bajaj hindusthan ltd.

Reports and Accounts of
Subsidiary Companies 2012-14

THE PROMISE OF A BETTER FUTURE.

CONTENTS

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL PERIOD OF 18 MONTHS ENDED ON MARCH 31, 2014

1.	Name of the Subsidiary	Bajaj Aviation Pvt. Ltd.	Bajaj Aviation Pvt. Ltd.	Bajaj Hindusthan (Singapore) Pvt. Ltd., Singapore	Bajaj Hindusthan (Singapore) Pvt. Ltd., Singapore	Bajaj Power Generation Pvt.Ltd.	Bajaj Power Generation Pvt.Ltd.	PT Batu Bumi Persada, Indonesia *	PT Batu Bumi Persada, Indonesia *	PT Jangkar Prima, Indonesia *	PT Jangkar Prima, Indonesia *
2.	The Financial year of the Subsidiary Company end on	March 31, 2014	Sept. 30, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
3.	Holding Company's interest :										
	i) No. of Equity Shares	50,00,000 of ₹ 10/- each	50,00,000 of ₹ 10/- each	2,70,01,000 Ordinary Shares of S$ 1/- each	2,70,01,000 Ordinary Shares of S$ 1/- each	20,000 of ₹ 10/- each	20,000 of ₹ 10/- each	49,500 of IDR 100,000/- each	49,500 of IDR 100,000/- each	49,940 of IDR 100,000/- each	49,940 of IDR 100,000/- each
	ii) Percentage of Holding	100%	100%	100%	100%	100%	100%	99%	99%	99.88%	99.88%
4.	The Net Aggregate of Profits/ (Losses) of the Subsidiary Company for its Financial Year so far as they concern members of Bajaj Hindusthan Limited.										
	Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended (18 Months) March 31, 2014 (Amount in ₹ Crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Not Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended (18 Months) March 31, 2014 (Amount in ₹ Crore)	(6.74)	(6.38)	(0.45)	(1.80)	Nil	Nil	(0.44)	(0.19)	(1.10)	(0.25)
5.	The Net Aggregate of Profits/ (Losses) of the Subsidiary Company up to Previous Financial Year so far as they concern members of Bajaj Hindusthan Limited.										
	Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended (18 Months) March 31, 2014 (Amount in ₹ Crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Not Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended (18 Months) March 31, 2014 (Amount in ₹ Crore)	(8.04)	(1.66)	(27.99)	(26.19)	Nil	Nil	(1.62)	(1.43)	(0.25)	Nil

* During the period, PT Batu Bumi Persada and PT Jangkar Prima have become subsidiary companies of Bajaj Hindusthan (Singapore) Private Limited, a wholly owned subsidiary of the Company.

1 There is no change in shareholding of the Company in the subsidiary companies between the end of the financial year of the subsidiaries and that of the holding company.

2 There is no material changes between the end of the financial year of the subsidiaries and that of the holding company in respect of fixed assets (Including capital work in progress), money borrowed, share capital (including share premium) and investments.

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

R. V. Ruia
D. K. Shukla
Alok Krishna Agarwal
Dr. Sanjeev Kumar
Manoj Maheshwari
Ashok Kumar Gupta
Directors

Anand Kumar Kanodia
Chief Financial Officer

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, May 16, 2014

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting their Tenth Annual Report and the Audited Statement of Accounts for the six months period ended March 31, 2014.

CHANGE IN FINANCIAL YEAR

The financial year 2013-14 of the Company was reduced by 6 months to end on March 31, 2014, instead of September 30, 2014, to comply with the provision of the Companies Act, 2013 relating to Financial Year.

OPERATIONS

During the six months period ended March 31, 2014, your Company continued to provide Air Transport Services through Aircraft - Falcon LX 2000. In addition to this, the Company also leased out its Helicopter - Bell 407 to another Company providing Air Transport Services.

During the six months period ended March 31, 2014, your Company generated revenue of ₹ 5,45,39,150/- from its operations. The Company suffered loss aggregating to ₹ 6,73,99,647/- mainly on account of operating expenses associated with Aircraft - Falcon LX 2000.

DIVIDEND

Your Directors have not recommended any dividend for the financial year under review.

DIRECTORS

Mr. Mohit Kumar Jain (DIN: 06477910) resigned from the Board on December 25, 2013. The Board recorded its appreciation for the contribution made by Mr. Mohit Kumar Jain during his tenure of Directorship.

Dr. Sanjeev Kumar (DIN: 00364416), Director of the Company, will retire by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended with respect to the Directors' responsibility statement, it is hereby confirmed: -

(a) that in preparation of accounts for the six months period ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) that the Directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and loss of the Company for the six months period ended on that date;

(c) that the Directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) that the Directors of the Company have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. R. S. Dani & Company (Firm Registration No.000243C), Chartered Accountants, Ajmer, existing Statutory Auditors will retire at the conclusion of the ensuing Tenth Annual General Meeting.

Pursuant to Section 139 of the Companies Act, 2013 and the rules made there under, M/s. R.S. Dani & Company, Chartered Accountants, can be appointed as Statutory Auditors for a further period so as to hold office from the conclusion of the tenth Annual General Meeting till the conclusion of fifteenth Annual General Meeting of the Company, subject to ratification of such appointment at subsequent Annual General Meetings of the Company.

The Board of Directors recommends to the shareholders the appointment of M/s R.S. Dani & Company as Auditors of the Company as per Section 139 of the Companies Act 2013 and the rules made there under to hold office from the conclusion of the tenth Annual General Meeting till the conclusion of fifteenth Annual General Meeting of the Company, subject to ratification of such appointment at subsequent Annual General Meetings of the Company.

The Company has received certificate from M/s R.S. Dani & Company to the effect that their appointment, if made, would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013.

The observations and comments given in the report of the Auditors read together with notes to accounts are self explanatory and hence do not call for any further information and explanation under Section 217(3) of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any deposits from the public.

STATUTORY DISCLOSURES

There was no employee in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act,1956 and rules made there under.

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

i. Para A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.

ii. Foreign Exchange Earnings and Outgo.

Sr. No.	Particulars		6 months ended March 31, 2014	Year ended September 30, 2013
(a)	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans	:	**N.A.**	N.A.
(b)	Foreign Exchange Earned	:	**Nil**	Nil
(c)	Foreign Exchange Used	:	**₹ 3,14,31,044/-**	₹ 1,97,63,080/-

ACKNOWLEDGEMENT

The Directors express their appreciation for the sincere cooperation and assistance of its employee, the Government Authorities, Bankers, Business Associates as well as Directors and Employees of its Holding Company.

Your directors acknowledge with gratitude the support extended by valued shareholders.

By Order of the Board of Directors

Place : Noida
Date : May 7, 2014

K.S. Vaidyanathan
Director

Ved Prakash Agrawal
Director

INDEPENDENT AUDITORS' REPORT

To the Members of Bajaj Aviation Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bajaj Aviation Private Limited (the 'Company'), which comprises the Balance Sheet as at March 31, 2014, Statement of Profit and Loss and Cash Flow Statement for the period from October 1, 2013 to March 31, 2014 (the `Period'), 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 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 (the 'Act'), read with General Circular number 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditor's 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 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 entity's internal control. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs; and

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **R.S. Dani & Company**
Chartered Accountants
Firm Registration No. 000243C

C.P. Kothari
Partner
Membership No. 072229

Place : Ajmer
Date : May 7, 2014

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Bajaj Aviation Private Limited (the 'Company')

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As explained to us, all the fixed assets have been physically verified by the management at the reasonable intervals during the period and no material discrepancies were noticed on such verification.

c) There was no disposal of a substantial part of fixed asset during the period.

(ii) The Company did not have any inventory during the period. Accordingly, provision of clauses 4(ii)(a), 4(ii)(b) and 4(ii)(c) of the order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to / from the companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to 4(iii)(g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the Company in respect of these areas.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposit from the public.

(vii) In our opinion, the company does not have a formal Internal Audit System.

(viii) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.

(ix) (a) According to records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income-tax, Wealth-tax, Service-tax, Customs Duty and Cess and other statutory dues to the extent applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income-tax, wealth-tax, service-tax, customs duty and cess which have not been deposited on account of any dispute.

(x) The Company's accumulated losses at the end of the financial period are more than fifty percent of its net worth and it has incurred cash losses in the current period and immediately preceding financial year.

(xi) Based on documents and records produced to us, the Company has not taken any loan from bank or financial institution and has not obtained any borrowings by way of debentures.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institution.

(xvi) According to the information and explanation given to us, the company has not obtained any term loan during the period; accordingly clause 4(xvi) of the Order is not applicable to the Company.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the period. Therefore, the provision of clause 4(xix) of the Order is not applicable to the Company.

(xx) The Company has not raised any money by public issue during the period.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

For **R.S. Dani & Company**
Chartered Accountants
Firm Registration No. 000243C

C.P. Kothari
Partner
Membership No. 072229

Place : Ajmer
Date : May 7, 2014

Balance Sheet as at March 31, 2014

(₹)

Particulars	Note	As at March 31, 2014	As at September 30, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**50,000,000**	50,000,000
Reserves and surplus	4	**(147,815,334)**	(80,415,687)
Sub total		**(97,815,334)**	(30,415,687)
Non-current liabilities			
Deferred tax liabilities (net)	5	-	-
Other long term liabilities	6	**17,300,000**	17,125,000
Long-term provisions	7	**54,382**	220,764
Sub total		**17,354,382**	17,345,764
Current liabilities			
Short-term borrowings	8	**311,361,880**	295,384,455
Trade payables	9	**131,953,589**	102,923,724
Other current liabilities	10	**5,112,145**	4,719,885
Short-term provisions	11	**30,000**	106,909
Sub total		**448,457,614**	**403,134,973**
Total		**367,996,662**	390,065,050
ASSETS			
Non-current assets			
Fixed assets			
-Tangible assets	12	**82,353,136**	85,467,285
Long-term loans and advances	13	**5,748,965**	5,448,965
Sub total		**88,102,101**	90,916,250
Current assets			
Trade receivables	14	**29,948,136**	60,406,950
Cash and cash equivalents	15	**25,174,340**	5,972,268
Short-term loans and advances	16	**224,694,414**	232,769,582
Other current assets	17	**77,671**	-
Sub total		**279,894,561**	**299,148,800**
Total		**367,996,662**	390,065,050

See accompanying notes (1-30) to the financial statements

As per our report of even date
For R. S. Dani & Co. — For and on behalf of the Board
Firm Registration No. 000243C
Chartered Accountants

C. P. Kothari — **K.S.Vaidyanathan** — **Ved Prakash Agrawal**
Partner — Director — Director
Membership No. 072229

Place : Ajmer — Place : Noida
Date : May 7, 2014 — Date : May 7, 2014

Statement of Profit and Loss for the period ended March 31, 2014

(₹)

Particulars	Note	6 Months ended March 31, 2014	Year ended September 30, 2013
INCOME			
Revenue from operations	18	**54,539,150**	159,586,742
Other income	19	**10,872,739**	18,345,206
Total income		**65,411,889**	177,931,948
EXPENSES			
Operating expenses	20	**84,317,251**	176,837,273
Employee benefits expense	21	**479,937**	1,236,871
Finance costs (net)	22	**16,050,580**	27,166,130
Depreciation	12	**3,324,779**	6,614,949
Other expenses	23	**28,638,989**	29,899,922
Total expenses		**132,811,536**	241,755,145
Profit/(Loss) before tax		**(67,399,647)**	(63,823,197)
Tax expenses		-	-
Profit/ (Loss) after tax		**(67,399,647)**	(63,823,197)
Earnings per equity share of face value of ₹10/- each			
Basic	24	**(13.48)**	(12.76)
Diluted		**(13.48)**	(12.76)

See accompanying notes (1-30) to the financial statements

As per our report of even date
For R. S. Dani & Co. — For and on behalf of the Board
Firm Registration No. 000243C
Chartered Accountants

C. P. Kothari — **K.S.Vaidyanathan** — **Ved Prakash Agrawal**
Partner — Director — Director
Membership No. 072229

Place : Ajmer — Place : Noida
Date : May 7, 2014 — Date : May 7, 2014

Cash Flow Statement for the period ended March 31, 2014

(₹)

	Particulars	6 months ended March 31, 2014	Year ended September 30, 2013
A.	**Cash flow from operating activities:**		
	Profit/(Loss) before taxation	**(67,399,647)**	(63,823,197)
	Adjustment for :		
	Finance costs	**16,050,580**	27,166,130
	Depreciation	**3,324,779**	6,614,949
	Provisions for employees benefit	**(166,382)**	86,971
	Interest income	**(10,872,739)**	(18,345,206)
	Operating profit / (loss) before working capital changes	**(59,063,409)**	(48,300,353)
	Adjustment for :		
	Trade and other receivables	**29,326,294**	(70,659,436)
	Trade and other payables	**29,520,216**	124,657,628
	Cash from / (used in) operations	**(216,899)**	5,697,839
	Direct Tax paid (net of refund)	**(328,477)**	(3,212,084)
	Net cash from / (used in) operating activities	**(545,376)**	2,485,755
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	**(210,630)**	(465,989)
	Loans and advances (net)	**20,000,000**	(199,368,767)
	Interest received	**31,233**	-
	Net cash from / (used in) investing activities	**19,820,603**	(199,834,756)
C.	**Cash flow from financing activities:**		
	Proceeds from borrowings (net of repayments)	**15,977,425**	229,959,846
	Finance cost	**(16,050,580)**	(27,166,130)
	Net cash from / (used in) financing activities	**(73,155)**	202,793,716
	Net increase / (decrease) in cash and cash equivalents	**19,202,072**	5,444,715
	Cash and cash equivalents (opening balance)	**5,972,268**	527,553
	Cash and cash equivalents (closing balance)	**25,174,340**	5,972,268

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Companies (Accounting Standards) Rules, 2006.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our report of even date
For R. S. Dani & Co. — For and on behalf of the Board
Firm Registration No. 000243C
Chartered Accountants

C. P. Kothari — **K.S.Vaidyanathan** — **Ved Prakash Agrawal**
Partner — Director — Director
Membership No. 072229

Place : Ajmer — Place : Noida
Date : May 7, 2014 — Date : May 7, 2014

Notes forming part of financial statements:

1 CORPORATE INFORMATION

Bajaj Aviation Private Limited is a private limited company incorporated in India under the provisions of Companies Act, 1956. The Company is engaged in providing non scheduled passenger air transport services.

2. SIGNIFICANT ACCOUNTING POLICIES

i) System of accounting:

(i) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties.

(ii) Financial Statements are prepared on historical cost basis.

(iii) An asset is classified as current when it is expected to be realised within 12 months after the reporting date and a liability is classified as current when it is due to be settled within 12 months after the reporting date. All other assets and liabilities are classified as non-current.

ii) Operating cycle:

All asset and liabilities have been classified as current or non-current as per the company normal operating cycle and other criteria set out above which are in accordance with the revised Schedule VI to the Act. Based on the nature of services and the time between the acquisition of asset for providing of services and their realization in cash and cash equivalents, the Company has ascertained it's operating cycle as 12 months for the purpose of current -non-current classification of assets and liabilities.

iii) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Passenger revenues are recognized as and when service is rendered. Amounts received in advance towards travel bookings / reservations are shown under current liabilities as unearned revenue.

iv) Fixed assets and depreciation:

(a) Fixed Assets:

Fixed Assets are carried at cost of acquisition, less accumulated depreciation.

(b) Depreciation:

Depreciation on all the assets has been provided as under:-

Plant and machinery: On Straight-Line Method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Other tangible assets: On written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

v) Foreign currency transactions:

Foreign Currency Transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalorized at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the Statement of Profit and Loss.

vi) Taxation :

(a) Provision for current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognized as asset by way of credit to the Statement of Profit & Loss only if there is convincing evidence of its realization. At each Balance Sheet date, the credit amount of MAT Credit Entitlement receivable is reviewed to reassure realization.

(b) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognized, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized, or to the extent of deferred tax liability.

vii) Provisions, Contingent liabilities and Contingent assets:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Financial Statements. Contingent assets are neither recognized nor disclosed in the Financial Statements.

viii) Employee retirement benefits:

Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, are determined and accrued on actual basis.

ix) Borrowing Cost :

Borrowing cost attributable to acquisition and construction of assets will be capitalised as part of the cost of such assets upto the date when such assets will be ready for intended use and other borrowing costs will be charged to Statement of Profit & Loss after start of commercial production.

x) Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease rent payments are recognized as an expense in the Statement of Profit & Loss .

xi) Impairment of Assets:

The Carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss will be charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

(₹)

		As at March 31, 2014	As at September 30, 2013
3.	**SHARE CAPITAL**		
A.	**Authorized, Issued, Subscribed and Paid-up Share Capital**		
	Authorized:		
	50,00,000 (50,00,000) Equity Shares of ₹10/-each.	**50,000,000**	50,000,000
		50,000,000	50,000,000
	Issued, Subscribed and Paid-up:		
	50,00,000 (50,00,000) Equity Shares of ₹ 10/-each.	**50,000,000**	50,000,000
		50,000,000	50,000,000

B. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

	As at March 31,2014		As at September 30 ,2013	
	No. of shares	**(₹)**	No. of shares	(₹)
Equity Shares at the beginning of the period	**5,000,000**	**50,000,000**	5,000,000	50,000,000
Add: Equity Shares Issued during the period	**-**	**-**	-	-
Equity Shares at the end of the period	**5,000,000**	**50,000,000**	5,000,000	50,000,000

C. Shares held by Holding Company :

	As at March 31,2014		As at September 30 ,2013	
Name of shareholder	**Relationship**	**No. of Shares**	Relationship	No. of Shares
Bajaj Hindusthan Limited	**Holding Company**	**5,000,000**	Holding Company	5,000,000

D. The detail of shareholders holding more than 5% shares:

	As at March 31,2014		As at September 30 ,2013	
Name of shareholder	**No. of shares**	**% held**	No. of Shares	% held
Bajaj Hindusthan Limited	**5,000,000**	**100%**	5,000,000	100%

(₹)

		As at March 31, 2014	As at September 30, 2013
4.	**RESERVES AND SURPLUS**		
	Statement of profit and loss (surplus / deficit)		
	Opening balance	**(80,415,687)**	(16,592,490)
	Profit / (loss) for the period	**(67,399,647)**	(63,823,197)
	Closing balance	**(147,815,334)**	(80,415,687)

5. DEFERRED TAX LIABILITIES / (ASSETS) (NET)

(₹)

	As at Oct. 1, 2013	During the period	**As at March 31, 2014**
Deferred tax liabilities :			
Depreciation	23,351,233	(257,107)	**23,094,126**
	23,351,233	(257,107)	**23,094,126**
Deferred tax assets :			
Carry forward losses and unabsorbed depreciation	23,351,233	(257,107)	**23,094,126**
	23,351,233	(257,107)	**23,094,126**
Deferred tax liabilities / (assets) (net) #	-	-	**-**

In absence of virtual certainty, the Company has recognized deferred tax asset to the extent of deferred tax liability.

(₹)

		As at March 31, 2014	As at September 30, 2013
6.	**OTHER LONG TERM LIABILITIES**		
	Security Deposits		
	- from related parties	**-**	7,500,000
	- from others	**17,300,000**	9,625,000
		17,300,000	17,125,000

(₹)

		As at March 31, 2014	As at September 30, 2013
7.	**LONG-TERM PROVISIONS**		
	For employee benefits (Gratuity and leaves)	**54,382**	220,764
		54,382	220,764
8.	**SHORT-TERM BORROWINGS**		
	Unsecured		
	Loans from related party (refer note no. 27)	**311,361,880**	295,384,455
		311,361,880	295,384,455

(₹)

		As at March 31, 2014	As at September 30, 2013
9	**TRADE PAYABLES**		
	Micro, Small and Medium Enterprises	-	-
	Others	**131,953,589**	102,923,724
		131,953,589	102,923,724
10	**OTHER CURRENT LIABILITIES**		
	Other payables	**3,512,145**	4,719,885
	Advance received from customers	**1,600,000**	-
		5,112,145	4,719,885
11	**SHORT-TERM PROVISIONS**		
	Provision for expenses	**30,000**	106,909
		30,000	106,909

12 FIXED ASSETS

(₹)

	DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	NET BLOCK
Sr. No.	Particulars	As at October 1, 2013	Additions	Deduction & Adjustments	As at March 31, 2014	Upto October 1, 2013	For the period	Deduction & Adjustments	Upto March 31, 2014	As at March 31, 2014	As at September 30, 2013
1	Helicopter (Bell 407)	115,970,400	-	-	**115,970,400**	30,848,497	3,256,068	-	**34,104,565**	**81,865,835**	85,121,903
2	Computers	319,500	-	-	**319,500**	101,024	43,575	-	**144,599**	**174,901**	218,476
3	Furnitures & Fixtures	98,326	8,130	-	**106,456**	14,599	8,097	-	**22,696**	**83,760**	83,727
4	Office Equipments	48,163	202,500	-	**250,663**	4,984	17,039	-	**22,023**	**228,640**	43,179
	Total	**116,436,389**	**210,630**	**-**	**116,647,019**	**30,969,104**	**3,324,779**	**-**	**34,293,883**	**82,353,136**	**85,467,285**
	Previous Year Total	115,970,400	465,989	-	**116,436,389**	24,354,155	6,614,949	-	**30,969,104**	**85,467,285**	

(₹)

		As at March 31, 2014	As at September 30, 2013
13	**LONG-TERM LOANS AND ADVANCES**		
	(Unsecured, considered good, unless otherwise stated)		
	Security deposits	**5,451,000**	5,151,000
	Other advances (Tax refundable)	**297,965**	297,965
		5,748,965	5,448,965
14	**TRADE RECEIVABLES:**		
	(Unsecured, considered good, unless otherwise stated)		
	Outstanding for a period exceeding six months	**25,842,251**	19,161,072
	Outstanding for a period less than six months	**4,105,885**	41,245,878
		29,948,136	60,406,950
15	**CASH AND CASH EQUIVALENTS**		
	Balance with banks:		
	In current accounts	**15,167,621**	5,954,032
	Fixed deposits (Original maturity within 90 days)	**10,000,000**	-
	Cash on hand	**6,719**	18,236
		25,174,340	5,972,268
16	**SHORT-TERM LOANS AND ADVANCES**		
	(Unsecured, considered good, unless otherwise stated)		
	Inter Corporate Loans	**208,477,808**	217,713,973
	Other loans and advances		
	Advance payment of taxes (Net of provision)	**3,897,309**	3,568,832
	MAT credit entitlement	**1,800,000**	1,800,000
	Prepaid advances	**1,181,281**	254,522
	Balance with government authorities	**131,936**	517,503
	Other advances	**9,206,080**	8,914,752
		224,694,414	232,769,582

(₹)

		As at March 31, 2014	As at September 30, 2013
17	**OTHER CURRENT ASSETS**		
	Interest accrued on fixed deposits	**77,671**	-
		77,671	-

(₹)

		6 Months ended March 31, 2014	Year ended September 30, 2013
18	**REVENUE FROM OPERATIONS**		
	Chartering of Aircraft	**41,777,084**	158,253,409
	Lease rent of Helicopter	**12,762,066**	1,333,333
		54,539,150	159,586,742
19	**OTHER INCOME:**		
	Interest Income		
	Fixed deposits	**108,904**	-
	Short term loan	**10,763,835**	18,345,206
		10,872,739	18,345,206
20	**OPERATING EXPENSES**		
	Lease rent	**37,800,000**	95,550,000
	Fuel expenses	**13,898,396**	31,858,656
	ESP engine charges	**4,836,432**	1,620,104
	Retainership fees (Crews)	**15,635,754**	26,688,924
	Handling expenses	**2,345,498**	7,146,399
	Landing & parking charges	**4,198,385**	5,159,425
	Training expenses	**5,462,916**	5,158,490
	Communication services charges	**139,870**	3,655,275
		84,317,251	176,837,273
21	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and wages	**467,951**	1,213,780
	Employee's welfare expenses	**11,986**	23,091
		479,937	1,236,871

(₹)

		6 Months ended March 31, 2014	Year ended September 30, 2013
22	**FINANCE COSTS (NET)**		
	Interest expenses on borrowings	**15,977,425**	27,046,027
	Bank charges	**73,155**	120,103
		16,050,580	27,166,130
23	**OTHER EXPENSES**		
	Insurance	**561,410**	1,128,732
	Payment to auditors (refer note 23.1)	**40,000**	20,000
	Repair & maintenance (refer note 23.2)	**10,441,201**	16,303,065
	Administrative expenses	**2,186,954**	7,049,717
	Flight expenses (VT-AYV)	**2,004,789**	962,910
	Travelling expenses	**2,354,773**	4,435,498
	Prior period expenses	**11,049,862**	-
		28,638,989	29,899,922
23.1	**PAYMENT TO AUDITORS**		
	As auditors- statutory audit fee	**10,000**	20,000
	For taxation matters	**30,000**	-
		40,000	20,000
23.2	**REPAIR & MAINTENANCE**		
	Repair & maintenance	**5,703,312**	10,442,036
	Spare parts & consumables	**4,256,911**	4,646,774
	Maintenance charges-APU	**480,978**	1,214,255
		10,441,201	16,303,065
24	**EARNINGS PER SHARE (EPS)**		
	(i) Net profit/(loss) after tax as per statement of profit and loss	**(67,399,647)**	(63,823,197)
	(ii) Weighted average number of equity shares outstanding	**5,000,000**	5,000,000
	(iii) Basic earning per share	**(13.48)**	(12.76)
	Diluted earning per share	**(13.48)**	(12.76)

25 SEGMENT REPORTING

A. Primary segment reporting (by business segment):

The Company has only one reportable segments viz. Aviation which have been identified in line with the Accounting Standard 17 on Segment Reporting. Therefore, primary segment reporting is not required.

