

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

Report on the Financial Statements

We have audited the financial statements of Birla Sun Life AMC (Mauritius) Limited (the "Company") on pages 7 to 24 which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgement, 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 auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

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 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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

Report on the Financial Statements (Continued)

Other matter

This report, including the opinion, has been prepared for and only for the Company's member, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements

Companies Act 2001


We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



ERNST & YOUNG
Ebène, Mauritius



ANDRE LAI WAN LOONG, A.C.A
Licensed by FRC

Date:1.1.MAR.2014.....

BIRLA SUN LIFE AMC (MAURITIUS) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

7.

	Notes	2013 USD	2012 USD
INCOME			
Investment management income	4	750,703	857,057
EXPENSES			
Directors' fees		20,000	20,000
Professional fees		15,500	17,212
Salary		28,147	8,275
Bank charges		2,564	2,141
Licence fees		4,100	3,875
Audit fees		14,188	14,482
Other expenses		12,419	9,349
Local office expenses		22,731	13,647
Accounting fees		2,542	2,033
Depreciation	6	387	466
		122,578	91,480
Profit before tax		628,125	765,577
Income tax expense	5	(18,853)	(22,975)
Profit and total comprehensive income for the year, net of tax		609,272	742,602

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 DECEMBER 2013


8.

	Notes	2013 USD	2012 USD
ASSETS			
Non current asset			
Office equipment	6	-	387
		-	387
Current assets			
Other receivables	7	70,152	80,787
Cash and cash equivalent		297,022	451,736
		367,174	532,523
TOTAL ASSETS		367,174	532,910
EQUITY AND LIABILITIES			
Equity			
Stated capital	8	45,000	45,000
Retained earnings		309,686	475,414
Total equity		354,686	520,414
Current liabilities			
Other payables		8,005	6,910
Income tax payable	5	4,483	5,586
Total liabilities		12,488	12,496
TOTAL EQUITY AND LIABILITIES		367,174	532,910

Approved by the Board and authorised for issue on 11 March 2014 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 DECEMBER 2013

9.

	<u>Stated capital USD</u>	<u>Retained earnings USD</u>	<u>Total USD</u>
At 1 January 2012	45,000	182,812	227,812
Profit and total comprehensive income for the year	-	742,602	742,602
Dividends (note 9)	-	(450,000)	(450,000)
	<u>45,000</u>	<u>475,414</u>	<u>520,414</u>
At 31 December 2012			
Profit and total comprehensive income for the year	-	609,272	609,272
Dividends (note 9)	-	(775,000)	(775,000)
	<u>45,000</u>	<u>309,686</u>	<u>354,686</u>
At 31 December 2013			

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 DECEMBER 2013

10.

	Notes	2013 USD	2012 USD
Operating activities			
Profit before tax		628,125	765,577
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation	6	387	466
		628,512	766,043
<i>Working capital adjustments:</i>			
Decrease in other receivables		10,635	32,453
Increase / (decrease) in other payables		1,095	(190)
		640,242	798,306
Income tax paid	5	(19,956)	(27,049)
Net cash flows from operating activities		620,286	771,257
Financing activities			
Dividend paid	9	(775,000)	(450,000)
Net cash flows used in financing activities		(775,000)	(450,000)
Net (decrease) / increase in cash and cash equivalent		(157,714)	321,257
Cash and cash equivalents at 1 January		451,736	130,479
Cash and cash equivalents at 31 December		297,022	451,736

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

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Company was incorporated in Mauritius on 20 May 1996 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The Company's registered office is at IFS Court, TwentyEight, Cybercity, Ebène, Mauritius.

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 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 are 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:

(i) Interest income

Interest income is accounted for on a time proportion basis.

(ii) 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 (functional currency).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies (Continued)

Functional and presentation currency (Continued)

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

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

(i) Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Other receivables

Other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

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.

(ii) 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.

(iii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Subsequent measurement

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

Other payables

Other payables are stated at their nominal value.

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 and cash equivalents comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Related parties

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

(i) Taxes

Current income tax

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

(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 AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

- IFRS 7 Financial Instruments (Amendments) : Disclosures - Offsetting Financial Assets and Financial Liabilities
- IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition
- IFRS 13 Fair Value Measurement
- IAS 1(Amendments): Presentation of Items of Other Comprehensive Income

The adoption of the standards or interpretations is described below:

IFRS 7 Financial Instruments (Amendments): Disclosures - Offsetting Financial Assets and Financial Liabilities

This standard amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This standard does not have any impact on the Company's performance.

IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

The IFRS is the result of joint efforts by the IASB and FASB to develop a converged fair value framework. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified. This standard does not have any impact on the Company's performance.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

New and amended standards and interpretations (Continued)

IAS 1(Amendments): Presentation of Items of Other Comprehensive Income

This standard amends IAS 1 Presentation of Financial Statements to revise the way other comprehensive income is presented.

