000
Director fees	2,500	2,500
Disbursements	338	735
Legal fees	800	-
Professional fees	200	150
Secretarial fees	<u>1,500</u>	<u>1,500</u>
	<u>16,908</u>	<u>26,676</u>

7 (b) RECEIVABLE WRITTEN OFF

USD7,000 given to Grown Energy Zambeze Holdings Pvt. Ltd was written off during the year ended 31 March 2017 as it was not likely to recover the receivable. Grown Energy Zambeze Holdings Pvt. Ltd had used this proceeds for payment of operational expenses.

7. (c) SHARE APPLICATION MONIES (CONTINUED)

An assessment of the recoverable amount of the share application monies has been done by management during the year ended 31 March 2015, based on which, an impairment has to be recognised in the financial statements. Hence, the share application monies of USD 300,000 were fully impaired to USD nil as at 31 March 2015.

During the year ended 31 March, 2016, the Company had entered into an agreement for sale of its entire stake in Grown Energy Zambeze Holdings Pvt. Ltd. and its subsidiaries. The administrative approvals in the respective jurisdictions for effecting the proposed sale are awaited.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

8. (a) RECEIVABLES AND PREPAYMENTS

	<u>2017</u>	<u>2016</u>
	USD	USD
Receivable from Tata Chemicals International Pte. Ltd	8,203,000	8,203,000
Interest receivable on loan to Homefield Pvt. UK Ltd	92,107	168,156
Other receivable from Tata Chemicals Limited	2,530	2,530
Prepayments	<u>2,400</u>	<u>2,400</u>
	<u>8,300,037</u>	<u>8,376,086</u>

(b) SHORT TERM LOAN TO GUSUITE HOLDINGS (UK) LIMITED

The short term loan to Gusuite Holdings (UK) Limited was unsecured, interest free and repayable on demand and is expected to be recovered within twelve months.

9. (a) STATED CAPITAL

	<u>2017</u>	<u>2016</u>
	Number of shares	Number of shares
Ordinary shares of USD1 each held by Tata Chemicals Limited	575,381,426	575,381,426

	<u>2017</u>	<u>2016</u>
	USD	USD
Ordinary shares of USD1 each held by Tata Chemicals Limited	575,381,426	575,381,426

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

(b) NON CUMULATIVE REDEEMABLE PREFERENCE SHARES

	<u>2017</u>	<u>2016</u>
	Number of shares	Number of shares
Non-Cumulative Redeemable Preference shares of no par value held by Tata Chemicals Limited	1,500,014	1,500,014
	<u>1,500,014</u>	<u>1,500,014</u>

	<u>2017</u>	<u>2016</u>
	USD	USD
Non-Cumulative Redeemable Preference shares of no par value held by Tata Chemicals Limited	150,001,400	150,001,400
	<u>150,001,400</u>	<u>150,001,400</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

9. (b) NON CUMULATIVE REDEEMABLE PREFERENCE SHARES (CONTINUED)

- The Non-Cumulative Redeemable Preference Shares (“NCRPS”) are redeemable at the option of the issuer not later than 10 years from the issue date and carry a dividend rate of 5%. Dividends are accrued only when declared by the board of the Company;
- The NCRPS have priority for distribution over the Ordinary shares on winding up;
- 67,500 NCRPS amounting to USD6,750,000 were redeemed by Tata Chemicals Limited during the year ended 31 March 2015; and
- A total of 15,300 NCRPS amounting to USD1,530,000 were issued to Tata Chemicals Limited during the year ended 31 March 2016 and no NCRPS was issued during the year under review.

10. TAXATION

Income tax

The Company is liable to pay tax in Mauritius on its chargeable income at the rate of 15%. As a holder of a Category 1 Global Business Licence, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3%.

Gains or profits arising from sale of units or securities are tax-exempt in the hands of the Company in Mauritius. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax. The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

As at 31 March 2017, the Company has a tax liability of **USD12,515** (tax liability 2016 : USD12,556).

	<u>2017</u>	<u>2016</u>
	USD	USD
(Loss)/Profit before taxation	1,974,276	1,053,340
Tax at the applicable rate of 15%	296,141	158,001
Tax effect of:		
- Non allowable expenses	1,170	55,500
- Deemed tax credits (80%)	(237,849)	(170,800)
Tax expense	59,462	42,701

During the year under review, **USD46,947** (2016: USD55,257) was paid under Advance Payment System (“APS”) to the Mauritius Revenue Authority. Consequently, the amount payable at year end is as follows:

	<u>2017</u>	<u>2016</u>
	USD	USD
Balance at start	(12,556)	15,811
Tax refund	12,556	
Tax charge for the year	59,462	42,701
Tax paid	-	(15,811)
Tax paid under APS	(46,947)	(55,257)
Balance at end	12,515	(12,556)

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. PAYABLES

	2017	2016
	USD	USD
Accruals	12,754	14,993
Other payables	171	171
	<u>12,925</u>	<u>15,164</u>

12. INTEREST INCOME

Interest income amounting to **USD1,597,282** (2016: USD1,330,337) represents interest on loans advanced to Homefield Pvt. UK Ltd.