B. Secondary segment reporting (by geographical demarcation):

The secondary segment is based on geographical demarcation i.e. India and rest of the world. Company is having only one reportable segment viz. India. Therefore, details of same are not required.

26	**EXPENDITURE IN FOREIGN CURRENCY**		
	Training expenses	**4,727,060**	4,674,727
	Fuel expenses	**1,283,423**	2,631,426
	Travelling expenses	**1,317,550**	3,012,880
	Communication expenses	**1,191,688**	3,388,904
	Handling expenses	**985,475**	3,220,803
	APU charges	**584,948**	1,110,286
	Flight expenses	**1,060,717**	524,248
	Repair & maintenance expenses	**2,859,309**	1,199,806
	ESP engine charges	**15,886,294**	-
		29,896,464	19,763,080

27 DISCLOSURE AS REQUIRED UNDER AS-18 IN RESPECT OF RELATED PARTIES TRANSACTIONS:

A. Details of related parties:

Name of related parties	**Description of relationship**
(i) Bajaj Hindusthan Limited	Holding Company
(ii) Lalitpur Power Generation Company Limited	Fellow Subsidiary (upto January 28, 2014)

B. Disclosure as required under AS-18 in respect of Related Party Transactions:

(₹)

Transactions	**Holding company**	**Fellow subsidiary company**
Transactions during the period		
Interest paid/ credited	**15,977,425** (27,046,027)	
Lease rent paid/ credited	**37,800,000** (82,950,000)	
Rendering of services (Given)		**15,655,498** (62,666,448)
Security deposit (received)		- (7,500,000)
Loan taken/(including interest)	**15,977,425** (247,055,624)	
Repayment of loan (including interest)	- (17,095,778)	
Outstanding balances as at March 31, 2014		
Loans taken	**311,361,880** (295,384,455)	
Trade receivables		- (19,572,695)
Trade payables	**128,090,000** (81,690,000)	
Security deposit (received)		- (7,500,000)

(Figures in bracket are for previous year)

28 Pursuant to the provisions of Section 210(4) of the Companies Act 1956, the board of directors of the company has decided to change the current financial year from October 01, 2013 to September 30, 2014 to 6 months period viz. October 01, 2013 to March 31, 2014. Accordingly figures for the current year are for a period of 6 months from October 01,2013 to March 31, 2014, whereas figures for the previous year are for 12 months and hence such figures are not comparable.

(₹)

		6 Months ended March 31, 2014	Year ended September 30, 2013
29	Information related to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:		
(a)	Principal amount due	Nil	Nil
(b)	Interest on Principal amount due	Nil	Nil
(c)	Interest and Principal amount paid beyond appointment day	Nil	Nil
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act.	Nil	Nil
(e)	The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	Nil	Nil

30. The previous year's figures have been reclassified, regrouped, rearranged to correspond to the current period's figures / classification / disclosures, where ever applicable.

As per our report of even date
For R. S. Dani & Co.
Firm Registration No. 000243C
Chartered Accountants

For and on behalf of the Board

C. P. Kothari
Partner
Membership No. 072229

K.S.Vaidyanathan
Director

Ved Prakash Agrawal
Director

Place : Ajmer
Date : May 7, 2014

Place : Noida
Date : May 7, 2014

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting their Ninth Annual Report and the Audited Statement of Accounts for the financial year ended September 30, 2013.

OPERATIONS

During the year under review, your Company obtained Non-Scheduled Air Operator Permit from the Director General of Civil Aviation and commenced providing Air Transportation Services. In addition to this, your Company has entered into arrangement with a Company engaged in the business of Air Transportation Services to lease out its Helicopter – Bell 407 for guaranteed minimum hours of flying for a period of one year.

During the financial year 2012-13, your Company generated revenue of ₹ 15, 95, 86,742/- from its operations. The Company suffered loss aggregating to ₹ 6,38,23,197/- mainly on account of fuel expenses and lease paid for availing Aircraft –Falcon 2000 LX.

DIVIDEND

Your Directors have not recommended any Dividend for the financial year under review.

DIRECTORS

Mr. Ved Prakash Agrawal (DIN: 00306940) and Mr. Mohit Kumar Jain (DIN: 06477910) were appointed as Additional Directors of the Company with effect from September 11, 2013. In terms of Section 161 (1) of the Companies Act, 2013, which corresponds to Section 260 of the Companies Act, 1956, Mr. Ved Prakash Agrawal and Mr. Mohit Kumar Jain would hold office as an Additional Director only upto the date of the Ninth Annual General Meeting of the Company. The Company has received a notice each from Mr. Ved Prakash Agrawal and Mr. Mohit Kumar Jain pursuant to Section 257 of the Companies Act, 1956, proposing their respective appointment as Director of the Company.

Mr. K.S. Vaidyanathan (DIN: 01679974), Director of the Company, will retire by rotation and being eligible, offers himself for re-appointment.

All the appointments of the Directors of the Company are in compliance with the provisions of Section 274 (1) (g) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended with respect to the Directors' responsibility statement, it is hereby confirmed: -

(a) that in preparation of accounts for the financial year ended September 30, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) that the Directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at September 30, 2013 and loss of the Company for the year ended on that date;

(c) that the Directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) that the Directors of the Company have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. R. S. Dani & Company, Chartered Accountants, Ajmer, existing Statutory Auditors will retire at the conclusion of the ensuing Ninth Annual General Meeting and seek re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Company has received a certificate from M/s. R. S. Dani & Company to the effect that their appointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Auditors' Report read along with Notes on Accounts is self explanatory and therefore, does not call for any further comment under Section 217(3) of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any deposits from the public.

STATUTORY DISCLOSURES

There was no employee in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 and rules made there under.

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

i. Para A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.

ii. Foreign Exchange Earnings and Outgo.

(a)	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans	:	N.A.
(b)	Foreign Exchange Earned	:	Nil (Nil)
(c)	Foreign Exchange Used	:	₹ 1,97,63,080/- (Nil)

ACKNOWLEDGEMENT

The Directors express their appreciation for the sincere cooperation and assistance of its employee, the Government Authorities, Bankers, Business Associates as well as Directors and Employees of its Holding Company.

Your Directors acknowledge with gratitude the encouragement and support extended by the valued shareholder.

By Order of the Board of Directors

Place : Noida	**K.S. Vaidyanathan**	**Ved Prakash Agrawal**
Date : November 15, 2013	Director	Director

INDEPENDENT AUDITORS' REPORT

TO,

THE MEMBERS OF BAJAJ AVIATION PRIVATE LIMITED

Report on Financial Statement

We have audited the accompanied financial statement of Bajaj Aviation Private Limited ('the 'Company') which comprises the Balance sheet as at 30th September, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditor's 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 Company'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.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting standard generally accepted in India:

i) in the case of Balance Sheet, of state of affairs of the Company as at 30th September, 2013;

ii) in the case of Statement of Profit and Loss, the Loss for the year ended on that date and;

iii) In the case of Cash Flow Statement, the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1 As required by Companies (Auditor's Report), Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together referred as the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement of the matter specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227 (3) of the Act, we report that,

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, are in agreement with the books of accounts;

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and

e) On the basis of written representation received from the directors as on 30th September, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 30th September, 2013, from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **R.S. Dani & Company**
Chartered Accountants
Firm Registration No. 000243C

C.P. Kothari
Partner
Membership No. 072229

Place : Ajmer
Date : 15th November, 2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE OF BAJAJ AVIATION PRIVATE LIMITED ('THE COMPANY')

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us we state that:

i) a) As informed and after going through the records the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As informed these fixed assets have been physically verified by the management at reasonable intervals, and no material discrepancies were noticed on such verification.

c) As informed and after going through the records the company had not disposed any fixed asset during the year.

ii) As the company does not have inventory the clauses (ii) (a) to (ii) (c) of paragraph 4 of the order are not applicable to the Company.

iii) a) As informed the company has not granted any loan during the year, covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (a) to (iii) (d) of paragraph 4 of the order are not applicable to the Company.

b) Based on the information and explanation given to us, the company has taken unsecured loan, only from its holding company covered in the register maintained under Section 301 of the Act. The closing balance at year end is ₹ 29, 53, 84,455.

c) The loan taken @ 12% p.a. the rate of interest, other terms & conditions is prima facie not prejudicial to the interest of the Company.

d) The loan & interest is repayable on demand therefore the clauses (iii) (g) of paragraph 4 of the order are not applicable to the Company.

iv) In our opinion and base on information and explanation given to us, the Company has an internal control system commensurate with its size & nature of its business, purchase of inventory & fixed assets and for the sale of goods & services. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.

v) According to information and explanations provided by the management, there were no transactions during the year pursuant to the contracts or arrangements referred to in Section 301 of the Act. Accordingly, clauses (v) (a) & (v) (b) of paragraph 4 of the order are not applicable to the Company.

vi) The Company has not accepted any deposit under the provision of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975, framed there under.

vii) The company does not have a formal Internal Audit System.

viii) Maintenance of Cost Records under Section 209 (1) (d) of the Act, by the Central Government has not been prescribed for the Company.

ix) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess and other statutory dues applicable to the Company with the appropriate authorities.

b) According to the information and explanation given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding at the last day of the financial year for a period of more than six months from the date they became payable.

c) According to the records of the company there are no dues of income tax, sales tax, service tax, excise duty, wealth tax, customs duty and cess which have not been deposited on account of any dispute.

x) The Company has accumulated losses of ₹ 8, 04, 15, 687/- after adjusting with General reserve at the end of the financial year, but the same are not less than fifty per cent of its net worth. The Company has incurred Cash loss of ₹ 5, 72, 08, 248/- in the current F.Y., the Company has also incurred cash loss during the previous F.Y.

xi) The Company has not taken any loan/advance from financial institution or bank, also the Company has not issued any debentures.

xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debenture and other securities.

xiii) In our opinion, the Company is not chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clauses (xiii) (a) to (xiii) (d) of paragraph 4 of the order are not applicable to the Company.

xiv) In our opinion, the Company has maintained proper records and made timely entries in respect of investments made by the Company. The companies investments are held in its own name except to the extent of the exemption, if any, granted under Section 49 of the Act.

xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

xvi) According to the information and explanation given to us, the Company has not obtained any term loan during the year; accordingly clause (xvi) of paragraph 4 of the order is not applicable to the Company.

xvii) According to the information and explanation given to us, and on an overall examination of the balance sheet of the Company, there are no funds raised on short term basis during the year under audit.

xviii) During the year, the Company has not made preferential allotment of equity shares to parties covered in the register maintained under Section 301 of the Act.

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money be public issue during the year.

xxi) As per the information and explanations given to us on our enquiries in this behalf, there were no frauds on or by the Company has been noticed or reported during the period.

For **R.S. Dani & Company**
Chartered Accountants
Firm Registration No. 000243C

C.P. Kothari
Partner
Membership No. 072229

Place : Ajmer
Date : 15th November, 2013

Balance Sheet as at September 30, 2013

(₹)

	Note	As at September 30, 2013	As at September 30, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**50,000,000**	50,000,000
Reserves and surplus	4	**(80,415,687)**	(16,592,490)
Sub total		**(30,415,687)**	33,407,510
Non-current liabilities			
Deferred tax liabilities (net)	5	-	-
Long-term provisions	6	**220,764**	133,793
Sub total		**220,764**	133,793
Current liabilities			
Short-term borrowings	7	**295,384,455**	65,424,609
Trade payables	8	**90,185,062**	-
Other current liabilities	9	**34,690,456**	217,890
Sub total		**420,259,973**	**65,642,499**
Total		**390,065,050**	99,183,802
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	**85,467,285**	91,616,245
Long-term loans and advances	11	**297,965**	230,468
Sub total		**85,765,250**	91,846,713
Current assets			
Trade receivables	12	**68,878,417**	1,797,760
Cash and cash equivalents	13	**5,972,268**	527,553
Short-term loans and advances	14	**229,449,115**	5,011,776
Sub total		**304,299,800**	**7,337,089**
Total		**390,065,050**	99,183,802

See accompanying notes (1-25) to the financial statements.

As per our report of even date
For R. S. Dani & Co. — For and on behalf of the Board
Firm Registration No. 000243C
Chartered Accountants

C. P. Kothari — **Ved Prakash Agrawal** — **K.S.Vaidyanathan**
Partner — Director — Director
Membership No. 072229

Place : Ajmer — Place : Noida
Date : November 15, 2013 — Date : November 15, 2013

Statement of Profit and Loss for the year ended September 30, 2013

(₹)

	Note	2012-2013	2011-2012
INCOME			
Revenue from operations	15	**159,586,742**	9,600,000
Other income	16	-	(22,775)
Total income		**159,586,742**	9,577,225
EXPENSES			
Operating expenses	17	**176,837,273**	-
Employee benefits expense	18	**1,236,871**	474,719
Finance costs (net)	19	**8,820,924**	8,167,586
Depreciation	10	**6,614,949**	6,494,342
Other expenses	20	**29,899,922**	6,960,293
Total expenses		**223,409,939**	22,096,940
Profit/(Loss) before tax		**(63,823,197)**	(12,519,715)
Tax expenses:			
Provision for tax written back		-	(16,032)
Deferred tax		-	2,900,000
Profit/ (Loss) after tax		**(63,823,197)**	(15,403,683)
Earnings per equity share of face value of ₹10/- each			
Basic and Diluted	21	(12.76)	(3.08)

See accompanying notes (1-25) to the financial statements

As per our report of even date
For R. S. Dani & Co. — For and on behalf of the Board
Firm Registration No. 000243C
Chartered Accountants

C. P. Kothari — **Ved Prakash Agrawal** — **K.S.Vaidyanathan**
Partner — Director — Director
Membership No. 072229

Place : Ajmer — Place : Noida
Date : November 15, 2013 — Date : November 15, 2013

Cash Flow Statement for the year ended September 30, 2013

(₹)

		Year ended September 30, 2013	Year ended September 30, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax	**(63,823,197)**	(12,519,715)
	Adjustment for :		
	Finance costs	**8,820,924**	8,167,586
	Depreciation	**6,614,949**	6,494,342
	Provisions for employee benefit	**86,971**	133,793
	Provision for income tax written back	-	16,032
	Loss on sale of investment	-	22,775
	Operating profit before working capital changes	**(48,300,353)**	2,314,813
	Changes in working capital:		
	Trade and other receivables	**(291,585,493)**	4,102,347
	Trade and other payables	**124,657,628**	(278,352)
	Cash generation from operation	**(215,228,218)**	6,138,808
	Net cash generated / (used) - Operating activities	**(215,228,218)**	6,138,808
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Sale of investments	-	1,065,925
	Purchase of fixed assets	**(465,989)**	-
	Net cash generated / (used) - Investing activities	**(465,989)**	1,065,925
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/ repayment of short-term borrowings (Net)	**229,959,846**	(10,553,781)
	Finance cost paid	**(8,820,924)**	(8,167,586)
	Net Cash generated / (used) - Financing activities	**221,138,922**	(18,721,367)
	Net Increase/ (decrease) in cash and cash equivalents	**5,444,715**	(11,516,634)
	Add : Opening cash and cash equivalents	**527,553**	12,044,187
	Cash and cash equivalents-closing balances	**5,972,268**	527,553

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Companies (Accounting Standard) Rules, 2006.
2. Figures in brackets indicates cash outflow and without brackets indicate cash inflow.

As per our report of even date
For R. S. Dani & Co. — For and on behalf of the Board
Firm Registration No. 000243C
Chartered Accountants

C. P. Kothari — **Ved Prakash Agrawal** — **K.S.Vaidyanathan**
Partner — Director — Director
Membership No. 072229

Place : Ajmer — Place : Noida
Date : November 15, 2013 — Date : November 15, 2013

Notes forming part of financial statements:

1 CORPORATE INFORMATION

Bajaj Aviation Private Limited is a private limited company incorporated in India under the provisions of the Companies Act, 1956. The Company is engaged in providing non scheduled passenger air transport services.

2. SIGNIFICANT ACCOUNTING POLICIES

i) System of accounting:

(i) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties.

(ii) Financial Statements are prepared on historical cost basis.

(iii) An asset is classified as current when it is expected to be realised within 12 months after the reporting date and a liability is classified as current when it is due to be settled within 12 months after the reporting date. All other assets and liabilities are classified as non-current.

ii) Operating cycle:

All asset and liabilities have been classified as current or non-current as per the company normal operating cycle and other criteria set out above which are in accordance with the revised schedule VI to the Act. Based on the nature of services and the time between the acquisition of asset for providing of services and their realization in cash and cash equivalents, the Company has ascertained it's operating cycle as 12 months for the purpose of current -non-current classification of assets and liabilities.

iii) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Passenger revenues are recognized as and when service is rendered. Amounts received in advance towards travel bookings / reservations are shown under current liabilities as unearned revenue.

iv) Fixed assets and depreciation:

(a) Fixed Assets:

Fixed Assets are carried at cost of acquisition, less accumulated depreciation.

(b) Depreciation:

Depreciation on all the assets has been provided as under:-

Plant and machinery: On Straight-Line Method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Other tangible assets: On written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

v) Foreign currency transactions:

Foreign Currency Transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalorized at the exchange rates prevailing on the Balance Sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the Statement of Profit and Loss.

vi) Taxation :

a) Provision for current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognized as asset by way of credit to the Statement of Profit & Loss only if there is convincing evidence of its realization. At each Balance Sheet date, the credit amount of MAT Credit Entitlement receivable is reviewed to reassure realization.

(b) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognized, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized, or to the extent of deferred tax liability.

vii) Provisions, Contingent liabilities and Contingent assets:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Financial Statements. Contingent assets are neither recognized nor disclosed in the Financial Statements.

viii) Employee retirement benefits:

Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, are determined and accrued on actual basis.

ix) Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease rent payments are recognized as an expense in the Statement of Profit & Loss .

(₹)

		As at September 30, 2013	As at September 30, 2012
3.	**SHARE CAPITAL**		
A.	**Authorized, Issued, Subscribed and Paid-up Share Capital**		
	Authorized:		
	50,00,000 (50,00,000) Equity Shares of ₹ 10/-each.	**50,000,000**	50,000,000
		50,000,000	50,000,000
	Issued, Subscribed and Paid-up:		
	50,00,000 (50,00,000) Equity Shares of ₹ 10/-each.	**50,000,000**	50,000,000
		50,000,000	50,000,000

B. Reconciliation of the number of shares outstanding at the beginning and at the end of year are given below:

	2012-13		2011-12	
	No. of shares	**(₹)**	No. of shares	(₹)
Equity Shares at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Add: Equity Shares Issued during the year	-	-	-	-
Less: Equity Shares bought back during the year	-	-	-	-
Equity Shares at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

C. Shares held by Holding Company / Ultimate Holding Company and / or their Subsidiaries / Associates:

Name of shareholder	**September 30, 2013**		September 30, 2012	
	Relationship	**No. of Shares**	Relationship	No. of Shares
Bajaj Hindusthan Ltd.*	Holding Company	5,000,000	Ultimate Holding Company	-
Bajaj Ecotec Products Limited *	-	-	Holding Company	5,000,000

D. Detail of shareholders holding more than 5% shares:

Name of shareholder	**September 30, 2013**		September 30, 2012	
	No. of Shares	**% held**	No. of Shares	% held
Equity Shares of ₹ 10/- each				
Bajaj Hindusthan Ltd.*	5,000,000	100%	-	
Bajaj Ecotec Products Limited *	-	-	5,000,000	100%

* Pursuant to the Merger of Bajaj Eco-Tec Products Limited with Bajaj Hindusthan Limited, the Company ceased to be a step down subsidiary of Bajaj Hindusthan Limited and become its wholly owned subsidiary with effect from October 1, 2012.

(₹)

		As at September 30, 2013	As at September 30, 2012
4.	**RESERVES AND SURPLUS**		
	Surplus/(deficit) in statement of profit and loss		
	Opening balance	**(16,592,490)**	(1,188,807)
	Transferred from Statement of Profit and Loss	**(63,823,197)**	(15,403,683)
	Closing balance	**(80,415,687)**	(16,592,490)

(₹)

		As at October 1, 2012	During the year	As at September 30, 2013
5.	**DEFERRED TAX LIABILITIES / (ASSETS) (NET)**			
	Deferred tax liablities :			
	Depreciation	23,345,246	5,987	**23,351,233**
		23,345,246	5,987	**23,351,233**
	Deferred tax assets :			
	Carry forward losses and unabsorbed depreciation	23,345,246	5,987	**23,351,233**
		23,345,246	5,987	**23,351,233**
	Deferred tax liabilities / (assets) (net) #	-	-	-

In absence of virtual certainty, the Company has recognized deferred tax asset to the extent of deferred tax liability.