The amendments:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' - rather than requiring a single continuous statement as was proposed in the exposure draft;
- Require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified; and
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

The amendments have no impact on the Company's financial position or performance.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

New or revised standards and interpretations:

	Effective for accounting period beginning on or after:
IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	No stated effective date
IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements 2011-2013 Cycle	1 July 2014
IFRIC 21 Levies	1 January 2014

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IFRS 9 Financial Instruments – no stated effective date

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

Amendments in 2013

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

These amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements were made to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) – effective 1 January 2014

IAS 36 Impairment of Assets was amended to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) - effective 1 January 2014

The amendments to IAS 39 Financial Instruments: Recognition and Measurement were made to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) - effective 1 July 2014

This amendment to IAS 19 Employee Benefits clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements 2010-2012 Cycle - effective 1 July 2014

The annual improvements 2010-2012 Cycle make amendments to the following standards:

- **IFRS 2** – Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- **IFRS 3** – Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- **IFRS 8** – Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- **IFRS 13** – Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
- **IAS 16 and IAS 38** – Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and

Annual Improvements 2010-2012 Cycle - effective 1 July 2014

- **IAS 24** – Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements 2011-2013 Cycle - effective 1 July 2014

The annual improvements 2011-2013 Cycle make amendments to the following standards:

- **IFRS 1** – Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only);
- **IFRS 3** – Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- **IFRS 13** – Clarify the scope of the portfolio exception in paragraph 52; and
- **IAS 40** – Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IFRIC 21 Levies - effective 1 January 2014

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time; and
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

The above standards have no impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

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.

In the process of applying the Company's accounting policies, management has made the following judgments, 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.

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

4. INVESTMENT MANAGEMENT AND COMMISSION INCOME

Management income

The Company has entered into an Investment Management Agreement with India Advantage Fund Limited (the "Fund"), a related party. Under the Investment Management Agreement, 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 agreement 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 Investment Management Agreement and to the extent that such claim is not due to breach of duty, negligence, wilful default or liability on the part of the Company.

5. TAXATION

The Company being the holder of a Category 1 Global Business Licence 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 charge and accounting profit

	<u>2013</u>	<u>2012</u>
	USD	USD
Profit before tax	628,125	765,577
Tax calculated at the rate of 15%	94,219	114,836
<i>Tax effect of:</i>		
Allowable expenses	(13)	(26)
Non allowable expenses	58	70
Foreign tax credit	(75,411)	(91,905)
Income tax charge	<u>18,853</u>	<u>22,975</u>

(b) In the statement of financial position

	<u>2013</u>	<u>2012</u>
	USD	USD
<i>Income tax payable</i>		
At 1 January	5,586	9,660
Paid during the year	(19,956)	(27,049)
Charge for the year	<u>18,853</u>	<u>22,975</u>
At 31 December	<u>4,483</u>	<u>5,586</u>

6. OFFICE EQUIPMENT

	<u>2013</u>	<u>2012</u>
Cost		
At 1 January	1,397	1,397
Additions during the year	-	-
At 31 December	<u>1,397</u>	<u>1,397</u>
Depreciation		
At 1 January	1,010	544
Depreciation charge for the year	<u>387</u>	<u>466</u>
At 31 December	<u>1,397</u>	<u>1,010</u>
Net Book Value		
At 31 December	<u>-</u>	<u>387</u>

7. OTHER RECEIVABLES

	<u>2013</u>	<u>2012</u>
	USD	USD
Amount due from India Advantage Fund Limited (note 12)	64,200	74,225
Deposit for office rental	1,085	1,085
Prepayments	<u>4,867</u>	<u>5,477</u>
	<u>70,152</u>	<u>80,787</u>

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

8. STATED CAPITAL

	<u>2013</u>	<u>2012</u>
	USD	USD
<i>Issued share capital</i>		
4,500 (2012: 4,500) ordinary shares of USD 10 each	<u>45,000</u>	<u>45,000</u>

9. DIVIDEND PAID

During the year ended 31 December 2013, the directors paid a dividend of USD775,000 representing USD172.22 per share (2012: USD100 per share).

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

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

(a) Market risk

Cash flow interest rate risk

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

(b) Liquidity risk

The Company is not exposed to any significant liquidity risk.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2013 and 31 December 2012 based on contractual undiscounted payments:

	Less than 3 months 2013	Total 2013	Less than 3 months 2012	Total 2012
	USD	USD	USD	USD
Other payables	8,005	8,005	6,910	6,910

(c) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's main credit risk concentration is its other receivables and cash and short term deposits.

With respect to credit risk arising from financial assets, which are comprised of other receivables and cash and short term deposits, the Company's exposure to credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets.

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

	Carrying amount	
	2013	2012
	USD	USD
Other receivables	64,200	74,225
Cash and cash equivalents	297,022	451,736
	<u>361,222</u>	<u>525,961</u>

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk factors (Continued)

(c) Credit risk (Continued)

Other receivables exclude prepayments and deposits amounting to USD5,952 (2012: USD6,562)

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

(d) Currency risk

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

(e) Fair values of financial instruments

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

11. 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.

12. RELATED PARTY TRANSACTIONS

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

	2013 USD	2012 USD
(i) Amount due from India Advantage Fund Limited (the Fund)		
At 1 January	74,225	107,400
Investment management fees	750,703	857,057
Amount received	(760,728)	(890,232)
Other receivables	-	-
	64,200	74,225
At 31 December (note 7)	64,200	74,225
(ii) One director of the Company namely, Mr Kapildeo Joory, exercises joint control over International Financial Services Limited ("IFS", the Administrator/Secretary) and is deemed to have beneficial interest in the Administration Agreement and the Tax Letter of Engagement between the Company and the Administrator/Secretary.		
	2013 USD	2012 USD
Transactions with International Financial Services Limited (Administrator)		
At 1 January	1,000	1,000
Administrative and secretarial fees for the year	13,500	13,500
Amount paid during the period	(13,500)	(13,500)
	1,000	1,000
At 31 December	1,000	1,000

13. 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.

14. EVENTS AFTER THE REPORTING DATE

There have been no material events since the end of the reporting period which would require disclosures or adjustments to the financial statements for the year ended 31 December 2013.