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Significant accounting policies

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

Capital risk management

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

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

Categories of financial instruments

	2017	2016
	USD	USD
Financial assets		
Cash and cash equivalents	674,621	334,255
Receivables	8,297,637	8,673,686
Loan to related party	52,599,682	50,926,353
	<u>61,571,940</u>	<u>59,934,294</u>
Financial liabilities		
Payables	12,925	15,164
Redeemable preference shares	150,001,400	150,001,400
Advance towards preference shares	-	-
	<u>150,014,325</u>	<u>150,016,564</u>

Associated risks

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

Currency risk

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

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT. LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Currency profile

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

	2017 Financial assets <u>USD</u>	2017 Financial liabilities <u>USD</u>	2016 Financial assets <u>USD</u>	2016 Financial liabilities <u>USD</u>
United States Dollars	<u>61,571,940</u>	<u>150,014,325</u>	<u>59,934,294</u>	<u>150,016,564</u>

Prepayments amounting to **USD2,400** (2016: USD2,400) have not been included in the financial assets.

Credit risk

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

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

Liquidity risk management

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

Liquidity and interest risk tables

Non-derivative financial liabilities:

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

	2017				2016			
	Less than 1 year <u>USD</u>	1 to 5 years <u>USD</u>	More than 5 years <u>USD</u>	Total <u>USD</u>	Less than 1 year <u>USD</u>	1 to 5 years <u>USD</u>	More than 5 years <u>USD</u>	Total <u>USD</u>
Non-Derivative Financial Liability	<u>12,925</u>	<u>-</u>	<u>150,001,400</u>	<u>150,014,325</u>	<u>15,164</u>	<u>-</u>	<u>150,001,400</u>	<u>150,016,564</u>

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Non-derivative Financial assets:

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

	Weighted average effective interest rate (%)	2017			Total	2016			Total
		Less than 1 year	1 to 5 years	More than 5 years		Less than 1 year	1 to 5 years	More than 5 years	
		USD	USD	USD		USD	USD	USD	
Financial assets									
Non-interest bearing		8,297,637	-	-	8,297,637	8,673,686	-	-	8,673,686
Variable interest rate instrument	3.40	-	-	52,599,682	52,599,682	-	-	50,926,353	50,926,353
		8,297,637	-	52,599,682	60,897,319	8,673,686	-	50,926,353	59,600,039

Interest rate risk

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

The majority of the Company's financial assets are interest bearing while the majority of the financial liabilities are non-interest bearing except for preference shares. The financial assets may fluctuate in amount in particular due to changes in LIBOR rate. If the interest rates had been 50 basis points higher or lower and all other variables were held constant then the profit for the year ended 31 March 2017 would increase/decrease by **USD648,640** (2016:USD785,996). Any excess cash and cash equivalents are invested at short-term market interest rates.

14. FAIR VALUE MEASUREMENT

(i) Fair value measurement of financial instruments

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

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

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

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

15. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2017, the following transactions were carried out with related parties. The nature, volume of transactions and the balances with the entities are as follows:

	<u>2017</u>	<u>2016</u>
	USD	USD
<i>(i) International Financial Services Limited</i>		
Professional fees:		
Directors fees	2,500	2,500
Secretarial fees	1,500	1,500
Administration expenses	9,570	19,791
Mauritian tax compliance services	2,000	2,000
	<u>15,570</u>	<u>25,791</u>
<i>(ii) Homefield Pvt. UK Ltd – Group company</i>		
Interest income	1,597,282	1,330,337
Interest receivable	92,107	168,156
Loan (including capitalized interest)	52,599,682	50,926,353
Investment	-	-
	<u>-</u>	<u>-</u>
Investment amounting to USD17,850,000 was fully impaired during the year ended 31 March 2015.		
The loan amounting to USD87,953,902 was impaired to the extent of USD38,407,000 during the year ended 31 March 2016.		
<i>(iii) Gusuite Holdings (UK) Limited – Group company</i>		
Loan	<u>300,000</u>	<u>300,000</u>
<i>(iv) The Magadi Soda Company Limited – Group company</i>		
Payable	<u>171</u>	<u>171</u>
<i>(v) Grown Energy Zambeze Holdings Pvt. Ltd- Subsidiary company</i>		
Share application monies	-	-
Investment	-	370,000
	<u>-</u>	<u>370,000</u>
<i>(vi) Tata Chemicals International Pte Ltd– Group company</i>		
Receivable	<u>8,203,000</u>	<u>8,203,000</u>
<i>(vii) Tata Chemicals Limited – Shareholder</i>		
Issue of shares	-	1,530,000
Redemption	-	-
Receivable	2,530	2,530
Advance towards preference shares	-	-
	<u>-</u>	<u>-</u>

BIO ENERGY VENTURE - 1 (MAURITIUS) PVT LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(viii) Grown Energy Zambeze Limitada – Group company

Share application monies	-	-
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Share application monies amounting to USD 50,000 were fully impaired during the year ended 31 March 2015.

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

16. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period which requires disclosure or adjustment to the 31 March 2017 financial statements.

17. HOLDING AND ULTIMATE HOLDING COMPANY.

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