(₹)

		As at September 30, 2013	As at September 30, 2012
6.	**LONG-TERM PROVISIONS**		
	Provision for employee benefits	220,764	133,793
		220,764	133,793
7.	**SHORT-TERM BORROWINGS**		
	Unsecured		
	Loans and advances from related parties	295,384,455	65,424,609
		295,384,455	65,424,609

(₹)

		As at September 30, 2013	As at September 30, 2012
8	**TRADE PAYABLES**		
	Trade payables	90,185,062	-
	(Unsecured considered good unless otherwise stated)		
		90,185,062	-
9	**OTHER CURRENT LIABILITIES**		
	Other payables	17,565,456	217,890
	Security and other deposits	17,125,000	-
		34,690,456	217,890

10. FIXED ASSETS

(₹)

	DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at October 1, 2012	Additions During the year	Deductions & Adjustments	As at September 30, 2013	As at October 1, 2012	For the Year	Deductions & Adjustments	Upto September 30, 2013	As at September 30, 2013	As at September 30, 2012
1	Plant & Machinery	115,970,400		-	115,970,400	24,354,155	6,494,342	-	30,848,497	85,121,903	91,616,245
2	Computers		319,500		319,500		101,024		101,024	218,476	
3	Furnitures & Fixtures		98,326		98,326		14,599		14,599	83,727	
4	Office Equipments		48,163		48,163		4,984		4,984	43,179	
	Total	115,970,400	465,989	-	116,436,389	24,354,155	6,614,949	-	30,969,104	85,467,285	91,616,245
	Previous Year Total	115,970,400			115,970,400	17,859,813	6,494,342	-	24,354,155	91,616,245	

(₹)

		As at September 30, 2013	As at September 30, 2012
11	**LONG-TERM LOANS AND ADVANCES** (unsecured considered good)		
	Other advances	297,965	230,468
		297,965	230,468
12	**TRADE RECEIVABLES**		
	(Unsecured considered good unless otherwise stated)		
	Outstanding for a period exceeding six months		
	Good	27,632,539	-
	Other debts		
	Good	41,245,878	1,797,760
		68,878,417	1,797,760
13	**CASH AND CASH EQUIVALENTS**		
	Balance with banks:		
	Current accounts	5,954,032	527,527
	Cash on hand	18,236	26
		5,972,268	527,553
14	**SHORT-TERM LOANS AND ADVANCES** (unsecured considered good)		
	Advance payment of taxes (Net of provision)	3,568,832	356,748
	Other advances	6,366,310	2,555,028
	MAT credit entitlement	1,800,000	2,100,000
	Loans & advances to other companies	217,713,973	-
		229,449,115	5,011,776

(₹)

		2012-2013	2011-2012
15	**REVENUE FROM OPERATIONS**		
	Operating income	158,253,409	-
	Lease rent (BKA-407)	1,333,333	9,600,000
		159,586,742	9,600,000
16	**OTHER INCOME**		
	Dividend income	-	22,495
	Gain/ (Loss) on sale of investments (Net)	-	(45,270)
		-	(22,775)

(₹)

		2012-2013	2011-2012
17	**OPERATING EXPENSES**		
	Lease rent	95,550,000	-
	Fuel expenses	31,858,656	-
	Professional fees	26,688,924	-
	Handling expenses	7,146,399	-
	Landing & parking charges	5,159,425	-
	Training expenses	5,158,490	-
	Communication services charges	3,655,275	-
	ESP engine charges	1,620,104	-
		176,837,273	-
18	EMPLOYEE BENEFITS EXPENSE		
	Salaries and wages	1,213,780	474,719
	Employee welfare	23,091	-
		1,236,871	474,719
19	**FINANCE COSTS (NET)**		
	Interest expenses	27,046,027	8,167,153
	Bank charges	120,103	433
		27,166,130	8,167,586
	Less.Interest income	18,345,206	-
		8,820,924	8,167,586
20	**OTHER EXPENSES**		
	Insurance	1,128,732	986,234
	Sundry balances written off	-	2,266,215
	Payment to auditors (Refer note 20.1)	20,000	20,000
	Repair & maintenance (Refer note 20.2)	16,303,065	1,236,085
	Administrative expenses	12,448,125	2,451,759
		29,899,922	6,960,293
20.1	**PAYMENT TO AUDITORS**		
	As auditors- statutory audit fees	20,000	20,000
		20,000	20,000
20.2	**REPAIR & MAINTENANCE**		
	Repair & maintenance	10,442,036	-
	Spare part & consumable	4,646,774	1,236,085
	Maintenance charges-APU	1,214,255	-
		16,303,065	1,236,085

(₹)

		2012-2013	2011-2012
21	**EARNING PER SHARE (EPS)**		
	Net profit after tax as per Statement of Profit and Loss	**(63,823,197)**	(15,403,683)
	Weighted average number of equity shares outstanding:	**5,000,000**	5,000,000
	Basic and diluted earning per share	**(12.76)**	(3.08)

22 SEGMENT REPORTING

A. **Primary segment reporting (by business segment):**

The Company has only one reportable segments viz. Aviation which have been identified in line with the Accounting Standard 17 on Segment Reporting. Therefore, primary segment reporting is not required.

B. **Secondary segment reporting (by geographical demarcation):**

The secondary segment is based on geographical demarcation i.e. India and rest of the world. Company is having only one reportable segment viz. India. Therefore, details of same are not required.

		2012-2013	2011-2012
23	**EXPENDITURE IN FOREIGN CURRENCY**		
	Training expenses	**4,674,727**	-
	Fuel expenses	**2,631,426**	-
	Travelling expenses	**3,012,880**	-
	Communication expenses	**3,388,904**	-
	Handling expenses	**3,220,803**	-
	APU Charges	**1,110,286**	-
	Flight expenses	**524,248**	-
	Repair & maintenance expenses	**1,199,806**	-
		19,763,080	-

24 RELATED PARTY DISCLOSURES

A. List of Related Parties:

(a). Enterprises where control exists:

i. Holding Company :

(a) Bajaj Hindusthan Limited

ii Fellow Subsidiaries :

a) Lalitpur Power Generation Company Limited

B. Disclosure of transactions between the Company and Related Parties during the year in the ordinary course of business and status of outstanding balances at year end:

(a) Holding, subsidiary and key management :

(₹)

	Holding Company	Fellow Subsidiary Company
Transactions for year ended 30th September, 2013		
Interest paid	**27,046,027**	
	(8,167,153)	
Lease rent paid	**82,950,000**	
	(-)	
Rendering of services (Given)		**62,666,448**
		(-)
Advance taken as security deposit		**7,500,000**
		(-)
Loan taken(Including Interest)	**247,055,624**	
	(3,122,368)	
Repayment of loan (Including Interest)	**17,095,778**	
	(10,553,781)	
Outstanding balances as at 30th September, 2013		
Loans, advances and deposits taken	**295,384,455**	**19,572,695**
	(65,424,609)	(-)
Other Creditors	**81,690,000**	
	(-)	

(Figures in bracket are for previous year)

25 The company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

As per our report of even date
For R. S. Dani & Co.
Firm Registration No. 000243C
Chartered Accountants

For and on behalf of the Board

C. P. Kothari
Partner
Membership No. 072229

Ved Prakash Agrawal
Director

K.S.Vaidyanathan
Director

Place : Ajmer
Date : November 15, 2013

Place : Noida
Date : November 15, 2013

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Eighth Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2014.

POWER PROJECT

Uttar Pradesh Power Corporation Limited (UPPCL) had granted permission to change the location of the Company's 1980 MW (3 X 660 MW) power project from Bargarh, District Chitrakoot to Mirchwara, District Lalitpur, subject to receipt of approval from Uttar Pradesh Electricity Regulatory Commission.

The Company is in the process of obtaining environmental and other requisite regulatory clearances for shifting its project.

FINANCIAL RESULTS

During the year under review, your Company had incurred an aggregate expenditure of ₹ 64,44,11,833/- as net interest and finance charges and ₹ 47,040/- for administrative purpose. Pending commencement of commercial activities by the Company, these have been considered as pre – operative expenses.

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the financial year under review.

DIRECTORS

Mr. Surat Narainmani Tripathi (DIN: 03350006) and Dr. Sanjeev Kumar (DIN: 00364416), Directors of the Company, retire by rotation and being eligible, offers themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended, with respect to the Directors' responsibility statement, it is hereby confirmed:

(a) that in the preparation of accounts for the year ended March 31, 2014 the applicable Accounting Standards have been followed along with proper explanation relating to the material departures;

(b) that the Directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2014;

(c) that the Directors of the Company have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) that the Directors of the Company have prepared the annual accounts of the Company for the financial year ended March 31, 2014 on a going concern basis.

AUDITORS & AUDITORS' REPORT

M/s. R. S. Dani & Company (Firm Registration No.000243C), Chartered Accountants, Ajmer, existing Statutory Auditors will retire at the conclusion of the ensuing Eight Annual General Meeting.

Pursuant to Section 139 of the Companies Act 2013 and the rules made there under, M/s. R. S. Dani & Company , Chartered Accountants, can be appointed as Statutory Auditors for a further period so as to hold office from the conclusion of the eighth Annual General Meeting till the conclusion of thirteenth Annual General Meeting of the Company, subject to ratification of such appointment at subsequent Annual General Meetings of the Company.

The Board of Directors recommends to the shareholders the appointment of M/s R.S. Dani & Company as Auditors of the Company as per Section 139 of the Companies Act 2013 and the rules made there under to hold office from the conclusion of the eighth Annual General Meeting till the conclusion of thirteenth Annual General Meeting of the Company, subject to ratification of such appointment at subsequent Annual General Meetings of the Company.

The Company has received certificate from M/s R.S. Dani & Company to the effect that their appointment, if made, would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013.

The observations and comments given in the report of the Auditors read together with notes to accounts are self explanatory and hence do not call for any further information and explanation under Section 217(3) of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any deposits from the public.

STATUTORY DISCLOSURES

Since the Company did not have any employees during the year under review, disclosure as required to be made under the provisions of Section 217 (2A) of the Companies Act, 1956 and rules made there under is not applicable.

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

i. Para A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.

ii. Foreign Exchange Earnings and Outgo.

Sr. No.	Particulars		Year ended March 31, 2014	Year ended March 31, 2013
(a)	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans	:	**N.A.**	N.A.
(b)	Foreign Exchange Earned	:	**Nil**	Nil
(c)	Foreign Exchange Used	:	**Nil**	Nil

APPRECIATION

Your Directors express their appreciation for the sincere co-operation and assistance of the Government. Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholders and by the staff of the holding company.

For and on behalf of the Board of Directors

Manoj Maheshwari — Director

Pradeep Parakh — Director

Mumbai
April 29, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Bajaj Power Generation Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bajaj Power Generation Private Limited ('the Company'), which comprises the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement 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 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditor's 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 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 entity's internal control. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the statement of Profit and Loss, of the profit / loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs; and

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **R.S. DANI & CO.**
Chartered Accountants,
Firm Registration No. 000243C

C. P. KOTHARI
Partner
Membership No. 072229

Place : Ajmer
Dated : April 29, 2014

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Bajaj Power Generation Private Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed asset during the year.

(ii) The Company did not have any inventory during the year. Accordingly, provision of clauses 4(ii)(a), 4(ii)(b) and 4(ii)(c) of the order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to / from the companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to 4(iii)(g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the Company in respect of these areas.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposit from the public.

(vii) The Company does not have a formal Internal Audit System.

(viii) Since the Company is in the process of setup of power plant and has not commenced commercial generation and supply of power, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.

(ix) (a) According to records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income-tax, Wealth-tax, Service-tax, Customs Duty and Cess and other statutory dues to the extent applicable to it.

(b According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) There is no disputed due on account of wealth-tax, income-tax, service-tax, customs duty and cess.

(x) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on the documents and records produced to us, the Company has not taken any loan from bank or financial institution and has not obtained any borrowings by way of debentures.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institution.

(xvi) According to the information and explanation given to us, the Company has not obtained any term loan during the year; accordingly clause 4(xvi) of the Order is not applicable to the Company.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised in the form of short term borrowing from holding Company have been partly used for capital expenditure towards power project.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year. Therefore, the provision of clause 4(xix) of the Order is not applicable to the Company.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **R.S. DANI & CO.**
Chartered Accountants,
Firm Registration No. 000243C

C. P. KOTHARI
Partner
Membership No. 072229

Place : Ajmer
Dated : April 29, 2014

Balance Sheet as at March 31, 2014

(₹)

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**200,000**	200,000
Reserves and Surplus	4	**(40,044)**	(40,044)
Sub total		**159,956**	159,956
Current Liabilities			
Short Term Borrowings	5	**10,549,645,822**	9,678,453,219
Other Current Liabilities	6	**-**	48,316,962
Short Term Provisions	7	**10,000**	10,000
Sub total		**10,549,655,822**	9,726,780,181
Total		**10,549,815,778**	9,726,940,137
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	**10,309,319**	10,313,541
Capital Work-in-Progress	8	**1,480,248,055**	835,789,182
Sub total		**1,490,557,374**	846,102,723
Current Assets			
Cash and Cash Equivalents	9	**2,898,152**	1,700,674
Short Term Loans and Advances	10	**9,056,360,252**	8,879,136,740
Sub total		**9,059,258,404**	8,880,837,414
Total		**10,549,815,778**	9,726,940,137

See accompanying notes (1 to 18) to the financial statements

As per our attached report of even date
For R.S. DANI & CO.
Chartered Accountants
Firm Registration No.000243C

For and on behalf of the Board

C.P. Kothari
Partner
Membership No. 072229
Ajmer, April 29, 2014

Manoj Maheshwari Director
Pradeep Parakh Director
Mumbai, April 29, 2014

Statement of Profit and Loss for the year ended March 31, 2014

(₹)

	Note	Year ended March 31, 2014	Year ended March 31, 2013
REVENUES			
Revenue from Operations		-	-
Other Income	11	**413,625,731**	150,634,521
Total revenue		**413,625,731**	150,634,521
EXPENSES			
Finance Costs	12	**413,625,731**	150,634,521
Total expenses		**413,625,731**	150,634,521
Profit/ (Loss) before Exceptional and Extraordinary items and Tax		-	-
Exceptional Items		-	-
Profit/ (Loss) before Extraordinary items and Tax		-	-
Extraordinary Items		-	-
Profit before Tax		-	-
Tax Expenses:			
Current Tax		-	-
Profit/ (Loss) for the year		-	-
Earnings per Equity Share:	13		
Basic and Diluted (₹)		-	-

See accompanying notes (1 to 18) to the financial statements

As per our attached report of even date
For R.S. DANI & CO.
Chartered Accountants
Firm Registration No.000243C

For and on behalf of the Board

C.P. Kothari
Partner
Membership No. 072229
Ajmer, April 29, 2014

Manoj Maheshwari Director
Pradeep Parakh Director
Mumbai, April 29, 2014

Cash Flow Statement for the year ended March 31, 2014

(₹)

		Year ended March 31, 2014	Year ended March 31, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before Tax	-	-
	Adjustments		
	Finance Costs	**413,625,731**	150,634,521
	Operating profit/(Loss) before working capital changes	**(413,625,731)**	(150,634,521)
	Changes in working Capital:		
	Trade and other Receivables	**(704,631)**	(12,444,052)
	Trade and other Payables	**(48,316,962)**	39,595,236
	Cash generation from Operation	**(462,647,324)**	(123,483,337)
	Payment of Direct Taxes	-	-
	Net Cash generated / (used) - Operating Activities	**(462,647,324)**	(123,483,337)
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES**		
	Purchase of Fixed Assets (Including Capital Work-in-Progress)	**(644,454,651)**	(702,705,083)
	Share Application Money	-	2,500,000,000
	Advance against Share Application Money	-	(468,500,000)
	Proceeds / Repayment of Loans to Body Corporate (Net)	**(176,518,881)**	(3,715,571,069)
	Interest Received	**413,625,731**	150,634,521
	Net Cash Generated/ (Used) - Investing Activities	**(407,347,801)**	(2,236,141,631)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds / Repayment of Short-term Borrowings (Net)	**871,192,603**	2,358,152,213
	Net Cash Generated / (Used) - Financing Activities	**871,192,603**	2,358,152,213
	Net Increase / (Decrease) in Cash and Cash Equivalents	**1,197,478**	(1,472,755)
	Add : Opening Cash and Cash Equivalents	**1,700,674**	3,173,429
	Closing Cash and Cash Equivalents	**2,898,152**	1,700,674

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash Flow Statement" as specified in the Companies (Accounting Standard) Rules, 2006.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our attached report of even date
For R.S. DANI & CO.
Chartered Accountants
Firm Registration No.000243C

For and on behalf of the Board

C.P. Kothari
Partner
Membership No. 072229
Ajmer, April 29, 2014

Manoj Maheshwari Director
Pradeep Parakh Director
Mumbai, April 29, 2014

Notes to the Financial Statements

1. CORPORATE INFORMATION

Bajaj Power Generation Private Limited ('the Company') is a private limited company incorporated in India under the provisions of the Companies Act, 1956. The Company is engaged in setting up of power project.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting:

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in india (Indian GAAP). The Company has prepared these financial statements to comply in all material respect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956.

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis.

(ii) Financial statements are based on historical cost.

2.2 Fixed Assets and Depreciation:

(a) Fixed Assets:

(i) Fixed assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land), amortisation and impairment loss if any.

(ii) Expenditure during construction period incurred on the projects under implementation are treated as Pre-operative Expenses pending allocation to the assets, and are included under "Capital Work-in-Progress". These expenses will be apportioned to fixed assets on commencement of commercial production. Capital Work-in-Progress is stated at the amount expended upto the date of Balance Sheet.

(b) Depreciation:

(i) Depreciation on assets is provided as under: -

All Assets (except Land): On straight-line method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(ii) Depreciation on assets added, sold or discarded during the year has been provided on pro-rata basis.

2.3 Borrowing Cost:

(i) Borrowing cost attributable to acquisition and construction of assets will be capitalised as part of the cost of such assets upto the date when such assets will be ready for intended use and other borrowing costs will be charged to Statement of Profit and Loss after start of commercial production.

2.4 Provision for Current and Deferred Tax:

(i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'.

(ii) As the Company has not started its commercial operation and there is no timing difference of depreciation/loss, the provision for deferred tax liability does not arise as per Accounting Standard (AS) 22 notified by the Companies (Accounting Standards) Rules, 2006.

2.5 Impairment of Assets:

The Carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss will be charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

2.6 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

(₹)

		As at March 31, 2014	As at March 31, 2013
3.	**SHARE CAPITAL**		
A.	**Authorised, Issued, Subscribed and Paid-up Share Capital**		
	Authorised:		
	50,00,000 (Previous Year 50,00,000) Equity Shares of ₹ 10/- each	**50,000,000**	50,000,000
		50,000,000	50,000,000
	Issued, Subscribed and Paid up:		
	20,000 (Previous Year 20,000) Equity Shares of ₹ 10/- each	**200,000**	200,000
		200,000	200,000

B. **The reconciliation of number of shares outstanding at the beginning and at the end of year :**

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Equity Shares outstanding at the beginning of the year	**20,000**	**200,000**	20,000	200,000
Add: Equity Shares Issued during the year	**-**	**-**	-	-
Less: Equity Shares cancelled on buy back during the year	**-**	**-**	-	-
Equity Shares outstanding at the end of the year	**20,000**	**200,000**	20,000	200,000

C. **The detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :**

Class of shares/ Particulars	As at March 31, 2014	As at March 31, 2013
	Number of Shares	Number of Shares
Equity Shares - Bajaj Hindusthan Limited, (Holding Company)	**20,000**	20,000

D. **The detail of shareholder holding more than 5 percent shares :**

	As at March 31, 2014		As at March 31, 2013	
Class of shares / Name of shareholder	**Number of Shares held**	**Percentage of Holding**	Number of Shares held	Percentage of Holding
Equity Shares - Bajaj Hindusthan Limited (Holding Company)	**20,000**	**100%**	20,000	100%

(₹)

		As at March 31, 2014	As at March 31, 2013
4.	**RESERVES AND SURPLUS**		
	Profit & Loss Account		
	Opening Balance	**(40,044)**	(40,044)
	Add: Profit/ (Loss) for the year	**-**	-
	Closing Balance	**(40,044)**	(40,044)
5.	**SHORT-TERM BORROWINGS**		
	Unsecured		
	Loans and Advances from Related Parties (Refer Note 17)	**10,549,645,822**	9,678,453,219
		10,549,645,822	9,678,453,219
6.	**OTHER CURRENT LIABILITIES**		
	Statutory Liabilities	**-**	48,316,962
		-	48,316,962
7.	**SHORT-TERM PROVISIONS**		
	Provision for Audit Fees	**10,000**	10,000
		10,000	10,000

8. FIXED ASSETS

A. Tangible Assets

Summary of cost and net carrying amount of each class of tangible assets are given below: (₹)

	Gross Block				Depreciation				Net Block	
	As at April 1, 2013	Additions	Deductions & Adjustments	**As at March 31, 2014**	As at April 1, 2013	For the year	Deductions & Adjustments	**Upto March 31, 2014**	**As at March 31, 2014**	As at March 31, 2013
Freehold Land	10,230,994	-	-	**10,230,994**	-	-	-	**-**	**10,230,994**	10,230,994
Office Equipment	91,330	-	-	**91,330**	8,783	4,222	-	**13,005**	**78,325**	82,547
Total	10,322,324	-	-	**10,322,324**	8,783	4,222	-	**13,005**	**10,309,319**	10,313,541
Previous Year Total	10,322,324	-	-	10,322,324	3,336	5,447	-	8,783	10,313,541	10,318,988
Capital Work-in-Progress	835,789,182	644,458,873	-	**1,480,248,055**	-	-	-	**-**	**1,480,248,055**	835,789,182
Total	846,111,506	644,458,873	-	**1,490,570,379**	8,783	4,222	-	**13,005**	**1,490,557,374**	846,102,723
Previous Year Total	143,400,976	702,710,530	-	846,111,506	3,336	5,447	-	8,783	846,102,723	143,397,640

(₹)

B.	Capital Work-in-Progress	As at March 31, 2014	As at March 31, 2013
	Capital Work-in-Progress consist of the following:		
	Construction Work-in-Progress	-	-
	Expenditure during Construction pending allocation - (a)	1,480,248,055	835,789,182
		1,480,248,055	835,789,182
(a).	Detail of expenditure during construction pending allocation are given below:		
	Expenditure during the year:		
	Depreciation and Amortization Expenses	4,222	5,447
	Other Expenses:		
	Legal & Professional Expenses	26,500	1,192,669
	Interest & Finance Charges	644,411,833	701,123,474
	Miscellaneous Expenses	16,318	388,940
		644,458,873	702,710,530
	Add: Balance brought forward from previous year	835,789,182	133,078,652
		1,480,248,055	835,789,182
	Less: Amount allocated to Fixed Assets	-	-
	Balance (pending allocation)	1,480,248,055	835,789,182

9.	**CASH AND CASH EQUIVALENT**		
	Balance with Banks	2,895,945	1,698,467
	Cash on hand	2,207	2,207
		2,898,152	1,700,674
10.	**SHORT-TERM LOANS AND ADVANCES**		
	(Unsecured and considered good)		
	Loans and advances to related parties (Refer Note No. 17)	-	-
	Other loans and advances		
	Advance for purchase of land	2,480,000,000	2,480,000,000
	Advance for Share Application Money	2,668,500,000	2,668,500,000
	Inter Corporate Loans	3,892,089,950	3,715,571,069
	Tax paid in advance (Net of Provisions)	15,770,302	15,065,671
		9,056,360,252	8,879,136,740
		9,056,360,252	8,879,136,740

(₹)

		Year ended March 31, 2014	Year ended March 31, 2013
11.	**OTHER INCOME**		
	Other Income consist of the following:		
	Interest Income		
	On Short-term loans	413,625,731	150,634,521
		413,625,731	150,634,521
12.	**FINANCE COSTS**		
	Finance Costs consist of the following:		
	Interest Expenses	1,049,692,603	842,946,904
	Other Borrowing Costs/ Finance Charges	8,344,961	8,811,091
		1,058,037,564	851,757,995
	Less: Transfer to Capital Work-in-Progress	644,411,833	701,123,474
		413,625,731	150,634,521
13.	**EARNING PER SHARE (EPS)**		
	Profit/ (Loss) for the period	-	-
	Weighted average number of shares used in the calculation of EPS:	20,000	20,000
	Weighted average number of Basic Equity Shares outstanding	20,000	20,000
	Shares deemed to be issued for no consideration in respect of Employee Stock Options	-	-
	Weighted average number of Diluted Equity Shares outstanding	20,000	20,000
	Face value per share (₹)	10	10
	Basic and Diluted EPS (₹)	-	-
14.	**PAYMENT TO AUDITOR'S AS**		
	Statutory Auditors:		
	Audit Fees*	10,000	10,000

* Included in Miscellaneous Expenses under the head Capital Work-in-Progress. (Refer Note 8)

15. Depreciation and Amortization expense of ₹ 4,222 (P.Y. ₹ 5,447) is included in Capital Work-in-Progress. (Refer Note 8)

16. Information related to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

(₹)

		As at March 31, 2014	As at March 31, 2013
(a)	Principal amount due	-	-
(b)	Interest on Principal amount due	Nil	Nil
(c)	Interest and Principal amount paid beyond appointment day	Nil	Nil
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act.	Nil	Nil
(e)	The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	Nil	Nil

17. **RELATED PARTY DISCLOSURES**

A. List of Related Parties:

Enterprises where control exists:

i. **Holding Company:**
Bajaj Hindusthan Limited

ii. **Fellow Subsidiary:**
Lalitpur Power Generation Company Limited (Upto 28th January, 2014)

B. Disclosure of transactions as required under AS-18 in between the Company and Related Parties during the year in the ordinary course of business and status of outstanding balances at year end:

(₹)

Particulars	2014	2013	2014	2013
	Holding Company		Fellow Subsidiary	
Transactions for year ended 31st March:				
Share Application Money (Returned back)	-	-	-	2,500,000,000
Interest on loan taken	1,049,692,603	842,946,904	-	-
Loans, Advances and Deposits taken	121,500,000	9,643,500,000	-	-
Loans, Advances and Deposits taken (Refunded)	300,000,000	8,044,000,000	-	-
Outstanding balances as at 31st March:				
Loans, Advances and Deposits taken	10,549,645,822	9,678,453,219	-	-

Notes:

1. Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.

18. The previous years figures have been re-classified, re-grouped, re-arranged to correspond to the current year figures, wherever applicable.

Signatures to Notes "1" to "18"

As per our attached report of even date
For R.S. DANI & CO.
Chartered Accountants
Firm Registration No.000243C

C.P. Kothari
Partner
Membership No. 072229
Ajmer, April 29, 2014

For and on behalf of the Board

Manoj Maheshwari Director

Pradeep Parakh Director

Mumbai, April 29, 2014

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Seventh Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2013.

POWER PROJECT

During the year under review, Bajaj Hindusthan Limited (BHL), holding Company, had approached U.P. Power Corporation Limited (UPPCL) to obtain a further extension of 18 months to fulfill various conditions stipulated under the Power Purchase Agreement entered into with regards to setting up 1980 MW (3 x 660 MW) coal based power project through your Company. Further, due to delay in getting various regulatory clearances for implementing the power project at Bargarh, BHL had sought permission for shifting the project from Bargarh, district Chitrakoot to Mirchwara, district Lalitpur in the state of Uttar Pradesh along with permission to withdraw additional water consequent to shifting.

UPPCL granted an extension of 18 months to fulfill various conditions stipulated under the Power Purchase Agreement along with the permission to shift the location of the project from Bargarh to Lalitpur subject to approval of Uttar Pradesh Electricity Regulatory Commission.

FINANCIAL RESULTS

During the year under review, your Company had incurred an aggregate expenditure of ₹ 15,87,056/- for administrative purpose and ₹ 70,11,23,474/- as net interest and finance charges. Pending commencement of commercial activities by the Company, these have been considered as pre – operative expenses.

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the financial year under review.

DIRECTORS

Mr. Pradeep Parakh (DIN: 00008805), Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

All the appointments of the Directors of the Company are in compliance with the provisions of Section 274 (1) (g) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended, with respect to the Directors' responsibility statement, it is hereby confirmed:

(a) that in the preparation of accounts for the year ended March 31, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to the material departures;

(b) that the Directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2013;

(c) that the Directors of the Company have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) that the Directors of the Company have prepared the annual accounts of the Company for the financial year ended March 31, 2013 on a going concern basis.

AUDITORS & AUDITOR'S REPORT

M/s. R. S. Dani & Company, Chartered Accountants, Ajmer, existing Statutory Auditors will retire at the conclusion of the ensuing Seventh Annual General Meeting and seek re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Company has received a certificate from M/s. R. S. Dani & Company to the effect that their appointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Auditor's Report read along with Notes on Accounts is self-explanatory and therefore, does not call for any further comment under Section 217(3) of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any deposits from the public.

STATUTORY DISCLOSURES

Since the Company did not have any employees during the year under review, disclosure as required to be made under the provisions of Section 217 (2A) of the Companies Act, 1956 and rules made there under is not applicable.

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

i. Para A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.

ii. Foreign Exchange Earnings and Outgo.

(a)	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans	:	N.A.
(b)	Foreign Exchange Earned	:	Nil
(c)	Foreign Exchnage Used	:	Nil

APPRECIATION

Your Directors express their appreciation for the sincere co-operation and assistance of the Government. Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholders and by the staff of the holding company.

For and on behalf of the Board of Directors

Manoj Maheshwari Director

Pradeep Parakh Director

Noida
July 01, 2013

INDEPENDENT AUDITORS' REPORT

To,

THE MEMBERS OF BAJAJ POWER GENERATION PRIVATE LTD

Report on Financial Statement

We have audited the accompanied financial statement of Bajaj Power Generation Private Ltd., Bajaj Bhawan, Jamnalal Bajaj Marg, B-10, Sector 3, Noida - 201301 the Balance sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act'). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditor's 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 Company'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.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting standard generally accepted in India:

i) in the case of Balance Sheet, of state of affairs of the Company as at March 31, 2013;

ii) in the case of Statement of Profit and Loss for the year ended on that date and;

iii) in the case of Cash Flow Statement, the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1 As required by Companies (Auditor's Report), Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together referred as the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement of the matter specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227 (3) of the Act, we report that,

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, are in agreement with the books of accounts;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and

   e) On the basis of written representation received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2013 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **R.S. DANI & CO.**
Chartered Accountants,
Firm Registration No. 000243C

C. P. KOTHARI
Partner
Membership No. 072229

Place : Ajmer
Dated : July 01, 2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE OF BAJAJ POWER GENERATION PRIVATE LTD.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us we state that:

1. (a) In our opinion and base on information and explanation given to us the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) As informed the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

   (c) In our opinion and base on information and explanation given to us no substantial part of fixed assets have been disposed off during the year, and the going concern is not affected.

2. As the Company does not have inventory the clauses (ii) (a) to (ii) (c) of paragraph 4 of the order are not applicable to the Company.

3. The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly the clauses (iii) (a) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company.

   (e) The Company has taken loans from its Holding Company. In respect of the said loans, the maximum amount outstanding at any point of time during the year is ₹ 9,67,84,53,219/-

   (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company , are not prima facie prejudicial to the interest of the Company.

   (g) The principal amounts are repayable on demand and there is no repayment schedule. The interest is also payable on demand.

4. In our opinion and base on information and explanation given to us, the Company has an internal control system for purchase of inventory & fixed assets and for the sale of goods & services commensurate with its size & nature of its business. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.

5. According to information and explanations provided by the management there were no transactions during the year pursuant to the contracts or arrangements referred to in Section 301 of the Act. Accordingly clauses (v) (a) & (v) (b) of paragraph 4 of the Order are not applicable to the Company.

6. The Company has not accepted any deposit under the provision of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975, framed there under.

7. The Company does not have a formal Internal Audit System.

8. Since the commercial production of the Company has not been started, maintenance of Cost Records under Section 209 (1) (d) of the Act, by the Central Government has not been prescribed for the Company.

9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including income-tax, sales-tax, wealth -tax, service-tax, customs duty, excise duty and cess and other statutory dues applicable to the Company with the appropriate authorities;

   b) According to the information and explanation given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees state insurance, income-tax, wealth-tax, service-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding at the last day of the financial year for a period of more than six months from the date they became payable;

   c) According to the records of the Company there are no dues of income tax, sales tax, service tax, excise duty, wealth tax, customs duty and cess which have not been deposited on account of any dispute.

10. The Company has been registered for a period not less than 5 years and the Company's accumulated losses at the end of the financial year are not more than 50% of its net worth and the Company has not incurred cash losses in such financial year and in the immediately preceding financial year.

11. The Company has not taken any loan/advance from financial institution or bank, also the Company has not issued any debentures.

12. According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debenture and other securities.

13. In our opinion, the Company is not chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clauses (xiii) (a) to (xiii) (d) of paragraph 4 of the Order are not applicable to the Company.

14. In our opinion, the Company has maintained proper records and made timely entries in respect of investments made by the Company. The Company's investments are held in its own name except to the extent of the exemption, if any, granted under Section 49 of the Act.

15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

16. According to the information and explanation given to us, the Company has not obtained any term loan during the year; accordingly clause (xvi) of paragraph 4 of the order is not applicable to the Company.

17. According to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, there are no funds raised on short term basis have been used for long term investment.

18. During the year, the Company has not made preferential allotment of equity shares to parties covered in the register maintained under Section 301 of the Act.

19. The Company did not have any outstanding debentures during the year.

20. The Company has not raised any money by public issue during the year.

21. As per the information and explanations given to us on our enquiries in this behalf, there were no frauds on or by the Company has been noticed or reported during the period.

For **R.S. DANI & CO.**
Chartered Accountants,
Firm Registration No. 000243C

C. P. KOTHARI
Partner
Membership No. 072229

Place: Ajmer
Dated: July 01, 2013

Balance Sheet as at March 31, 2013

(₹)

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**200,000**	200,000
Reserves and Surplus	4	**(40,044)**	(40,044)
Sub total		**159,956**	159,956
Current Liabilities			
Short Term Borrowings	5	**9,678,453,219**	7,320,301,006
Trade Payables	6	-	122,327
Other Current Liabilities	7	**48,316,962**	8,599,399
Short Term Provisions	8	**10,000**	10,000
Sub total		**9,726,780,181**	**7,329,032,732**
Total		**9,726,940,137**	7,329,192,688
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	**10,313,541**	10,318,988
Capital Work-in-Progress	9	**835,789,182**	133,078,652
Sub total		**846,102,723**	143,397,640
Current Assets			
Cash and Cash Equivalents	10	**1,700,674**	3,173,429
Short Term Loans and Advances	11	**8,864,071,069**	7,180,000,000
Other Current Assets	12	**15,065,671**	2,621,619
Sub total		**8,880,837,414**	7,185,795,048
Total		**9,726,940,137**	7,329,192,688

See accompanying notes (1 to 18) to the financial statements

As per our attached report of even date
For R.S. DANI & CO. — For and on behalf of the Board
Chartered Accountants
Firm Registration No.000243C

C.P. Kothari — **Manoj Maheshwari**, Director — **Pradeep Parakh**, Director
Partner
Membership No. 072229
Ajmer, July 01, 2013 — Mumbai, July 01, 2013

Statement of Profit and Loss for the year ended March 31, 2013

(₹)

	Note	Year ended March 31, 2013	Year ended March 31, 2012
REVENUES			
Other Income		-	-
		-	-
EXPENSES			
Other Expenses		-	-
		-	-
Profit/ (Loss) before Exceptional and Extraordinary items and Tax		-	-
Exceptional Items		-	-
Profit/ (Loss) before Extraordinary items and Tax		-	-
Extraordinary Items		-	-
Profit before Tax		-	-
Tax Expenses:			
Current Tax		-	-
Profit/ (Loss) for the period		-	-
Earnings per Equity Share:	13		
Basic and Diluted (Rupees)		-	-

See accompanying notes (1 to 18) to the financial statements

As per our attached report of even date
For R.S. DANI & CO. — For and on behalf of the Board
Chartered Accountants
Firm Registration No.000243C

C.P. Kothari — **Manoj Maheshwari**, Director — **Pradeep Parakh**, Director
Partner
Membership No. 072229
Ajmer, July 01, 2013 — Mumbai, July 01, 2013

Cash Flow Statement for the year ended March 31, 2013

(₹)

		Year ended March 31, 2013	Year ended March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	-	-
	Adjustments	-	-
	Operating profit before working capital changes	-	-
	Changes in working Capital:		
	Trade and other Receivables	**(12,444,052)**	(2,619,400)
	Trade and other Payables	**39,595,236**	8,728,968
	Cash generation from Operation	**27,151,184**	6,109,568
	Payment of Direct Taxes	-	-
	Net Cash generated / (used) - Operating Activities	**27,151,184**	6,109,568
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES**		
	Purchase of Fixed Assets (Including Capital Work in Progress)	**(702,705,083)**	(143,337,614)
	Share Application Money	**2,500,000,000**	(2,500,000,000)
	Advance against Share Application Money	**(468,500,000)**	(2,200,000,000)
	Advance for Purchase of Land	-	(2,480,000,000)
	Proceeds / Repayment of Loans to Body Corporate (Net)	**(3,715,571,069)**	-
	Net Cash Generated / (Used) - Investing Activities	**(2,386,776,152)**	(7,323,337,614)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds / Repayment of Short-term Borrowings (Net)	**2,358,152,213**	7,320,301,006
	Net Cash Generated / (Used) - Financing Activities	**2,358,152,213**	7,320,301,006
	Net Increase / (Decrease) in Cash and Cash Equivalents	**(1,472,755)**	3,072,960
	Add : Opening Cash and Cash Equivalents	**3,173,429**	100,469
	Closing Cash and Cash Equivalents	**1,700,674**	3,173,429

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash Flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our attached report of even date
For R.S. DANI & CO. — For and on behalf of the Board
Chartered Accountants
Firm Registration No.000243C

C.P. Kothari — **Manoj Maheshwari**, Director — **Pradeep Parakh**, Director
Partner
Membership No. 072229
Ajmer, July 01, 2013 — Mumbai, July 01, 2013

Notes to the Financial Statements

1. **CORPORATE INFORMATION**

Bajaj Power Generation Private Limited ('the Company') is a private limited company incorporated in India under the provisions of the Companies Act, 1956. The Company is engaged in setting up of power project.

2. **SIGNIFICANT ACCOUNTING POLICIES**

2.1 Basis of accounting:

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in india (Indian GAAP). The Company has prepared these financial statements to comply in all material respect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956.

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis.

(ii) Financial statements are based on historical cost.

2.2 Fixed Assets and Depreciation:

(a) Fixed Assets:

(i) Fixed assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land), amortisation and impairment loss if any.

(ii) Expenditure during construction period incurred on the projects under implementation are treated as Pre-operative Expenses pending allocation to the assets, and are included under "Capital Work-in-Progress". These expenses will be apportioned to fixed assets on commencement of commercial production. Capital Work-in-Progress is stated at the amount expended upto the date of Balance Sheet.

(b) Depreciation:

(i) Depreciation on assets is provided as under: -

All Assets (except Land): On straight-line method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(ii) Depreciation on assets added, sold or discarded during the year has been provided on pro-rata basis.

2.3 Borrowing Cost:

(i) Borrowing cost attributable to acquisition and construction of assets will be capitalised as part of the cost of such assets upto the date when such assets will be ready for intended use and other borrowing costs will be charged to Statement of Profit and Loss after start of commercial production.

2.4 Provision for Current and Deferred Tax:

(i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'.

(ii) As the Company has not started its commercial operation and there is no timing difference of depreciation/loss, the provision for deferred tax liability does not arise as per Accounting Standard (AS) 22 notified by the Companies (Accounting Standards) Rules, 2006.

2.5 Impairment of Assets:

The Carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss will be charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

2.6 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

(₹)

		As at March 31, 2013	As at March 31, 2012
3.	**SHARE CAPITAL**		
A.	**Authorised, Issued, Subscribed and Paid-up Share Capital**		
	Authorised:		
	50,00,000 (Previous Year 50,00,000) Equity Shares of Rupees 10/- each	**50,000,000**	50,000,000
		50,000,000	50,000,000
	Issued, Subscribed and Paid up:		
	20,000 (Previous Year 20,000) Equity Shares of Rupees 10/-each	**200,000**	200,000
		200,000	200,000

B. **The reconciliation of number of shares outstanding at the beginning and at the end of year :**

Particulars	As at March 31 , 2013		As at March 31 , 2012	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Equity Shares outstanding at the beginning of the year	**20,000**	**200,000**	20,000	200,000
Add: Equity Shares Issued during the year	**-**	**-**	-	-
Less: Shares cancelled on buy back of Equity Shares during the year	**-**	**-**	-	-
Equity Shares outstanding at the end of the year	**20,000**	**200,000**	20,000	200,000

C. **The detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :**

Class of shares/ Particulars	As at March 31 , 2013	As at March 31 , 2012
	Number of Shares	Number of Shares
Equity Shares - Bajaj Hindusthan Limited, (Holding Company)	**20,000**	20,000

D. **The detail of shareholder holding more than 5 percent shares :**

	As at March 31 , 2013		As at March 31 , 2012	
Class of shares/ Name of shareholder	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
Equity Shares - Bajaj Hindusthan Limited (Holding Company)	**20,000**	**100%**	20,000	100%

(₹)

		As at March 31, 2013	As at March 31, 2012
4.	**RESERVES AND SURPLUS**		
	Profit & Loss Account		
	Opening Balance	**(40,044)**	(40,044)
	Add: Profit/ (Loss) for the year	**-**	-
	Closing Balance	**(40,044)**	(40,044)
5.	**SHORT-TERM BORROWINGS**		
	Unsecured		
	Loans and Advances from Related Parties (Refer Note 17)	**9,678,453,219**	7,320,301,006
		9,678,453,219	7,320,301,006
6.	**TRADE PAYABLES**		
	Payable to Micro, Small and Medium Enterprises (Refer Note 16)	**-**	-
	Payable to Other Entities	**-**	122,327
		-	122,327
7.	**OTHER CURRENT LIABILITIES**		
	Statutory Liabilities	**48,316,962**	8,599,399
		48,316,962	8,599,399
8.	**SHORT-TERM PROVISIONS**		
	Provision for Audit Fees	**10,000**	10,000
		10,000	10,000

9. FIXED ASSETS

A. Tangible Assets

Summary of cost and net carrying amount of each class of tangible assets are given below: (₹)

	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Deductions & Adjustments	As at March 31, 2013	As at April 1, 2012	For the year	Deductions & Adjustments	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
Freehold Land	10,230,994	-	-	**10,230,994**	-	-	-	**-**	**10,230,994**	10,230,994
Office Equipment	91,330	-	-	**91,330**	3,336	5,447	-	**8,783**	**82,547**	87,994
Total	10,322,324	-	-	**10,322,324**	3,336	5,447	-	**8,783**	**10,313,541**	10,318,988
Previous Year Total	-	10,322,324	-	10,322,324	-	3,336	-	3,336	10,318,988	
Capital Work-in-Progress	133,078,652	702,710,530	-	**835,789,182**	-	-	-	**-**	**835,789,182**	133,078,652
Total	143,400,976	702,710,530	-	**846,111,506**	3,336	5,447	-	**8,783**	**846,102,723**	143,397,640
Previous Year Total	60,026	143,340,950	-	143,400,976	-	3,336	-	3,336	143,397,640	

(₹)

B. Capital Work-in-Progress	As at March 31, 2013	As at March 31, 2012
Capital Work-in-Progress consist of the following:		
Construction Work-in-Progress	-	-
Expenditure during Construction pending allocation - (a)	835,789,182	133,078,652
	835,789,182	133,078,652
(a) Detail of expenditure during construction pending allocation are given below:		
Expenditure during the year:		
Depreciation and Amortization Expenses	5,447	3,336
Other Expenses:		
Legal & Professional Expenses	1,192,669	4,048,316
Rates & Taxes	-	20,800,600
Interest & Finance Charges	851,757,995	105,719,261
Preliminary Expenses	-	349,500
Miscellaneous Expenses	388,940	2,097,613
	853,345,051	133,018,626
Income during the year:		
Interest income on loans given	150,634,521	-
	702,710,530	133,018,626
Add: Balance brought forward from previous year	133,078,652	60,026
	835,789,182	133,078,652
Less: Amount allocated to Fixed Assets	-	-
Balance (pending allocation)	835,789,182	133,078,652

10. CASH AND CASH EQUIVALENT		
Balance with Banks	1,698,467	3,171,082
Cash on hand	2,207	2,347
	1,700,674	3,173,429

11. SHORT-TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans and advances to related parties (Refer Note No. 17)		
Share Application Money	-	2,500,000,000
Other loans and advances		
Advance for purchase of land	2,480,000,000	2,480,000,000
Advance for Share Application Money	2,668,500,000	2,200,000,000
Inter Corporate Loans	3,715,571,069	-
	8,864,071,069	4,680,000,000
	8,864,071,069	7,180,000,000

12. OTHER CURRENT ASSETS		
Tax paid in advance (Net of Provisions)	15,065,671	2,219
Other Receivables - (a)	-	2,619,400
	15,065,671	2,621,619

(a) Other Receivables includes value of unused stamps.

(₹)

	Year ended March 31, 2013	Year ended March 31, 2012
13. EARNING PER SHARE (EPS)		
Profit/ (Loss) for the period	-	-
Weighted average number of shares used in the calculation of EPS:	20,000	20,000
Weighted average number of Basic Equity Shares outstanding	20,000	20,000
Shares deemed to be issued for no consideration in respect of Employee Stock Options	-	-
Weighted average number of Diluted Equity Shares outstanding	20,000	20,000
Face value per share (Rupees)	10	10
Basic and Diluted EPS (Rupees)	-	-
14. PAYMENT TO AUDITOR'S AS		
Statutory Auditors:		
Audit Fees*	10,000	10,000

* Included in Miscellaneous Expenses under the head Capital Work-in-Progress. (Refer Note 9)

15. Depreciation and Amortization expense of ₹ 5,447 (P.Y. ₹ 3,336) is included in Capital Work-in-Progress. (Refer Note 9)

16. Information related to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

(₹)

		As at March 31, 2013	As at March 31, 2012
(a)	Principal amount due	-	-
(b)	Interest on Principal amount due	Nil	Nil
(c)	Interest and Principal amount paid beyond appointment day	Nil	Nil
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act.	Nil	Nil
(e)	The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	Nil	Nil

17. RELATED PARTY DISCLOSURES

A. List of Related Parties:

Enterprises where control exists:

i. **Holding Company:**

Bajaj Hindusthan Limited

ii. **Fellow Subsidiary:**

Lalitpur Power Generation Company Limited

B. Disclosure of transactions as required under AS-18 in between the Company and Related Parties during the year in the ordinary course of business and status of outstanding balances at year end:

(₹)

Particulars	2013	2012	2013	2012
	Holding Company		Fellow Subsidiary	
Transactions for year ended 31st March:				
Share Application Money	-	-	-	2,500,000,000
Share Application Money (Returned back)	-	-	2,500,000,000	-
Interest on loan taken	842,946,904	94,778,897	-	-
Loans, Advances and Deposits taken	9,643,500,000	7,235,000,000	-	-
Loans, Advances and Deposits taken (Refunded)	8,044,000,000	-	-	-
Outstanding balances as at 31st March:				
Share Application Money	-	-	-	2,500,000,000
Loans, Advances and Deposits taken	9,678,453,219	7,320,301,006	-	-

Notes:

1. Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.
3. Share application money (Returned back) of ₹ 250,00,00,000 (P.Y. Nil) from Lalitpur Power Generation Company Limited.

18. The company has reclassified the previous year figures in accordance with the requirements where ever applicable in the current year.

Signatures to Notes "1" to "18"

As per our attached report of even date
For R.S. DANI & CO.
Chartered Accountants
Firm Registration No.000243C

C.P. Kothari
Partner
Membership No. 072229
Ajmer, July 01, 2013

For and on behalf of the Board

Manoj Maheshwari Director
Pradeep Parakh Director

Mumbai, July 01, 2013

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of Bajaj Hindusthan (Singapore) Private Limited (the "Company") for the financial year ended 31 March 2014.

DIRECTORS

The directors of the Company in office at the date of this report are:

Pradeep Parakh
Gowri Saminathan Mrs Wade

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' share holdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interests in shares and debentures of the Company and its related corporations, except as detailed below:

	Holdings registered in the Name of director	
	As at 01.04.2013	**As at 31.03.2014**
Ordinary shares		
In holding company		
Bajaj Hindusthan Ltd		
Pradeep Parakh	4,000	4,000

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act., by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, Messrs Shanker lyer & Co., Public Accountants and Chartered Accountants, Singapore, has expressed its willingness to accept re-appointment.

Pradeep Parakh Director   **Gowri Saminathan Mrs Wade** Director

5 May 2014

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements of the Company together with notes there to are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and of its results, changes in equity and cash flows for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The directors authorised these financial statements for issue on 5 May 2014.

Pradeep Parakh Director   **Gowri Saminathan Mrs Wade** Director

5 May 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED

(Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED (the" Company") as set out on pages 7 to 29, which comprise the statement of financial position as at 31 March 2014, 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safe guarded against loss from unauthorised use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards 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 auditor's 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 auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

SHANKERIYER & CO.
Public Accountants and Chartered Accountants

Singapore
5 May 2014

Statement of Financial Position as at 31 March 2014

	Note	2014 US$	2014 ₹ Million	2013 US$	2013 ₹ Million
ASSETS					
Current assets					
Cash and cash equivalents	4	**1,400,942**	**84.20**	3,131,602	188.21
Other receivables	5	**4,114**	**0.25**	4,114	0.25
Loan to subsidiaries	6	**450,000**	**27.04**	-	-
Prepayments		**6,200**	**0.37**	4,712	0.28
		1,861,256	**111.86**	3,140,428	188.74
Non-current assets					
Investment in subsidiaries	7	**15,941,480**	**958.08**	15,941,480	958.08
Deferred tax asset	8	**912,439**	**54.84**	1,021,605	61.40
		16,853,919	**1,012.92**	16,963,085	1,019.48
Total assets		**18,715,175**	**1,124.78**	20,103,513	1,208.22
LIABILITIES					
Current liability					
Amount owing to holding company	9	**1,905,600**	**114.53**	1,963,200	117.99
Other payables	10	**1,641,619**	**98.66**	2,898,348	174.19
Total liability		**3,547,219**	**213.19**	4,861,548	292.18
NET ASSETS		**15,167,956**	**911.59**	15,241,965	916.04
SHAREHOLDER'S EQUITY					
Share capital	11	**19,899,714**	**1,195.97**	19,899,714	1,195.97
Accumulated losses		**(4,731,758)**	**(284.38)**	(4,657,749)	(279.93)
TOTAL EQUITY		**15,167,956**	**911.59**	15,241,965	916.04

Note:

1. Figures for the year ended March 31, 2014 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.
2. Figures for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.

Statement of Comprehensive Income for the Financial Year ended 31 March 2014

	Note	2014 US$	2014 ₹ Million	2013 US$	2013 ₹ Million
REVENUE					
Sale of goods		-	-	-	-
Other income	12	**59,080**	**3.55**	44,438	2.68
		59,080	**3.55**	44,438	2.68
EXPENSES					
Legal and professional fees		**11,946**	**0.72**	105,107	6.32
Travelling		-	-	50,269	3.02
Other operating expenses		**11,977**	**0.72**	55,837	3.36
Finance cost	13	-	-	186,681	11.22
Total Expenses		**23,923**	**1.44**	397,894	23.92
Loss before income tax		**35,157**	**2.11**	(353,456)	(21.24)
Income tax benefit	14	**(109,166)**	**(6.56)**	54,073	3.25
Net loss, representing total comprehensive loss for the financial year		**(74,009)**	**(4.45)**	(299,383)	(17.99)

Note:

1. Figures of Profit and Loss account for the year ended March 31, 2014 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.
2. Figures of Profit and Loss account for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.

Statement of Cash Flow for the financial year ended 31 March 2014

	Note	2014 US$	2014 ₹ Million	2013 US$	2013 ₹ Million
Cash Flow From Operating Activities					
Profit /(loss) before income tax		**35,157**	**2.11**	(353,456)	(21.24)
Adjustment:					
Finance cost	13	-	-	186,681	11.22
Interest Income	12	-	-	(997)	(0.06)
Exchange gain		**(57,600)**	**(3.46)**	-	-
Operating cash flows before changes in working capital		**(22,443)**	**(1.35)**	(167,772)	(10.08)
Changes in working capital:					
Prepayment		**(1,488)**	**(0.09)**	(4,712)	(0.28)
Other receivables		-	-	262,381	15.76
Other payables		**(1,256,729)**	**(75.53)**	202,394	12.16
Cash generated from/ (used) in operations		**(1,280,660)**	**(76.97)**	292,291	17.56
Interest received	12	-	-	997	0.06
Net cash generated from/ (used) in operating activities		**(1,280,660)**	**(76.97)**	293,288	17.62
Cash Flow From Investing Activities					
Advance payments for investments		-	-	1,586,480	95.35
Advance to external party		-	-	8,200,000	492.82
Acquisition of subsidiaries		-	-	(15,941,480)	(958.08)
Loan to subsidiaries		**(450,000)**	**(27.04)**	-	-
Bank balance under escrow account		**1,250,165**	**75.14**	(2,625,735)	(157.81)
Net cash used in Investing activity		**800,165**	**48.10**	(8,780,735)	(527.72)
Cash flow from financing activities					
Loan from holding company		-	-	1,963,200	117.99
Net cash generated from financing activities		-	-	1,963,200	117.99
Net increase/(decrease) in cash and cash equivalents		**(480,495)**	**(28.87)**	(6,524,247)	(392.11)
Cash and cash equivalents at beginning of the year		**505,867**	**30.40**	7,030,114	422.51
Cash and cash equivalents at end of the year	4	**25,372**	**1.53**	505,867	30.40

Note:

1. Figures of Cash Flow Statements for the year ended March 31, 2014 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.
2. Figures of Cash Flow Statements for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.

Statement of Changes in Equity for the Financial Year ended 31 March 2014

	Share Capital	Accumu-lated Losses	Translation reserve	Total	Share Capital	Accumu-lated Losses	Translation reserve	Total
	US$	US$	US$	US$	₹ Million	₹ Million	₹ Million	₹ Million
2014								
Balance as at 01 April 2013	19,899,714	(4,657,749)	-	15,241,965	1,195.97	(279.93)	-	916.04
Total comprehensive loss for the financial year	-	(74,009)	-	(74,009)	-	(4.45)	-	(4.45)
Balance as at 31st March 2014	19,899,714	(4,731,758)	-	15,167,956	1,195.97	(284.38)	-	911.59
2013								
Balance as at 01 April 2012	19,899,714	(4,358,366)	-	15,541,348	1,195.97	(261.94)	-	934.03
Total comprehensive loss for the financial year	-	(299,383)	-	(299,383)	-	(17.99)	-	(17.99)
Balance as at 31st March 2013	19,899,714	(4,657,749)	-	15,241,965	1,195.97	(279.93)	-	916.04

Note:

1. Figures for the year ended March 31, 2014 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$= ₹ 60.0998.
2. Figures for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$= ₹ 60.0998.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

1. GENERAL INFORMATION

Bajaj Hindusthan (Singapore) Private Limited [the "Company"] (Company Registration No.: 200709334R) is incorporated and domiciled in Singapore. The Company's registered office is at 80 Raffles Place, #26-01 UOB Plaza 1, Singapore 048624.

The principal activities of the Company are those relating to investment holding and trading of commodities.

The financial statements of the Company for the financial year ended 31 March 2014 were authorised and approved by the directors for issuance on 5 May 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, which are expressed in the United States dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new and revised FRSs and INT FRSs have no material effect on the financial statements.

These financial statements are separate financial statements of Bajaj Hindusthan (Singapore) Private Limited. The Company is exempted from the preparation of consolidated financial statements as Bajaj Hindusthan Ltd., its holding company, produces consolidated financial statements available for public use. The subsidiaries of the Company and the basis of which the subsidiaries are accounted for is disclosed in Note 7. The registered office of its holding company is located at Bajaj Bhawan, 2nd Floor, Janmalal Bajaj Marg, 226 Nariman Point, Mumbai- 400 021, India.

b) Foreign currency translation

The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company.

In preparing the financial statements of the Company, monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

c) Financial assets

(i) Classification

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "loans and receivables", "held to maturity investments" and "available-for-sale" financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" and "other receivables" and "loan to subsidiaries" on the statement of financial position.

(ii) Effective interest method

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

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date -the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(iv) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(v) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

(vi) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence arises.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

d) Investment in subsidiaries

Unquoted equity investment in subsidiaries are stated at cost less any impairment. On disposal of investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is taken to profit or loss.

e) Impairment of non-financial assets

Investments in subsidiaries

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

A reversal of impairment loss for an asset is recognised in profit or loss.

f) Other payables

Other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled and expired.

g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

i) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when it affects neither the taxable profit nor the accounting profit at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

j) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria of the Company's activities are met as follows:

(i) Revenue from the sale of goods is recognised upon passage of title to the customer, which generally coincides with their delivery and acceptance.

(ii) Interest income is recognised on the effective interest method.

k) Related parties

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Company if that person:

- (a) Has control or joint control over the Company;
- (b) Has significant influence over the Company; or
- (c) Is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

- (a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (f) The entity is controlled or jointly controlled by a person identified in (a);
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies. These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical accounting estimates, assumptions and judgements for the preparation of financial statements:

a) Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies which are described in Note 2 above, management is of the opinion that there are no critical judgements involved, apart from those involving estimations that have a significant effect on the amounts recognised in the financial statements.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of non-financial assets

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Determining whether the investments in subsidiaries are impaired requires an estimation of value-in-use of the investments in subsidiaries. The value-in-use calculation requires management to estimate the future cash flows and appropriate discount rate in order to calculate the present value of future cash flows. Management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The carrying amount of the company's investment in subsidiaries at the end of the reporting period is disclosed in Note 7 to the financial statements.

(ii) Income Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimation and judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. At 31 March 2014, the carrying amount of deferred tax asset is disclosed in Note 8.

4 CASH & CASH EQUIVALENTS

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Cash at Bank	**25,372**	**1.53**	505,867	30.40
Bank balance under escrow account	**1,375,570**	**82.67**	2,625,735	157.81
	1,400,942	**84.20**	3,131,602	188.21

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Cash & cash balances (as above)	**1,400,942**	**84.20**	3,131,602	188.21
Less: Bank balances under escrow account	**(1,375,570)**	**(82.67)**	(2,625,735)	(157.81)
	25,372	**1.53**	505,867	30.40

Cash and cash equivalents are denominated in the following currencies:

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Singapore dollars	**25,372**		505,867	
United States dollars	**1,375,570**		2,625,735	
	1,400,942		3,131,602	

5 OTHER RECEIVABLES

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Refundable deposits	**3,572**	**0.22**	3,572	0.22
Other receivable	**542**	**0.03**	542	0.03
	4,114	**0.25**	4,114	0.25

Other receivables are denominated in Singapore dollars.

6 LOAN TO SUBSIDIARIES

Loan to subsidiaries is denominated in United States dollars, is non-trade in nature, unsecured, interest-free and repayable on demand.

7 INVESTMENT IN SUBSIDIARIES

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Unquoted equity investment, at cost				
Beginning and end of the financial year	**15,941,480**	**958.08**	15,941,480	958.08

The details of subsidiaries are as follows :

Name of company	Country of incorporation	Financial year end	Principal activity	Percentage equity held by the Company	
				2014 %	**2013 %**
PT Batu Bumi Persada	Indonesia	31 December	Providing mining support	99.00	99.00
PT Jangkar Prima	Indonesia	31 December	Coal mining	99.88	99.88

8 DEFERRED TAX ASSET

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Beginning of financial year	**1,021,605**	**61.40**	967,532	58.15
Credited to profit or loss (Note 14)	**(109,166)**	**(6.56)**	54,073	3.25
End of financial year	**912,439**	**54.84**	1,021,605	61.40

The above represents unabsorbed tax losses which is in the view of the directors,there will be future taxable profit available against which these unabsorbed tax losses can be utilised.

9 AMOUNT OWING TO HOLDING COMPANY

Amount owing to holding company which is denominated in Singapore dollars, is non-trade in nature, unsecured, interest-free and repayable on demand.

10 OTHER PAYABLES

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Accruals for operating expenses	**9,776**	**0.59**	14,013	0.84
Amount owing to related party	**258,443**	**15.53**	258,443	15.53
Other payables	**1,373,400**	**82.54**	2,625,892	157.82
	1,641,619	**98.66**	2,898,348	174.19

Included in other payables is an amount of US$1,373,400 (2013: US$2,623,400) pertaining to amount due to external parties. This amount is non-trade in nature, secured against the Company's bank balances under escrow account (Note 4), interest-free and payable on demand.

Other payables are denominated in the following currencies:

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Singapore dollars	**2,776**		4,505	
United States dollars	**1,638,843**		2,893,843	
	1,641,619		2,898,348	

11 SHARE CAPITAL

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Issued and fully paid				
27,001,000 (P.Y. 27,001,000) ordinary shares	**19,899,714**	**1,195.97**	19,899,714	1,195.97

All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12 OTHER INCOME

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Interest income	**-**	**-**	997	0.06
Exchange gain	**59,080**	**3.55**	43,441	2.62
	59,080	**3.55**	44,438	2.68

13 FINANCE COST

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Interest expense paid to related- party (Note 10,16)	-	-	186,681	11.22
	-	-	186,681	11.22

14 INCOME TAX (EXPENSE) BENEFIT

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Deferred income tax (Note 8)	**(109,166)**	**(6.56)**	54,073	3.25

The current year's income tax varied from the amount of income tax determined by applicable Singapore statutory income tax rate of 17% (2013: 17%) to the loss before income tax as a result of the following differences:

	2014		2013	
	US$	**₹ Million**	US$	₹ Million
Profit/(loss) before income tax	**35,157**	2.11	(353,456)	(21)
Income tax expense/ (benefit) at statutory rate	**5,997**	0.36	(60,088)	(3.61)
Non-allowable items	**(10,502)**	(0.63)	16,320	0.98
Non-taxable income	-	-	(10,305)	(0.62)
Over-provision of deferred tax assets in prior year	113,691	6.83	-	-
	109,166	6.56	(54,073)	(3.25)

15 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Bajaj Hindusthan Limited, a company incorporated in India.

16 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Company has transactions with the related parties on terms agreed between them with respects to the following during the financial year:

(a) **Related party transactions**

	2014		2013	
	US$	₹ Million	US$	₹ Million
Reimbursement expenses paid to holding company	-	-	50,269	3.02
Legal and professional fees paid on behalf by related party	-	-	71,762	4.31
Interest expense paid to related party(Note 13)	-	-	186,681	11.22
Loan from holding company	-	-	1,963,200	117.99
Loan to subsidiaries	450,000	27.04	-	-

(b) **Key management personnel compensation**

There are no key management personnel apart from directors. The directors did not receive any compensation during the financial year.

17 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risks

(i) Foreign currency risk

The Company incurs foreign currency risk on transactions that are denominated in currency other than the United States dollars such as Singapore dollars. However, the Company does not use any hedging instruments to protect against the volatility associated with foreign currency purchases and other assets and liabilities created in the normal course of business.

The Company's currency exposure to the Singapore dollars based on the information provided to key management is as follows:

	2014		2013	
	US$	₹ Million	US$	₹ Million
Financial Assets				
Cash and cash equivalents	25,372	1.52	505,867	30.40
Other receivables	4,114	0.25	4,114	0.25
	29,486	1.77	509,981	30.65
Financial liability				
Amount owing to holding company	1,905,600	114.53	1,963,200	117.99
Other payables	2,776	0.17	4,505	0.27
	1,908,376	114.70	1,967,705	118.26
Net Currency exposure	(1,878,890)	(112.93)	(1,457,724)	(87.61)

If against United States dollars the Singapore dollars had strengthened/weakened by 5% (2013: 14%) respectively with all other variables including tax rate being held constant, the Company's net loss for the financial year would have been higher/lower by approximately US$93,940 (2013: US$204,000) respectively as a result of currency translation gains/losses on the remaining Singapore dollars denominated financial assets and liabilities.

(ii) Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The major class of financial assets of the Company is cash and cash equivalents and other receivables. For bank balances, they are placed with regulated banks. For other financial assets, the Company minimise their credit risk by dealing with exclusively high credit rating counter parties.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

As at end of reporting period, there are no financial assets that are neither past due nor impaired.

(c) Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to meet its liquidity requirement. Management believes that the Company will have sufficient funding from its holding company to meet its financial obligations as and when they fall due.

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has 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.

	On demand or within 1 year	On demand or within 1 year
	US$	₹ Million
Non interest bearing		
2014		
Amount owing to holding company	1,905,600	114.53
Other payables	1,641,619	98.66
	3,547,219	213.19
2013		
Amount owing to holding company	1,963,200	117.99
Other payables	2,898,348	174.19
	4,861,548	292.18

(d) Fair value measurement

The carrying amounts of cash and cash equivalents, other receivables, loan to subsidiaries, amounts owing to holding company, other payables approximate their fair values due to their short-term nature.

(e) Categories of financial instruments

The following table sets out the Company's financial instruments as at the end of the reporting period:

	2014	2014	2013	2013
	US$	₹ Million	US$	₹ Million
Financial Assets				
Loans and receivables				
Cash and cash equivalents	1,400,942	84.20	3,131,602	188.21
Other receivables	4,114	0.25	4,114	0.25
Loan to subsidiaries	450,000	27.04	-	-
Financial liability				
Amortised cost				
Amount owing to holding company	1,905,600	114.53	1,963,200	117.99
Other payables	1,641,619	98.66	2,898,348	174.19

18 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares or obtain new borrowings.

The capital structure of the Company comprises issued capital and amount owing to holding company.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's overall strategies during the financial years ended 31 March 2014 and 2013.

19 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the company were issued but not yet effective.

Description	**Effective for annual period beginning on or after**
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Company expects the adoption of the above standards will have no financial effect on the financial statements in the period of initial application.

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of Bajaj Hindusthan (Singapore) Private Limited (the "Company") for the financial year ended 31 March 2013.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Pradeep Parakh
Arangannal s/o Kathamuthu

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at anytime during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interests in shares and debentures of the Company and its related corporations, except as detailed below:

	Holdings registered in the Name of director	
	As at 01.04.2012	**As at 31.03.2013**
Ordinary shares		
In holding company		
Bajaj Hindusthan Ltd		
Pradeep Parakh	4,000	4,000

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, has expressed its willingness to accept re-appointment.

Pradeep Parakh — Director
Arangannal s/o Kathamuthu — Director

31 May 2013

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements of the Company together with notes there to are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of its results, changes in equity and cash flows for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors authorised these financial statements for issue on 31 May 2013.

Pradeep Parakh — Director
Arangannal s/o Kathamuthu — Director

31 May 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED

(Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED (the "Company") as set out on pages 7 to 29, which comprise the statement of financial position as at 31 March 2013, 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the"Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safe guarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards 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 auditor's 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 audit or considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

SHANKERIYER & CO.
Public Accountants and Chartered Accountants

Singapore
31 May 2013

Statement of Financial Position as at 31 March 2013

	Note	2013 US$	2013 ₹ Million	2012 US$	2012 ₹ Million
ASSETS					
Current assets					
Cash and cash equivalents	4	**3,131,602**	**188.21**	7,030,114	370.48
Other receivables	5	**8,826**	**0.53**	10,052,975	529.77
		3,140,428	**188.74**	17,083,089	900.25
Non-current assets					
Investment in subsidiaries	6	**15,941,480**	**958.08**	-	-
Deferred tax asset	7	**1,021,605**	**61.40**	967,532	50.99
		16,963,085	**1,019.48**	967,532	50.99
Total assets		**20,103,513**	**1,208.22**	18,050,621	951.24
LIABILITIES					
Current liability					
Amount owing to holding company	8	**1,963,200**	**117.99**	-	-
Other payables	9	**2,898,348**	**174.19**	2,509,273	132.24
Total liability		**4,861,548**	**292.18**	2,509,273	132.24
Net assets		**15,241,965**	**916.04**	15,541,348	819.00
SHAREHOLDER'S EQUITY					
Share capital	10	**19,899,714**	**1,195.97**	19,899,714	1,048.66
Accumulated losses		**(4,657,749)**	**(279.93)**	(4,358,366)	(229.66)
Total equity		**15,241,965**	**916.04**	15,541,348	819.00

Notes:

1. Figures for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.2014 i.e US$=Rs.60.0998.
2. Figures for the year ended March 31, 2012 are converted at the exchange rate prevailing as on 30.09.2012 i.e US$=Rs.52.6970.

Statement of Comprehensive Income for the Financial Year ended 31 March 2013

	Note	2013 US$	2013 ₹ Million	2012 US$	2012 ₹ Million
REVENUE					
Sale of goods		**-**	**-**	12,768,000	672.84
Other income	11	**44,438**	**2.68**	465,497	24.54
		44,438	**2.68**	13,233,497	697.38
EXPENSES					
Purchases consumed		**-**	**-**	11,550,000	608.65
Legal and professional fees		**105,107**	**6.32**	766,357	40.38
Demurrage expenses		**-**	**-**	416,825	21.97
Travelling		**50,269**	**3.02**	593,314	31.27
Other operating expenses		**55,837**	**3.36**	38,117	2.01
Finance cost	12	**186,681**	**11.22**	-	-
Total Expenses		**397,894**	**23.92**	13,364,613	704.28
Loss before income tax		**(353,456)**	**(21.24)**	(131,116)	(6.90)
Income tax benefit	13	**54,073**	**3.25**	87,431	4.61
Net loss, representing total comprehensive loss for the financial year		**(299,383)**	**(17.99)**	(43,685)	(2.29)

Notes:

1. Figures of Profit and Loss account for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.14 i.e US$=Rs.60.0998.
2. Figures of Profit and Loss account for the year ended March 31, 2012 are converted at the exchange rate prevailing as on 30.09.2012 i.e US$=Rs.52.6970.

Statement of Cash Flow for the financial year ended 31 March 2013

	Note	2013 US$	2013 ₹ Million	2012 US$	2012 ₹ Million
Cash Flow From Operating Activities					
Profit /(loss) before income tax		**(353,456)**	**(21.24)**	(131,116)	(6.90)
Adjustment:					
Finance cost	12	**186,681**	**11.22**	-	-
Interest Income	11	**(997)**	**(0.06)**	(18,723)	(0.99)
Operating cash flows before changes in working capital		**(167,772)**	**(10.08)**	(149,839)	(7.89)
Changes in working capital:					
Other receivables		**257,669**	**15.48**	43,371	2.29
Other payables		**202,394**	**12.16**	2,357,678	124.24
Cash generated from/ (used) in operations		**292,291**	**17.56**	2,251,210	118.64
Interest received	11	**997**	**0.06**	18,723	0.99
Net cash generated from/ (used) in operating activities		**293,288**	**17.62**	2,269,933	119.63
Cash Flow From Investing Activities					
Advance payments for investments		**1,586,480**	**95.35**	(1,586,480)	(83.60)
Advance to external party		**8,200,000**	**492.82**	(8,200,000)	(432.12)
Acquisition of subsidiaries		**(15,941,480)**	**(958.08)**	-	-
Bank balance under escrow account		**(2,625,735)**	**(157.81)**	-	-
Net cash used in Investing activity		**(8,780,735)**	**(527.72)**	(9,786,480)	(515.72)
Cash flow from financing activities					
Loan from holding company		**1,963,200**	**117.99**	-	-
Net cash generated from financing activities		**1,963,200**	**117.99**	-	-
Net increase/(decrease) in cash and cash equivalents		**(6,524,247)**	**(392.11)**	(7,516,547)	(396.09)
Cash and cash equivalents at beginning of the year		**7,030,114**	**422.51**	14,546,661	766.57
Cash and cash equivalents at end of the year	4	**505,867**	**30.40**	7,030,114	370.48

Notes:

1. Figures of Cash Flow Statements for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.14 i.e US$=Rs.60.0998.
2. Figures of Cash Flow Statements for the year ended March 31, 2012 are converted at the exchange rate prevailing as on 30.09.2012 i.e US$=Rs.52.6970.

Statement of Changes in Equity for the Financial Year ended 31 March 2013

	Share Capital	Accumulated Losses	Translation reserve	Total	Share Capital	Accumulated Losses	Translation reserve	Total
	US$	US$	US$	US$	₹ Million	₹ Million	₹ Million	₹ Million
2013								
Balance as at 01 April 2012	19,899,714	(4,358,366)	-	15,541,348	1195.97	(261.94)	-	934.03
Total comprehensive loss for the financial year	-	(299,383)	-	(299,383)	-	(17.99)	-	(17.99)
Balance as at 31 March 2013	19,899,714	(4,657,749)	-	15,241,965	1195.97	(279.93)	-	916.04
2012								
Balance as at 01 April 2011	19,899,714	(4,314,681)	-	15,585,033	1,048.66	(227.37)	-	821.29
Total comprehensive loss for the financial year	-	(43,685)	-	(43,685)	-	(2.29)	-	(2.29)
Balance as at 31 March 2012	19,899,714	(4,358,366)	-	15,541,348	1,048.66	(229.66)	-	819.00

Notes:

1. Figures for the year ended March 31, 2013 are converted at the exchange rate prevailing as on 31.03.14 i.e US$= ₹ 60.0998.
2. Figures for the year ended March 31, 2012 are converted at the exchange rate prevailing as on 30.09.2012 i.e US$= ₹ 52.6970.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

1. GENERAL INFORMATION

Bajaj Hindusthan (Singapore) Private Limited [the "Company"] (Company Registration No.: 200709334R) is incorporated and domiciled in Singapore. The Company's registered office is at 80 Raffles Place, #26-01UOB Plaza 1, Singapore 048624.

The principal activities of the Company are those relating to investment holding and trading of commodities.

The financial statements of the Company for the financial year ended 31 March 2013 were authorised and approved by the directors for issuance on 31 May 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, which are expressed in the United States dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new and revised FRSs and INT FRSs have no material effect on the financial statements.

These financial statements are separate financial statements of Bajaj Hindusthan (Singapore) Private Limited. The Company is exempted from the preparation of consolidated financial statements as Bajaj Hindusthan Ltd., its holding company, produces consolidated financial statements available for public use. The subsidiaries of the Company and the basis of which the subsidiaries are accounted for is disclosed in Note 7. The registered office of its holding company is located at Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai- 400021, India.

b) Foreign currency translation

The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company.

In preparing the financial statements of the Company, monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

c) Financial assets

(i) Classification

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "loans and receivables", "held to maturity investments" and "available-for-sale" financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" and "other receivables" on the statement of financial position.

(ii) Effective interest method

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

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(iv) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(v) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

(vi) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence arises.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

d) Investment in subsidiaries

Unquoted equity investment in subsidiaries is carried at cost less any impairment. On disposal of investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is taken to profit or loss.

e) Impairment of non-financial assets

Investments in subsidiaries

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

A reversal of impairment loss for an asset is recognised in profit or loss.

f) Other payables

Other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

The Company derecognises financial liabilities when, and only when the Company's obligations are discharged, cancelled and expired.

g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

i) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when it affects neither the taxable profit nor the accounting profit at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

j) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria of the Company's activities are met as follows:

(i) Revenue from the sale of goods is recognised upon passage of title to the customer, which generally coincides with their delivery and acceptance.

(ii) Interest income is recognised on the effective interest method.

(iii) Demurrage income which is short term in nature, is recognised upon completion of services.

k) Related parties

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Company if that person:

(a) Has control or joint control over the Company;

(b) Has significant influence over the Company; or

(c) Is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

(a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(f) The entity is controlled or jointly controlled by a person identified in (a);

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies. These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical accounting estimates, assumptions and judgements for the preparation of financial statements:

a) Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies which are described in Note 2 above, management is of the opinion that there are no critical judgements involved, apart from those involving estimations that have a significant effect on the amounts recognised in the financial statements.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of non-financial assets

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Determining whether the investments in subsidiaries are impaired requires an estimation of value-in-use of the investments in subsidiaries. The value-in-use calculation requires management to estimate the future cash flows and appropriate discount rate in order to calculate the present value of future cash flows. Management has evaluated such estimates and is confident that no allowance for impairment is necessary.

(ii) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimation and judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax asset is disclosed in Note 7.

4 CASH & CASH EQUIVALENTS

	2013		2012	
	US$	₹ Million	US$	₹ Million
Cash at Bank	505,867	30.40	4,012,970	211.48
Bank balance under escrow account	2,625,735	157.81	-	-
Short term deposits	-	-	3,017,144	159.00
	3,131,602	188.21	7,030,114	370.48

In the last financial year, short term deposit which bore interest rates at 0.38% per annum, had maturity of 1 month from the end of the financial year. The short term deposit was subsequently matured during the financial year.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2013		2012	
	US$	₹ Million	US$	₹ Million
Cash & cash balances (as above)	3,131,602	188.21	7,030,114	370.48
Less: Bank balances under escrow account	(2,625,735)	(157.81)	-	-
	505,867	30.40	7,030,114	370.48

*The Company entered into an escrow agreement with an external party (Note 9). A small deviation of US$2,335 is due to excess amount deposited in the escrow account to meet the charges of the bank.

Cash and cash equivalents are denominated in the following currencies:

	2013	2012
	US$	US$
Singapore dollars	505,867	4,012,970
United States dollars	2,625,735	3,017,144
	3,131,602	7,030,114

5 OTHER RECEIVABLES

	2013		2012	
	US$	₹ Million	US$	₹ Million
Advances to external party	-	-	8,200,000	432.12
Advance payment for investments	-	-	1,586,480	83.60
Deposits	3,572	0.21	3,572	0.19
Other receivable	5,254	0.32	262,923	13.86
	8,826	0.53	10,052,975	529.77

In the last financial year, advances to external party related to monies paid for the acquisition of the coal mines in Indonesia. This amount has been fully capitalised during the financial year as "investments in subsidiaries" (Note 6).

In the last financial year, advance payments for investments represented advances given to an external investee company for investments in unquoted equity shares in Indonesia. This amount has been fully capitalized during the financial year as "investments in subsidiaries" (Note 6).

Other receivables are denominated in the following currencies:

	2013	2012
	US$	US$
Singapore dollars	8,826	4,114
United States dollars	-	10,048,861
	8,826	10,052,975

6 **INVESTMENT IN SUBSIDIARIES**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Unquoted equity investment, at cost				
Beginning and end of the financial year	15,941,480	958.08	-	-

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Financial year end	Principal activity	Percentage equity held by the Company	
				2013 %	2012 %
PT Batu Bumi Persada	Indonesia	31 December	Providing mining support	99.00	-
PT Jangkar Prima	Indonesia	31 December	Coal mining	99.88	-

7 **DEFERRED TAX ASSET**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Beginning of financial year	967,532	58.15	880,101	46.38
Credited to profit or loss (Note 13)	54,073	3.25	87,431	4.61
End of financial year	1,021,605	61.40	967,532	50.99

The above represents unabsorbed tax losses which is in the view of the directors,there will be future taxable profit available against which these unabsorbed tax losses can be utilised.

8 **AMOUNT OWING TO HOLDING COMPANY**

Amount owing to holding company which is denominated in Singapore dollars, is non-trade in nature, unsecured, interest-free and repayable on demand.

9 **OTHER PAYABLES**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Accruals for operating expenses	14,013	0.84	9,776	0.52
Amount owing to related party	258,443	15.53	2,474,025	130.38
Other payables	2,625,892	157.82	25,472	1.34
	2,898,348	174.19	2,509,273	132.24

In the last financial year, amount owing to related party was non-trade in nature, unsecured and bore interest at 6% per annum, subject to the fulfilment of certain prescribed conditions. During the financial year, the amount which bore interest of US$186,681 was fully settled (Note 12).

Included in other payables is an amount of US$2,623,400 pertaining to amount due to external parties. This amount is non-trade in nature, secured against the Company's bank balances under escrow account (Note 4), interest-free and payable on demand.

Other payables are denominated in the following currencies:

	2013	2012
	US$	US$
Singapore dollars	4,505	35,248
United States dollars	2,893,843	2,474,025
	2,898,348	2,509,273

10 **SHARE CAPITAL**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Issued and fully paid				
27,001,000 (P.Y. 27,001,000) ordinary shares	19,899,714	1,195.97	19,899,714	1,048.66

All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

11 **OTHER INCOME**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Interest income	997	0.06	18,723	0.99
Exchange gain	43,441	2.62	29,949	1.58
Demurrage income	-	-	416,825	21.97
	44,438	2.68	465,497	24.54

12 **FINANCE COST**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Interest expense paid to related- party (Note 9,15)	186,681	11.22	-	-
	186,681	11.22	-	-

	2013		2012	
	US$	₹ Million	US$	₹ Million

13 **INCOME TAX BENEFIT**

	2013		2012	
	US$	₹ Million	US$	₹ Million
Deferred income tax (Note 8)	54,073	3.25	87,431	4.61

The current year's income tax varied from the amount of income tax determined by applicable Singapore statutory income tax rate of 17% (2012: 17%) to the Joss before income tax as a result of the following differences:

	2013		2012	
	US$	₹ Million	US$	₹ Million
Loss before income tax	(353,456)	(21.24)	(131,116)	6.90
Income tax benefit at statutory rate	(60,088)	(3.61)	(22,290)	(1.17)
Non-allowable items	16,320	0.98	128,104	6.75
Non-taxable income	(10,305)	(0.62)	(5,497)	(0.29)
Under-provision of deferred tax assets in prior year	-	-	(187,748)	(9.90)
	(54,073)	(3.25)	(87,431)	(4.61)

14 **IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The Company's immediate and ultimate holding company is Bajaj Hindusthan Limited, a company incorporated in India.

15 **RELATED PARTY TRANSACTIONS**

In addition to the related party information disclosed elsewhere in the financial statements, the Company has transactions with the related parties on terms agreed between them with respects to the following during the financial year;

(a)

Related party transactions	2013		2012	
	US$	₹ Million	US$	₹ Million
Reimbursement expenses paid to holding company	50,269	3.02	608,062	32.04
Legal and professional fees paid on behalf by related party	71,762	4.31	-	-
Interest expense paid to related party(Note 12)	186,681	11.22	-	-
Loan from holding company	1,963,200	117.99	-	-
Purchases from holding company	-	-	4,279,550	225.52
Demurrage income received from holding company	-	-	154,444	8.14

(b) **Key management personnel compensation**

There are no key management personnel apart from directors. The directors did not receive any compensation during the financial year.

16 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risks

(i) Foreign currency risk

The Company incurs foreign currency risk on transactions that are denominated in currency other than the United States dollars such as Singapore dollars. However, the Company does not use any hedging instruments to protect against the volatility associated with foreign currency purchases and other assets and liabilities created in the normal course of business.

The Company's currency exposure to the Singapore dollars based on the information provided to key management is as follows:

(i) Foreign currency risk

	2013	**2013**	2012	2012
	US$	**₹ Million**	US$	₹ Million
Financial Assets				
Cash and cash equivalents	**505,867**	**30.40**	4,012,970	211.47
Other receivables	**8,826**	**0.53**	4,114	0.22
	514,693	**30.93**	4,017,084	211.69
Financial liability				
Amount owing to holding company	**1,963,200**	**117.99**	-	-
Other payables	**4,505**	**0.27**	35,248	1.86
	1,967,705	**118.26**	35,248	1.86
Net Currency exposure	**(1,453,012)**	**(87.33)**	3,981,836	209.83

If against United States dollars the Singapore dollars had strengthened/weakened by 14% (2012: 1%) respectively with all other variables including tax rate being held constant, the Company's net loss for the financial year would have been higher/lower by approximately US$203,000 (2012: US$40,000) respectively as a result of currency translation gains/losses on the remaining Singapore dollars denominated financial assets and liabilities.

(ii) Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The major class of financial assets of the Company is cash and cash equivalents and other receivables. For bank balances, they are placed with regulated banks. For other financial assets, the Company minimise their credit risk by dealing with exclusively high credit rating counter parties.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

As at end of reporting period, there are no financial assets that are neither past due nor impaired.

(c) Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to meet its liquidity requirement. Management believes that the Company will have sufficient funding from its holding company to meet its financial obligations as and when they fall due.

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has 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.

	On demand or within 1 year	On demand or within 1 year
	US$	₹ Million
Non interest bearing		
2013		
Amount owing to holding company	**1,963,200**	**117.99**
Other payables	**2,898,348**	**174.19**
	4,861,548	**292.18**
2012		
Amount owing to holding company	-	-
Other payables	2,509,273	132.24
	2,509,273	132.24

(d) Fair value measurement

The carrying amounts of cash and cash equivalents, other receivables, amounts owing to holding company, other payables approximate their fair values due to their short-term nature.

(e) Categories of financial instruments

The following table sets out the Company's financial instruments as at the end of the reporting period:

	2013	**2013**	2012	2012
	US$	**₹ Million**	US$	₹ Million
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**3,131,602**	**188.21**	7,030,114	370.47
Other receivables	**8,826**	**0.53**	10,052,975	529.76
Financial Liability				
Amortised cost				
Amount owing to holding company	**1,963,200**	**117.99**	-	-
Other payables	**2,898,348**	**174.19**	2,509,273	132.23

17 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares or obtain new borrowings.

The capital structure of the Company comprises issued capital and amount owing to holding company.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's overall strategies during the financial years ended 31 March 2013 and 2012.

18 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Company were issued but not effective:

Description	**Effective for annual period beginning on or after**
Revised FRS 19 Employee Benefit	1 January 2013
FRS 113 Fair Value Measurement	1 January 2013
Amendments to FRS107 disclosures- Offsetting	1 January 2013
Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012	
- Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013

Independent Auditors' Report

Report No. 103/BBP/IV/14

Shareholders and Directors

PT. BATU BUMI PERSADA

We have audited the accompanying financial statements of PT. Batu Bumi Persada ("the Company", which comprise the statement of financial position as of December 31, 2013, and the statement of comprehensive income, statement of changes in equity, and statement of the cash flows for the year then ended, and a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such 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 auditors consider 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. Batu Bumi Persada as of December 31, 2013, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Gideon Adi Siallagan, M.Acc., CA., CPA
Public Accountant Registration No. AP.0460
Jakarta, April 14, 2014

Statements of Financial Position December 31, 2013 and 2012

Particulars	Note	2013		2012	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
ASSETS					
Current Assets					
Cash and bank	4	**173,107,299**	**0.91**	51,896,284	0.27
Total current assets		**173,107,299**	**0.91**	51,896,284	0.27
Non-current assets					
Fixed assets	5	**245,000,000**	**1.29**	245,000,000	1.29
Exploration and evaluation assets	6	**5,816,283,563**	**30.65**	5,816,283,563	30.65
Total non-current assets		**6,061,283,563**	**31.94**	6,061,283,563	31.94
TOTAL ASSETS		**6,234,390,862**	**32.85**	6,113,179,847	32.21
LIABILITIES AND EQUITY					
Current liabilities					
Due to related party	7	**5,164,130,636**	**27.21**	4,212,960,636	22.20
Accrued expenses	8	**20,992,775**	**0.11**	11,210,000	0.06
Total current liabilities		**5,185,123,411**	**27.32**	4,224,170,636	22.26
Equity					
Share capital	9	**5,000,000,000**	**26.35**	5,000,000,000	26.35
Deficits		**(3,950,732,549)**	**(20.82)**	(3,110,990,789)	(16.40)
Total equity		**1,049,267,451**	**5.53**	1,889,009,211	9.95
TOTAL LIABILITIES AND EQUITY		**6,234,390,862**	**32.85**	6,113,179,847	32.21

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of Comprehensive Income for the year ended December 31, 2013 and 2012

Particulars	Note	2013		2012	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Operating expense	10	**91,723,521**	**0.48**	324,284,727	1.71
Total operating expenses		**91,723,521**	**0.48**	324,284,727	1.71
Operating loss		**91,723,521**	**0.48**	324,284,727	1.71
Other (income) / expenses					
Foreign exchange		**748,018,239**	**3.94**	41,314,253	0.22
Total other (income)/ expenses		**748,018,239**	**3.94**	41,314,253	0.22
Profit/ (loss) before income tax		**(839,741,760)**	**(4.42)**	(365,598,980)	(1.93)
Income tax					
Current		**-**	**-**	-	-
Deferred		**-**	**-**	-	-
Net Profit/ (Loss)		**(839,741,760)**	**(4.42)**	(365,598,980)	(1.93)

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of changes in equity for the year ended December 31, 2013 and 2012

Particulars	Amount in Indonesia Rupiah			Amount in INR (₹ Million)		
	Share capital	Deficits	Total equity	Share capital	Deficits	Total equity
Balance December 31, 2011	5,000,000,000	(2,745,391,809)	2,254,608,191	26.35	(14.47)	11.88
Net profit/ (loss) current year		(365,598,980)	(365,598,980)	-	(1.93)	(1.93)
Balance December 31, 2012	5,000,000,000	(3,110,990,789)	1,889,009,211	26.35	(16.40)	9.95
Net profit/ (loss) current year		**(839,741,760)**	**(839,741,760)**	**-**	**(4.42)**	**(4.42)**
Balance December 31, 2013	5,000,000,000	(3,950,732,549)	1,049,267,451	26.35	(20.82)	5.53

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of Cash Flow for the year ended December 31, 2013 and 2012

Particulars	Note	2013		2012	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Cash flow from operating activities					
Net Profit/ (Loss)		**(839,741,760)**	**(4.42)**	(365,598,980)	(1.93)
Decrease / (Increase) in current assets					
Deferred cost		-	-	26,182,588	0.14
Accrued expenses		**9,782,775**	**0.05**	11,210,000	0.06
Accounts payable - trade		-	-	(604,116,625)	(3.18)
Net cash used by operating activities		**(829,958,985)**	**(4.37)**	(932,323,017)	(4.91)
Cash flows from financing activities					
Due to related parties		**951,170,000**	**5.01**	555,000,038	2.92
Net Cash provided by financing activities		**951,170,000**	**5.01**	555,000,038	2.92
Net increase / (decrease) in cash and bank		**121,211,015**	**0.64**	(377,322,979)	(1.99)
Cash and bank beginning of year		**51,896,284**	**0.27**	429,219,263	2.26
Cash and bank at end of year		**173,107,299**	**0.91**	51,896,284	0.27

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Notes To Financial Statements December 31, 2013 and 2012

(Figures in table are expressed in Rupiah, unless otherwise stated)

1. GENERAL

PT. BATU BUMI PERSADA (referred as the "company") domiciled with headquarters in jakarta, Plaza Mutiara Lt 17 Suite 1703, Jl Dr Ida Anak Agung Gde Agung Kav E.1.2 No 1 & 2 Mega Kuningan, Setia Budi, Jakarta Selatan 12950 was established in Republic of indonesia on January 3, 2005 based on the notarial deed of Ny. Masneri, SH. No. 01. The Company's Articles of Association was approved by the Minister of Justice in a decision letter No. C-01913.HT.01.01.TH.2005 dated January 24, 2005.

The Company's Articles of Association has been amended for several times the latest amendment to the Deed of Shareholder Decision No. 06 dated 27 April 2011 prepared by Tintin Surtini, SH, replacement of notary Surjadi, SH Notarial in Jakarta. This changes had been approved by the Minister of Justice and Human Rights Republic of Indonesia in his Decree No. AHU-45912.AH.01.02. TH 2011 dated September 21, 2011.

The purpose and objective of the Company as per Memorandum of Association (MoA) and Articles of Association (AoA) (as amended till date) is to engage in the business of mining services, including consulting, planning, implementation and testing of equipment in the field of construction of mining (open pit, commissioning mine, mine ventilation, processing and purification, and the road mine), transport for mining and consultation, planning, and testing equipment in field of mining (stripping, loading and removal of rock cover, giving / demolition, excavation, loading and removal of coal or iron ore, nickel and manganese) and processing and purification, (coal processing iron ore, nickel and manganese).

Board of Commissioners and the Director of the Company as of December 31, 2013 and 2012 Based on notarial deed of Tintin Surtini, SH, replacement of Surjadi, SH, Notarial in Jakarta No.01 dated April 27, 2011 are as follows :

Sachin Sharma	President Commissioners
Vimal Chandra Nagori	Commissioners
Naval Kishore Kashyap	Board of Director
Pramod Kumar Mishra	Directors

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Company in preparing the financial statements are as follows :

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards in Indonesia (SAK) comprising of the Statements of Financial Accounting Standards (PSAK) and interpretation Financial Accounting Standards (ISAK) issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The Financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies of each account.

The statements of cash flows have been prepared using indirect method by classifying cash flows into operating, investing and financing activities.

The reporting currency used in the financial statements is Rupiah Effective January 1, 2011, the Company have adopted PSAK No. 1 (Revised 2009) regulates presentation of financial statements as to, among others, the objective, component of financial statements, fair presentation, materiality and aggregate, offsetting, distinction between current and non- current assets and short-term and long- term liabilities, comparative information, presentation consistency and introduces new disclosures such as, among others, key estimations and judgements, capital management, other comprehensive income, deviation from accounting standards and statement of compliance.

b. Transaction with Related Parties

The related parties are as follows:

1. Indirectly through one or more intermediaries, controls or is controlled by, or under the control along with the company;
2. Associated companies
3. Individuals owning, directly or indirectly, any voting rights in a company that has significant influence, and close relatives of such individuals who can affect or be affected by such individuals in their transactions with the company;
4. Key management persons having authority and responsibility for planning, directing and controlling the activities of which include members of the Board of Commissioners, Directors and Managers of companies and close family members of such individuals;
5. Companies in which a substantial interest in voting power is owned, directly or indirectly by any person described in clause (3) and (4), or

the individuals have significant influence over these companies. This includes enterprises owned by members of the Board of Commissioners, Directors, Substantial Shareholders of the company, and companies that have a member of key management in common with the Company.

All transactions with related parties which are related either done or not interest rates or prices, terms and conditions as those conducted by outside parties. Parties that have a special relationship disclosed in the Financial Statements.

c. Allowance for Doubtful Account

The Company has not made any allowance for doubtful account. The uncollectible receivable, if any, will be charged directly to the current year statement of income.

d. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Fixed assets, except land, are depreciated using the straight line method over their estimated useful lives as follows:

	Years
Building	10 – 20
Machinery and equipment	10
Transportation equipment	5
Tools and inventory	5

The cost of maintenance and repairs is charged to statements of income as incurred. Significant renewals and betterment are capitalized. When assets are retired or otherwise disposed, the carrying value and the related accumulated depreciation are removed from the accounts and any resulting gains or loss is reflected in the statement of income.

e. Exploration and Evaluation Assets

The Company applied PSAK No. 64, "Exploration and Evaluation Assets". Exploration and evaluation assets represent the expenses incurred in relation with the process of exploring coal mining concession.

f. Foreign Currency Translation

Transactions during the year related to foreign currencies are recorded at the exchange rate at the transaction date. At balance sheet date, all assets and liabilities denominated in foreign currencies are translated into the value of the rupiah exchange rate of Bank Indonesia prevailing on the balance sheet date. Profit or loss on foreign exchange are credited or charged to current operations.

On December 31, 2013 and 2012, Bank Indonesia middle rate used for Rp 12,189 and Rp 9,670 to US$ 1. Profit or loss on foreign exchange are credited or charged to current operations.

g. Net Sales and Expenses Recognized

Effective from January 1, 2011, the Company adopted SFAS No. 23 (Revised 2010), "Revenue'. The revised SFAS identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. There is no significant impact of these amended accounting standards on the financial statements.

Revenue is recognized 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, excluding discounts, rebates and sales taxes (VAT).

Expenses are recognized as incurred on an accrual basis.

h. Income Tax

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

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current corporate income tax is calculated using tax rates based on tax laws that have been enacted or substantively enacted as at the reporting dates.

ii) Deferred tax

Deferred tax is calculated by using the liability method on temporary differences at the reporting date between the tax basis for assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced if the taxable income is not sufficient to compensate all or part of the benefit that deferred tax utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting dates. The related tax effects of the provisions for and/or reversals of all temporary differences during the period, including effect of the change in tax rates, are included in the statement of comprehensive income of the current year.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to offset current tax assets against current tax liabilities or the deferred tax assets and the deferred tax liabilities relate to the same taxable entity, or the Company intends to settle its current assets and liabilities on a net basis.

i. Post Employment Benefits

Pension benefit obligation is the present value of the defined benefit obligation at the balance sheet date less the adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Company is required to provide a minimum pension benefit as stipulated in Law No. 13/2003, which represents an underlying defined benefit obligation. If the pension benefits based on Law No. 13/2003 are higher than the existed pension plan, the difference is recorded as part of the overall pension benefits obligation.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. On the other hand, provisions for current service costs are directly charged to operations of the current period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations at that date.

The actuarial gains or losses in excess of the said 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

i) Other post-employment obligations

The Company also provides other post-employment benefits, such as service pay. The service pays benefit vests when the employees reach their retirement age. These benefits have been accounted for using the same methodology as for the defined pension benefit plan.

ii) Termination benefits

Termination benefits are payable when ever an employee's employment is terminated before the normal retirement date. The Company recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan and the possibility to withdraw the plan is low. Benefits falling due more than 12 months after the balance sheet date are discounted at present value.

iii) Other long-term benefits

Other benefits such as long service leave is calculated in accordance with the Company regulations, using the projected unit credit method and discounted to present value.

The Company did not record provision for post employment benefit since the Company has no permanent staff.

j. Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make 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 the revenues and expenses during the reporting. Actual result could differ from those estimates.

k. Impairment of Assets

Management reviews any indication of impairment (recovery) value of assets on the balance sheet date and the possible reduction in the recoverable amount whenever events indicate impairment of assets.

The recoverable value is calculated based on value in use or net selling value, whichever is higher.

The impairment loss is recognized if the carrying amount exceeds the recoverable value. On the other hand, the recovery of impairment loss is recognized when there is indication that the impairment is no longer the case.

Impairment (recovery) value of assets is recognized as an expense (income) in the income statement for the year.

l. Financial Instruments

Effective from January 1, 2010, the Company adopted SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement".

SFAS No. 50 (Revised 2006) manages the requirements in how to present the financial instruments, and the necessary information that should be disclosed in the financial statements, while SFAS No. 55 (Revised 2006) establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of SFAS No. 55 (Revised 2006) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial asset. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re- evaluates them at each financial year-end.

The Company's financial assets consist of cash on hand and in banks, and other receivables from third parties which are classified and accounted under SFAS No. 55 (Revised 2006).

When financial assets are recognized initially, they are measured at fair value, and in the case of financial assets not at fair value through statements of comprehensive income, plus directly attributable transaction costs with acquisition of that financial assets.

Subsequent measurement

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are carried at amortized cost using the effective interest method, and the related gains and losses are recognized in the statements of comprehensive income when the loans and receivables are de-recognized or impaired, as well as through the amortization process.

An allowance is made for uncollectible amounts when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified.

The detail of the accounting policies concerning the impairment of financial assets are disclosed as below.

De-recognition

The financial assets, or which applicable as part of financial assets or part of a Company of similar financial assets, will be de-recognized at the time of:

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

Continuing involvement that fakes the form of a guarantee over the transferred asset is measured at the lowest of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity is recognized in the statements of comprehensive income.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, them 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 or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when 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.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company firstly assesses individually whether objective evidence relating impairment for individually significant assets exists, or collectively for financial assets that are not individually significant.

When there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance for impairment account and the amount of the loss is directly recognized in the statements of comprehensive income.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. The reversal shall not result in an excessive amount of carrying amount of the financial assets over what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The recovery of financial assets is recognized in the statements of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the prevailed effective interest rate.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SFAS No. 55 (Revised 2006) are classified as financial liabilities at fair value through statements of comprehensive income or loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognized at their fair values, and in case of loans and borrowings, include directly attributable transaction costs.

As at the statements of financial position date, the Company has no other financial liabilities other than those classified as loans and borrowings.

Subsequent measurement

The Company's financial liabilities include others payable to third parties and accrued expenses.

Liabilities for others payable to third parties and accrued expenses was stated at carrying amounts (notional amounts), which approximate their fair values.

De-recognition

A financial liability is derecognized when it is extinguished, that is when the obligation specified in the contract 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 financial liability are substantially modified, such an exchange or modification is treated as de-recognition of the original financial liability and recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by referring to quoted market prices at the end of the reporting period, without any deduction for transaction costs.

For financial instruments where there is no active market, the fair value is determined using the appropriate valuation techniques permitted by SFAS No. 55 (Revised 2006) such as using recent arm's length market transactions; referring to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3. REVISED ACCOUNTING STANDARDS

The Company adopted the following revised standards which are effective for financial statements beginning on 2012 as follows:

The Effects of Changes in Foreign Exchange Rates	SFAS No. 10
Accounting and Reporting by Retirement Benefit Plans	SFAS No. 18
Employee Benefits	SFAS No. 24
Accounting for Income Taxes	SFAS No. 46
Financial Instruments: Presentation	SFAS No. 50
Share-based Payments	SFAS No. 53
Financial Instruments: Disclosures	SFAS No. 60
SFAS No. 24 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	ISAK No. 15
Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	ISAK No. 20

The Company has adopted the effects of these revised standards and Interpretations which is significant on the financial statements.

4. CASH AND CASH EQUIVALENT

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Cash on hand	**122,717**	**0.00**	122,717	0.00
Bank Standard Chartered	**172,984,582**	**0.91**	51,773,567	0.27
Total cash and cash equivalent	**173,107,299**	**0.91**	51,896,284	0.27

5. FIXED ASSETS

Amount in Indonesia Rupiah

	2013 and 2012			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
This account consist of:				
At cost				
Land of coal stockpile (jetty land)	**245,000,000**	**-**	**-**	**245,000,000**
Book value	**245,000,000**	**-**	**-**	**245,000,000**

Amount in INR (₹ Million)

	2013 and 2012			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
At cost				
Land of coal stockpile (jetty land)	**1.29**	**-**	**-**	**1.29**
Book value	**1.29**	**-**	**-**	**1.29**

6. Exploration and evaluation assets

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consist of:				
Operational cost at site & geologist	**1,231,050,000**	**6.49**	1,231,050,000	6.49
Boring	**1,108,456,555**	**5.84**	1,108,456,555	5.84
Topography and geology	**1,074,863,500**	**5.67**	1,074,863,500	5.67
Rental Office	**1,004,135,714**	**5.29**	1,004,135,714	5.29
Consession's handling	**595,575,000**	**3.14**	595,575,000	3.14
Boring and exploration	**391,503,225**	**2.06**	391,503,225	2.06
Travel on duty	**177,982,676**	**0.94**	177,982,676	0.94
Renovation	**101,244,000**	**0.53**	101,244,000	0.53
Overhead	**11,634,000**	**0.06**	11,634,000	0.06
Others	**119,838,893**	**0.63**	119,838,893	0.63
	5,816,283,563	**30.65**	5,816,283,563	30.65

Exploration and evaluation assets represent the and expenses incurred during the exploration stage of the mining concession.

7. Due to related party

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
Bajaj Hindusthan (Singapore) Pte. Ltd.	**4,875,600,000**	**25.69**	-	-
PT Jangkar Prima	**288,530,636**	**1.52**	4,212,960,636	22.20
	5,164,130,636	**27.21**	4,212,960,636	22.20

On December 31, 2013, the company has a loan from related party, Bajaj Hindusthan (Singapore) Pte. Ltd, amounted to US$ 400,000.

Loan from related party, PT Jangkar Prima, amounting to Rp 288,530,636 dan Rp 4,212,960,636 as of December 31, 2013 dan 2012, respectively.

8. **Accrued expenses**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
Professional fee	**20,992,775**	**0.11**	11,210,000	0.06
	20,992,775	0.11	11,210,000	0.06

9. **Share Capital**

Based State Gazette No. 62075 dated October 25, 2012, the composition of the shareholder as of December 31, 2013 and 2012 are as follows:

	2013 and 2012			
	Stock	**% of ownership**	**Nominal value (in Indonesia Rupiah)**	**Amount (in Indonesia Rupiah)**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,500**	**99.00%**	**100,000**	**4,950,000,000**
Global Power Projects Singapore Pte. Ltd.	**500**	**1.00%**	**100,000**	**50,000,000**
	50,000	100.00%		5,000,000,000

	2013 and 2012			
	Stock	**% of ownership**	**Nominal value (in Indonesia Rupiah)**	**Amount (in ₹ Million)**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,500**	**99.00%**	**100,000**	**26.09**
Global Power Projects Singapore Pte. Ltd.	**500**	**1.00%**	**100,000**	**0.26**
	50,000	100.00%		26.35

10. **Operating expenses**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
Professional services	**85,902,628**	**0.45**	21,960,000	0.12
Bank charges	**2,903,246**	**0.01**	3,721,935	0.02
General expenses	**1,724,872**	**0.01**	1,459,400	0.01
Office rental	-	-	224,700,000	1.18
Internet,electricity and office phone	-	-	6,991,232	0.04
Advertising	-	-	2,364,670	0.01
Travelling	-	-	2,170,000	0.01
Others	**1,192,775**	**0.01**	60,917,490	0.32
Total	91,723,521	0.48	324,284,727	1.71

11. **FINANCIAL RISK MANAGEMENT**

The Company principal financial assets comprise cash on hand and in banks. The Company also has various financial liabilities such as payable to related party and accrued expenses.

The Company policy is not to undertake hedging transactions for its financial instruments.

The main risks arising from the Company's financial instruments are foreign currency risk and liquidity risk. The Director reviews and approves policies for managing each of these risks, which are described in more details as follows:

Fair value and cash flow interest rate risk

Currently, the Company does not have a formal hedging policy for interest rate exposures.

As of December 31, 2013 and 2012, the Company does not have financial liabilities that are exposed to interest rate risk.

Foreign currency risk

The Company's reporting currency is in Rupiah. The Company faces foreign exchange risk as its cash on hand and in banks, and payables to related parties are either denominated in foreign currency (mainly the US Dollar) or whose price is significantly influenced by their benchmark price movements in foreign currencies. Currently, the Company does not have a formal hedging policy for foreign currency exposures. As of December 31, 2013 and 2012, the Company has net liabilities position of monetary assets and liabilities denominated in foreign currency.

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities.

12. **INFORMATION ON NEW REGULATIONS**

Accounting standards issued but not yet effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (DSAK) that are considered relevant to the financial reporting of the Company but not yet effective for 2013 financial statements:

- PSAK 1 (2013): Presentation of Financial Statements, adopted from IAS 1, effective January 1, 2015. This PSAK changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.
- PSAK 4 (2013): Separate Financial Statements, adopted from IAS 4, effective January 1, 2015. This PSAK prescribes only the accounting requirements when a parent entity prepares separate financial statements as additional information. Accounting for consolidated financial statements is determined in PSAK 65.
- PSAK 24 (2013): Employee Benefits, adopted from IAS 19, effective January 1, 2015. This PSAK, among other, removes the corridor mechanism and contingent liability disclosures to simple clarifications and disclosures.
- PSAK 65: Consolidated Financial Statements, adopted from IFRS 10, effective January 1, 2015. This PSAK replaces the portion of PSAK 4 (2009) that addresses the accounting for consolidated financial statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- PSAK 67: Disclosure of Interest in Other Entities, adopted from IFRS 12, effective January 1, 2015. This PSAK includes all of the disclosures that were previously in PSAK 4 (2009), PSAK 12 (2009) and PSAK 15 (2009). This disclosures relate to an entity's interests in other entities.
- PSAK 68: Fair Value Measurement, adopted from IFRS 13, effective January 1, 2015. This PSAK provides guidance on how to measure fair value when fair value is required or permitted.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

In the application of the Company's accounting policies, which are described in Note 2 to the financial statements, management is required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

13. **APPROVALS OF FINANCIAL STATEMENTS**

The accompanying financial statements have been approved by the Management Company to be issued on April 14, 2014.

Independent Auditors' Report

No. 105/BBPIV/13

Shareholders and Directors

PT, BATU BUMI/ PERSADA

We have audited the statements of financial position of PT Batu Bumi Persada (the Company) as of December 31, 2012, the related statements of comprehensive income, changes in equity and statements of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2011 were audited by other independent auditor whose report dated May 26, 2012 expressed an unqualified opinion to the financial statements.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion on financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012, the results of its operations and its cash flows for the year then ended in conformity with Indonesian Financial Accounting Standards.

April 29, 2013
Gideon Ikhwan Sofwan
Registered Public Accountants

Gideon Adi Siallagan, S.E., A.k., CPA.
Public Accountant Licence No. AP: 0460

Statements of financial position as at December 31, 2012

Particulars	Note	2012 Amount in Indonesia Rupiah	2012 Amount in INR (₹ Million)	2011 Amount in Indonesia Rupiah	2011 Amount in INR (₹ Million)
ASSETS					
Current Assets					
Cash and bank	4	**51,896,284**	**0.27**	429,219,263	2.26
Total current assets		**51,896,284**	**0.27**	429,219,263	2.26
Non-current assets					
Fixed assets	5	**245,000,000**	**1.29**	245,000,000	1.29
Exploration and evaluation assets	10	**5,816,283,563**	**30.65**	5,842,466,151	30.79
Total non-current assets		**6,061,283,563**	**31.94**	6,087,466,151	32.08
TOTAL ASSETS		**6,113,179,847**	**32.21**	6,516,685,414	34.34
LIABILITIES AND EQUITY					
Current Liabilities					
Due to related party	6	**4,212,960,636**	**22.20**	3,657,960,598	19.28
Accrued expenses	7	**11,210,000**	**0.06**	-	-
Other payables	8	**-**	**-**	604,116,625	3.18
Total current liabilities		**4,224,170,636**	**22.26**	4,262,077,223	22.46
Equity					
Share capital	9	**5,000,000,000**	**26.35**	5,000,000,000	26.35
Deficits		**(3,110,990,789)**	**(16.40)**	(2,745,391,809)	(14.47)
Total equity		**1,889,009,211**	**9.95**	2,254,608,191	11.88
TOTAL LIABILITIES AND EQUITY		**6,113,179,847**	**32.21**	6,516,685,414	34.34

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of comprehensive income for the year ended December 31, 2012

Particulars	Note	2012 Amount in Indonesia Rupiah	2012 Amount in INR (₹ Million)	2011 Amount in Indonesia Rupiah	2011 Amount in INR (₹ Million)
Operating expenses	11	**324,284,727**	**1.71**	85,431,676	0.45
Total operating expenses		**324,284,727**	**1.71**	85,431,676	0.45
Operating profit/ (loss)		**324,284,727**	**1.71**	85,431,676	0.45
Other (income) / expenses					
Interest expenses		**-**	**-**	91,539,021	0.48
Foreign exchange		**41,314,253**	**0.22**	(51,374)	0.00
Total other expenses		**41,314,253**	**0.22**	91,487,647	0.48
Profit/ (loss) before income tax		**(365,598,980)**	**(1.93)**	(176,919,323)	(0.93)
Income tax					
Current		**-**	**-**	-	-
Deferred		**-**	**-**	-	-
Net Profit/ (loss)		**(365,598,980)**	**(1.93)**	(176,919,323)	(0.93)

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of changes in equity for the year ended December 31, 2012

Particulars	Amount in Indonesia Rupiah			Amount in INR (₹ Million)		
	Share capital	Deficits	Total equity	Share capital	Deficits	Total equity
Balance December 31, 2010	600,000,000	(2,568,472,486)	(1,968,472,486)	3.16	(13.54)	(10.38)
Additional paid in capital	4,400,000,000	-	4,400,000,000	23.19	-	23.19
Net profit/ (loss) current year	-	(176,919,323)	(176,919,323)	-	(0.93)	(0.93)
Balance December 31, 2011	**5,000,000,000**	**(2,745,391,809)**	**2,254,608,191**	**26.35**	**(14.47)**	**11.88**
Net profit/ (loss) current year	**-**	**(365,598,980)**	**(365,598,980)**	**-**	**(1.93)**	**(1.93)**
Balance December 31, 2012	**5,000,000,000**	**(3,110,990,789)**	**1,889,009,211**	**26.35**	**(16.40)**	**9.95**

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of cash flow for the year ended December 31, 2012

Particulars	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Cash flow from operating activities				
Net Profit/ (loss)	**(365,598,980)**	**(1.93)**	(176,919,323)	(0.93)
Decrease / (Increase) in current assets				
Deferred Cost	**26,182,588**	**0.14**	-	-
Accrued expenses	**11,210,000**	**0.06**	-	-
Other payable	**(604,116,625)**	**(3.18)**	(343,129,381)	(1.81)
Net Cash used by operating activities	**(932,323,017)**	**(4.91)**	(520,048,704)	(2.74)
Cash flow from financing activities				
Loan to related parties	**555,000,038**	**2.92**	272,464,657	1.43
Additional paid in capital	**-**	**-**	4,400,000,000	23.19
Bank payable	**-**	**-**	(3,850,000,000)	(20.29)
Net Cash provided by financing activities	**555,000,038**	**2.92**	822,464,657	4.33
Net increase / (decrease) in cash and bank	**(377,322,979)**	**(1.99)**	302,415,953	1.59
Cash and bank beginning of year	**429,219,263**	**2.26**	126,803,310	0.67
Cash and bank at end of year	**51,896,284**	**0.27**	429,219,263	2.26

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 With Comparative Figures For The Year Ended 2011

1. GENERAL

PT. BATU BUMI PERSADA (referred as the "company") domiciled with headquarters in Jakarta, Central Niaga Dutanas Fatmawati Blok C1, Jl. RS. Fatmawati No. 39 Jakarta Indonesia, was established in Republic of indonesia on January 3, 2005 based on the notarial deed of Ny. Masneri, SH. No. 01. The Company's Article of Association was approved by the Minister of Justice in a decision letter No. C-01913.HT.01.01.TH.2005 dated January 24, 2005.

The Company's Articles of Association has been amended for several times, the latest amendment to the Deed of Tintin Surtini, SH, replacement of notary Surjadi, SH Notarial in Jakarta No. 10 dated 27 April 2011. This change had been approved by the Minister of Justice and Human Rights Republic of Indonesia in his Decree No. AHU-45912.AH.01.02. Tahun 2011 dated September 21, 2011.

The company is engaged in mining such as iron ore, gold, silver, coal, nikel, tin and bauxite mine rock is marble, granite, clay, sandstone, limestone, salt, and other mineral materials, blasting area of mining exploration and exploitation of mineral water, drilling and perforation technology.

Board of Commissioners and the Director of the Company as of December 31, 2012 and 2011 Based on notarial deed of Tintin Surtini, SH, replacement of Surjadi, SH, Notarial in Jakarta No.01 dated April 27, 2011 are as follows :

Sachin Sharma	President Commissioner
Vimal Chandra Nagori	Commissioner
Naval Kishore Kashyap	Board of Director
Pramod Kumar Mishra	Director

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied by the Company in preparing the financial statements are as follows :

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards in Indonesia (SAK) comprising of the Statements of Financial Accounting Standards (PSAK) and Interpretation Financial Accounting Standards (ISAK) issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies of each account.

The statements of cash flows have been prepared using direct method by classifying cash flows into operating, investing and financing activities.

The reporting currency used in the financial statements is Rupiah.

Effective January 1, 2011, the Company has adopted PSAK No. 1 (Revised 2009) regulates presentation of financial statements as to, among others, the objective, component of financial statements, fair presentation, materiality and aggregate, offsetting, distinction between current and non- current assets and short-term and long- term liabilities, comparative information and consistency and introduces new disclosures such as, among others, key estimations and judgments, capital management, other comprehensive income, departures from accounting standards and statement of compliance.

b. Transaction with Related Parties

The parties considered as related parties are:

1. Indirectly through one or more intermediaries, controls or is controlled by, or under the control along with the company;
2. Associated companies
3. Individuals owning, directly or indirectly, any voting rights in a company that has significant influence, and close relatives of such individuals who can affect or be affected by such individuals in their transactions with the company;
4. Key management persons having authority and responsibility for planning, directing and controlling the activities of which include members of the Board of Commissioners, Directors and Managers of companies and close family members of such individuals;
5. Companies in which a substantial interest in voting power is owned, directly or indirectly by any person described in clause (3) and (4), or the individuals have significant influence over these companies. This includes enterprises owned by members of the Board of Commissioners, Directors, Substantial Shareholders of the company, and companies that have a member of key management in common with the Company.

All transactions with related parties which are related either done or not interest rates or prices, terms and conditions as those conducted by outside parties. Parties that have a special relationship disclosed in the Financial Statements.

c. Allowance for Doubtful Account

The Company has not made any allowance for doubtful account. The uncollectible receivable, if any, will be charged directly to the current year statement of income.

d. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Fixed assets, except land, are depreciated using the straight line method over their estimated useful lives as follows:

Years	
5	Tools and inventory

The cost of maintenance and repairs is charged to statements of income as incurred. Significant renewals and betterment are capitalized. When assets are retired or otherwise disposed, the carrying value and the related accumulated depreciation are removed from the accounts and any resulting gains or loss is reflected in the statement of income.

e. Deferred Cost

The Company applied PSAK No. 19, "Intangible Assets". Deferred cost represents the expenses incurred during the pre commercial operation.

f. Foreign Currency Translation

Transactions during the year related to foreign currencies are recorded at the exchange rate at the transaction date. At balance sheet date, all assets and liabilities denominated in foreign currencies are translated into the value of the rupiah exchange rate of Bank Indonesia prevailing on the balance sheet date. Profit or loss on foreign exchange are credited or charged to current operations.

On December 31, 2012 and 2011, Bank Indonesia middle rate used for Rp 9,670 and Rp 9,068 to US$ 1. Profit or loss on foreign exchange are credited or charged to current operations.

g. Net Sales and Expenses Recognized

Effective from January 1, 2011, the Company adopted SFAS No. 23 (Revised 2010), "Revenue". The revised SFAS identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. There is no significant impact of these amended accounting standards on the financial statements.

Revenue is recognized 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, excluding discounts, rebates and sales taxes (VAT).

Expenses are recognized as incurred on an accrual basis.

h. Income Tax

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

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current corporate income tax is calculated using tax rates based on tax laws that have been enacted or substantively enacted as at the reporting dates.

ii) Deferred tax

Deferred tax is calculated by using the liability method on temporary differences at the reporting date between the tax basis for assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced if the taxable income is not sufficient to compensate all or part of the benefit that deferred tax utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting dates. The related tax effects of the provisions for and/or reversals of all temporary differences during the period, including effect of the change in tax rates, are included in the statement of comprehensive income of the current year.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to offset current tax assets against current tax liabilities or the deferred tax assets and the deferred tax liabilities relate to the same taxable entity, or the Company intends to settle its current assets and liabilities on a net basis.

i. Post Employment Benefits

Pension benefit obligation is the present value of the defined benefit obligation at the balance sheet date less the adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method

Company is required to provide a minimum pension benefit as stipulated in Law No. 13/2003, which represents an underlying defined benefit obligation. If the pension benefits based on Law No. 13/2003 are higher than the existed pension plan, the difference is recorded as part of the overall pension benefits obligation.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. On the other hand, provisions for current service costs are directly charged to operations of the current period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations at that date.

The actuarial gains or losses in excess of the said 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

i) Other post-employment obligations

The Company also provides other post-employment benefits, such as service pay. The service pay benefit vests when the employees reach their retirement age. These benefits have been accounted for using the same methodology as for the defined pension benefit plan.

ii) Termination benefits

Termination benefits are payable when ever an employee's employment is terminated before the normal retirement date. The Company recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan and the possibility to withdraw the plan is low. Benefits falling due more than 12 months after the balance sheet date are discounted at present value.

iii) Other long-term benefits

Other benefits such as long service leave is calculated in accordance with the Company regulations, using the projected unit credit method and discounted to present value.

The Company did not record provision for post employment benefit since the Company has no permanent staff.

j. Use of Estimates

The preparation of financial statements in conformity with general by accepted accounting principles requires management to make 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 the revenues and expenses during the reporting. Actual result could differ from those estimates.

k. Impairment of Assets

Management reviews any indication of impairment (recovery) value of assets on the balance sheet date and the possible reduction in the recoverable amount whenever events indicate impairment of assets.

The recoverable value is calculated based on value in use or net selling value, whichever is higher.

The impairment loss is recognized if the carrying amount exceeds the recoverable value. On the other hand, the recovery of impairment loss is recognized when there is indication that the impairment is no longer the case.

Impairment (recovery) value of assets is recognized as an expense (income) in the income statement for the year.

l. Financial Instruments

Effective from January 1, 2010, the Company adopted SFAS No. 50 (Revised 2006), “Financial Instruments: Presentation and Disclosures”, and SFAS No. 55 (Revised 2006), “Financial Instruments: Recognition and Measurement”.

SFAS No. 50 (Revised 2006) manages the requirements in how to present the financial instruments, and the necessary information that should be disclosed in the financial statements, while SFAS No. 55 (Revised 2006) establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of SFAS No. 55 (Revised 2006) are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial asset. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates them at each financial year-end.

The Company's financial assets consist of cash on hand and in banks, and other receivables from third parties which are classified and accounted under SFAS No. 55 (Revised 2006).

When financial assets are recognized initially, they are measured at fair value, and in the case of financial assets not at fair value through statements of comprehensive income, plus directly attributable transaction costs with acquisition of that financial assets.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are carried at amortized cost using the effective interest method, and the related gains and losses are recognized in the statements of comprehensive income when the loans and receivables are de-recognized or impaired, as well as through the amortization process.

An allowance is made for un collectible amounts when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified.

The detail of the accounting policies concerning the impairment of financial assets are disclosed as below.

De-recognition

The financial assets, or which applicable as part of financial assets or part of a Company of similar financial assets, will be de-recognized at the time of:

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

Continuing involvement that fakes the form of a guarantee over the transferred asset is measured at the lowest of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity is recognized in the statements of comprehensive income.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets 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 of the Company or financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when 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.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company firstly assesses individually whether objective evidence relating impairment for individually significant assets exists, or collectively for financial assets that are not individually significant.

When there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance for impairment account and the amount of the loss is directly recognized in the statements of comprehensive income.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. The reversal shall not result in an excessive amount of carrying amount of the financial assets over what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The recovery of financial assets is recognized in the statements of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the prevailed effective interest rate.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SFAS No. 55 (Revised 2006) are classified as financial liabilities at fair value through statements of comprehensive income or loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognized at their fair values, and in case of loans and borrowings, include directly attributable transaction costs.

As at the statements of financial position date, the Company has no other financial liabilities other than those classified as loans and borrowings.

Subsequent measurement

The Company's financial liabilities include others payable to third parties and accrued expenses.

Liabilities for others payable to third parties and accrued expenses was stated at carrying amounts (notional amounts), which approximate their fair values.

De-recognition

A financial liability is de-recognized when it is extinguished, that is when the obligation specified in the contract 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 financial liability are substantially modified, such an exchange or modification is treated as de-recognition of the original financial liability and recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by referring to quoted market prices at the end of the reporting period, without any deduction for transaction costs.

For financial instruments where there is no active market, the fair value is determined using the appropriate valuation techniques permitted by SFAS No. 55 (Revised 2006) such as using recent arm's length market transactions; referring to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3. **REVISED ACCOUNTING STANDARDS**

The Company adopted the following revised standards which are effective for financial statements beginning on 2012 and 2011 as follows:

	Effective in 2011
Presentation of Financial Statements	SFAS No. 1
Statement of Cash Flows	SFAS No. 2
Interim Financial Reporting	SFAS No. 3
Consolidated and Separate Financial Statements	SFAS No. 4
Operating Segments	SFAS No. 5
Related Party Disclosures	SFAS No. 7
Events after the Reporting Period	SFAS No. 8
Interests in Joint Venture	SFAS No. 12
Investments in Associates	SFAS No. 15
Intangible Assets	SFAS No. 19
Business Combination	SFAS No. 22
Revenue	SFAS No. 23
Accounting Policies, Changes in Accounting Estimates and Errors	SFAS No. 25
Impairment of Assets	SFAS No. 48
Provisions, Contingent Liabilities and Contingent Assets	SFAS No. 57
Non-current Assets Held for Sale and Discontinued Operations	SFAS No. 58
Consolidation Special Purpose Entities	IFAS No. 7
Changes in Existing Decommissioning, Restoration and Similar Liabilities	IFAS No. 9
Customer Loyalty Programmes Distribution of Non-cash Assets to Owners	IFAS No. 10
Jointly Controlled Entites: Non monetary Contributions by Ventures	IFAS No. 12
Intangible Assets - Web site Cost	IFAS No. 14
Interim Financial Reporting and Impairment	IFAS No. 17
	Effective in 2012
The Effects of Changes in Foreign Exchange Rates	SFAS No. 10
Accounting and Reporting by Retirement Benefit Plans	SFAS No. 18
Employee Benefits	SFAS No. 24
Accounting for Income Taxes	SFAS No. 46
Financial Instruments: Presentation	SFAS No. 50
Share-based Payments	SFAS No. 53
Financial Instruments: Disclosures	SFAS No. 60
SFAS No. 24 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IFAS No. 15
Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	IFAS No. 20

The Company has adopted the effects of these revised standards and Interpretations which is significant on the financial statements.

4 **CASH AND BANK**

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Cash on hand	**122,717**	**0.00**	-	-
Bank Standard Chartered	**51,773,567**	**0.27**	429,219,263	2.26
Total cash and bank	**51,896,284**	**0.27**	429,219,263	2.26

5 **FIXED ASSET**

Amount in Indonesia Rupiah

	2012 and 2011			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
This account consist of:				
At cost				
Land of coal stockpile (jetty land)	245,000,000	-	-	245,000,000
Book value	**245,000,000**	**-**	**-**	**245,000,000**

Amount in INR (₹ Million)

	2012 and 2011			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
At cost				
Land of coal stockpile (jetty land)	1.29	-	-	1.29
Book value	**1.29**	**-**	**-**	**1.29**

6 **DUE TO RELATED PARTY**

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
PT Jangkar Prima	**4,212,960,636**	**22.20**	-	-
Ir Rini Sulistiyawati	-	-	941,373,985	4.96
Ir Basuko Trilesdjono	-	-	941,373,985	4.96
Jusuf Sanggarabudi	-	-	928,838,642	4.90
Yos Rosadi Dirasutisna	-	-	423,186,993	2.23
Chalid Nugroho	-	-	423,186,993	2.23
	4,212,960,636	**22.20**	3,657,960,598	19.28

Based on the letter dated February 11, 2012, due to related party represents advance receieved from PT Jangkar Prima for the mining management project. Due to certain condition, the project then postphone and the advance will be returned to PT Jangkar Prima.

7 **ACCRUED EXPENSES**

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
Professional fee	**11,210,000**	**0.06**	-	-
	11,210,000	**0.06**	-	-

8 **OTHER PAYABLE**

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Other payable	-	-	604,116,625	3.18
	-	-	604,116,625	3.18

9 **SHARE CAPITAL**

Based State Gazette No. 62075 dated October 25, 2012, the composition of the shareholder as of December 31, 2012 are as follows:

	2012			
	Stock	**% of ownership**	**Nominal value In Indonesia Rupiah**	**Amount In Indonesia Rupiah**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,500**	**99%**	**100,000**	**4,950,000,000**
Global Power Projects Singapore Pte. Ltd.	**500**	**1%**	**100,000**	**50,000,000**
	50,000	**100%**		**5,000,000,000**

	2012			
	Stock	**% of ownership**	**Nominal value In Indonesia Rupiah**	**Amount ₹ Million**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,500**	**99%**	**100,000**	**26.09**
Global Power Projects Singapore Pte. Ltd.	**500**	**1%**	**100,000**	**0.26**
	50,000	**100%**		**26.35**

The composition of the shareholder as of December 31, 2011 are as follows:

	2011			
	Stock	% of ownership	Nominal value In Indonesia Rupiah	Amount In Indonesia Rupiah
Bajaj Hindusthan (Singapore) Pte. Ltd.	49,500	99%	100,000	4,950,000,000
Global Power Projects Singapore Pte. Ltd.	500	1%	100,000	50,000,000
	50,000	100%		50,000,000

	2011			
	Stock	% of ownership	Nominal value In Indonesia Rupiah	Amount ₹ Million
Bajaj Hindusthan (Singapore) Pte. Ltd.	49,500	99%	100,000	26.09
Global Power Projects Singapore Pte. Ltd.	500	1%	100,000	0.26
	50,000	100%		26.35

10 EXPLORATION AND EVALUATION ASSETS

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
Operational cost at site and geologist	**1,231,050,000**	**6.49**	1,231,050,000	6.49
Boring	**1,108,456,555**	**5.84**	1,108,456,555	5.84
Topography and geology	**1,074,863,500**	**5.67**	1,074,863,500	5.67
Rental Office	**1,004,135,714**	**5.29**	1,004,135,714	5.29
Consession's handling	**595,575,000**	**3.14**	595,575,000	3.14
Boring and exploration	**391,503,225**	**2.06**	391,503,225	2.06
Travel on duty	**177,982,676**	**0.94**	177,982,676	0.94
Renovation	**101,244,000**	**0.53**	101,244,000	0.53
Overhead	**11,634,000**	**0.06**	11,634,000	0.06
Others	**119,838,893**	**0.63**	146,021,481	0.77
	5,816,283,563	**30.65**	5,842,466,151	30.79

Exploration and evaluation assets represent the expenses incurred during the exploration stage of the mining concession.

11 OPERATING EXPENSES

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of :				
Office rental	**224,700,000**	**1.18**	-	-
Professional fee	**21,960,000**	**0.12**	-	-
Internet,electricity and office phone	**6,991,232**	**0.04**	-	-
Bank charges	**3,721,935**	**0.02**	969,006	0.01
Advertising	**2,364,670**	**0.01**	-	-
Travelling	**2,170,000**	**0.01**	-	-
General expenses	**1,459,400**	**0.01**	84,438,458	0.44
Others	**60,917,490**	**0.32**	24,212	-
	324,284,727	**1.71**	85,431,676	0.45

12. FINANCIAL RISK MANAGEMENT

The Company's principal financial assets comprise cash on hand and in banks. The Company also has various financial liabilities such as, payable to related party and accrued expenses.

The Company's policy is not to undertake hedging transactions for its financial instruments.

Fair value and cash flow interest rate risk

Currently, the Company does not have a formal hedging policy for interest rate exposures.

As of December 31, 2012 and 2011, the Company has financial liabilities that are exposed to interest rate risk which is due to related party.

Foreign currency risk

The Company's reporting currency is in Rupiah. The Company faces foreign exchange risk as its cash on hand and in banks, and payables to related parties are either denominated in foreign currency (mainly the US Dollar) or whose price is significantly influenced by their benchmark price movements in foreign currencies. Currently, the Company does not have a formal hedging policy for foreign currency exposures. As of December 31, 2012 and 2011, the Company has net liabilities position of monetary assets and liabilities denominated in foreign currency.

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities.

13. NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards issued by the Financial Accounting Standards Board (DSAK) but not yet effective in 2012 are as follows:

- PSAK No. 38 (Revised 2012): "Business Combination of Entities under Common Control"
- Withdrawal of accounting standards of PSAK No. 51 "Accounting of Quasi Reorganization"

The Company is currently evaluating the impact of these accounting standards and has not determined the impact on the financial statements.

14. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements have been approved by the Management of the Company to be issued on April 29, 2013.

Independent Auditors' Report

Report No. 102/JP/IV/14

Shareholders and Directors

PT JANGKAR PRIMA

We have audited the accompanying financial statements of PT Jangkar Prima ("the Company'), which comprise the statement of financial position as of December 31, 2013, and the statement of comprehensive income, statement of changes in equity, and statement of the cash flow for the year then ended, and a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such 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 auditors consider 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Jangkar Prima as of December 31, 2013, and its financial performance and cash flow for the year then ended, in accordance with Indonesian Financial Accounting Standards.

April 14, 2014
Gideon Adi & Rekan
Registered Public Accountants
Gideon Adi Siallagan, M.ACC., CA, CPA.
No.AP: 0460

Statements of financial position as at December 31, 2013 and 2012

Particulars	Note	2013		2012	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
ASSETS					
Current Assets					
Cash and bank	4	**1,337,833,860**	**7.06**	386,684,256	2.04
Due from related partries	5	**288,530,636**	**1.52**	4,212,960,636	22.20
Advance operation	6	**627,235**	**0.00**	2,797,400	0.01
Security deposits	7	**-**	**-**	49,140,000	0.26
Total current assets		**1,626,991,731**	**8.58**	4,651,582,292	24.51
Non current assets					
Fixed assets	8	**34,389,534**	**0.18**	13,456,348	0.07
Exploration and evaluation assets	9	**1,586,004,060**	**8.36**	1,586,004,060	8.36
Total non-current assets		**1,620,393,594**	**8.54**	1,599,460,408	8.43
TOTAL ASSETS		**3,247,385,325**	**17.12**	6,251,042,700	32.94
LIABILITIES AND EQUITY					
Current liabilities					
Due to related party	10	**609,450,000**	**3.21**	1,692,250,000	8.92
Accrued expenses	11	**196,972,284**	**1.04**	21,979,227	0.11
Other payables	12	**-**	**-**	9,442,000	0.05
Total current liabilities		**806,422,284**	**4.25**	1,723,671,227	9.08
Equity					
Share capital	13	**5,000,000,000**	**26.35**	5,000,000,000	26.35
Deficits		**(2,559,036,959)**	**(13.48)**	(472,628,527)	(2.49)
Total equity		**2,440,963,041**	**12.87**	4,527,371,473	23.86
TOTAL LIABILITIES AND EQUITY		**3,247,385,325**	**17.12**	6,251,042,700	32.94

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of comprehensive income for the year ended December 31, 2013 and 2012

Particulars	Note	2013		2012	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Operating expenses	14	**2,158,490,076**	**11.37**	1,544,882,150	8.14
Total operating expenses		**2,158,490,076**	**11.37**	1,544,882,150	8.14
Other expenses/ (income)					
Written off liability		**-**	**-**	(991,004,060)	(5.22)
Others		**(72,081,644)**	**(0.38)**	(81,249,563)	(0.43)
Total other expenses/ (income)		**(72,081,644)**	**(0.38)**	(1,072,253,623)	(5.65)
Profit/ (Loss) before income tax		**(2,086,408,432)**	**(10.99)**	(472,628,527)	(2.49)
Income tax		**-**	**-**	-	-
Net Profit/ (Loss)		**(2,086,408,432)**	**(10.99)**	(472,628,527)	(2.49)

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD = IDR 11,404 and 1USD = INR 60.0998.

Statements of changes in equity for the year ended December 31, 2013 and 2012

Particulars	**Amount in Indonesia Rupiah**			**Amount in INR (₹ Million)**		
	Share capital	Deficits	Total equity	Share capital	Deficits	Total equity
Balance December 31, 2011	600,000,000	-	600,000,000	3.16	-	3.16
Additional paid in capital	4,400,000,000	-	4,400,000,000	23.19	-	23.19
Profit/ (loss) for the year		(472,628,527)	(472,628,527)	-	(2.49)	(2.49)
Balance December 31, 2012	**5,000,000,000**	**(472,628,527)**	**4,527,371,473**	**26.35**	**(2.49)**	**23.86**
Profit/ (loss) for the year		**(2,086,408,432)**	**(2,086,408,432)**	**-**	**(10.99)**	**(10.99)**
Balance December 31, 2013	**5,000,000,000**	**(2,559,036,959)**	**2,440,963,041**	**26.35**	**(13.48)**	**12.87**

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of cash flow for the year ended December 31, 2013 and 2012

Particulars	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Cash flow from operating activities				
Net Profit/ (Loss)	**(2,086,408,432)**	**(10.99)**	(472,628,527)	(2.49)
Depreciation	**7,188,814**	**0.04**	1,700,652	0.01
Decrease / (Increase) in current assets-Advance	**2,170,165**	**0.01**	(2,797,400)	(0.01)
Exploration and evaluation assets	**-**	**-**	5,000,000	0.02
Security deposits	**49,140,000**	**0.26**	(49,140,000)	(0.26)
Accrued expenses	**174,993,057**	**0.93**	21,979,227	0.12
Other payables	**(9,442,000)**	**(0.05)**	9,442,000	0.05
Net Cash used by operating activities	**(1,862,358,396)**	**(9.80)**	(486,444,048)	(2.56)
Cash flow from investing activities				
Purchase of fixed assets	**(28,122,000)**	**(0.15)**	(15,157,000)	(0.08)
Net Cash flow used by investing activities	**(28,122,000)**	**(0.15)**	(15,157,000)	(0.08)
Cash flow from financing activities				
Due to related parties	**(1,082,800,000)**	**(5.71)**	701,245,940	3.69
Due from related parties	**3,924,430,000**	**20.68**	(4,212,960,636)	(22.20)
Capital Stock	**-**		4,400,000,000	23.19
Net Cash flow provided by financing activities	**2,841,630,000**	**14.97**	888,285,304	4.68
Net increase in cash and bank	**951,149,604**	**5.02**	386,684,256	2.04
Cash and bank beginning of the year	**386,684,256**	**2.04**	-	-
Cash and bank at end of the year	**1,337,833,860**	**7.06**	386,684,256	2.04

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 And 2012

(Figures in table are expressed in Rupiah, unless otherwise stated)

1. **GENERAL**

PT. JANGKAR PRIMA (referred as the "company") domiciled with headquarters in Jl Pelita V RT 035 RW 04 Gg. 35-II Buntok Kota, Kec Dusun Selatan, Barito Selatan, Central Borneo was established based on the notarial deed No. 5 dated April 20, 2002, of Tini Rusdhihatie, S.H., a notary in Buntok and are registered in the southern district court Buntok with Number. 86/CV/2004 dated August 30, 2008.

The Company's Articles of Association has been amended for several times the latest amendment to the Deed of Shareholder Decision No. 11 dated 11 February 2011 of Notary Tintin Surtini, S.H., Substitute Notary Surjadi, S.H., in Jakarta. This change is still in the process of approval by the Minister of Justice and Human Rights Republic of Indonesia in his Decree No. AHU-1,6148.AH.01.01. TH 2011 dated September 21, 2011.

The company is engaged in mining. Under Decree No. 343, 2004 Regent Barito. The Company has obtained permission in mining exploration, transport, mining, washing / processing, storage, transportation, and marketing of all products from the mining area of 4.148 Ha of mining area located in Kecamatan Gunung Bintang Awai, South Barito District.

Deed No. 38 of the Notary Surjadi, SH. Notary in Jakarta on 13 January 2012 and has obtained approval from the Minister of Justice and Human Rights Republic of Indonesia. AHU-0558.AH.01.02 2012 on February 2, 2012, concerning paid-in capital and change management.

Composition of Board of Commissioners and Board of Directors as of December 31, 2013 and 2012 in accordance with the deed. 38 mentioned above is as follows:

Sachin Sharma	President Commissioners
Vimal Chandra Nagori	Commissioners
Naval Kishore Kashyap	Board of Director
Pramod Kumar Mishra	Directors

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies applied by the Company in preparing the financial statements are as follows :

a. **Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards in Indonesia (SAK) comprising of the Statements of Financial Accounting Standards (PSAK) and interpretation Financial Accounting Standards (ISAK) issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The Financial statements, except for the statements of cash flow, are prepared under the accrual basis of accounting. The measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies of each account.

The statements of cash flow have been prepared using indirect method by classifying cash flow into operating, investing and financing activities.

The reporting currency used in the financial statements is Rupiah Effective January 1, 2011, the Company have adopted PSAK No. 1 (Revised 2009) regulates presentation of financial statements as to, among others, the objective, component of financial statements, fair presentation, materiality and aggregate, offsetting, distinction between current and non-current assets and short-term and long-term liabilities, comparative information, presentation consistency and introduces new disclosures such as, among others, key estimations and judgements, capital management, other comprehensive income, deviation from accounting standards and statement of compliance.

b. **Transaction with Related Parties**

The related parties are as follows:

1. Indirectly through one or more intermediaries, controls or is controlled by, or under the control along with the company;
2. Associated companies;
3. Individuals owning, directly or indirectly, any voting rights in a company that has significant influence, and close relatives of such individuals who can affect or be affected by such individuals in their transactions with the company;
4. Key management persons having authority and responsibility for planning, directing and controlling the activities of which include members of the Board of Commissioners, Directors and Managers of companies and close family members of such individuals;
5. Companies in which a substantial interest in voting power is owned, directly or indirectly by any person described in clause (c) and (d), or the individuals have significant influence over these companies. This includes enterprises owned by members of the Board of Commissioners, Directors, Substantial Shareholders of the company, and companies that have a member of key management in common with the Company.

All transactions with related parties which are related either done or not interest rates or prices, terms and conditions as those conducted by outside parties. Parties that have a special relationship disclosed in the Financial Statements.

c. **Fixed Assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation. Fixed assets, except land, are depreciated using the straight line method over their estimated useful lives as follows:

Years	
10 – 20	Building
10	Machinery and equipment
5	Transportation equipment
5	Tools and inventory

The cost of maintenance and repairs is charged to statements of income as incurred. Significant renewals and betterment are capitalized. When assets are retired or otherwise disposed, the carrying value and the related accumulated depreciation are removed from the accounts and any resulting gains or loss is reflected in the statement of income.

d. **Exploration and Evaluation Assets**

The Company applied PSAK No. 64, "Exploration and Evaluation Assets". Exploration and evaluation assets represent the expenses incurred in relation with the process of exploring coal mining concession.

e. **Foreign Currency Translation**

Transactions during the year related to foreign currencies are recorded at the exchange rate at the transaction date. At balance sheet date, all assets and liabilities denominated in foreign currencies are translated into the value of the rupiah exchange rate of Bank Indonesia prevailing on the balance sheet date.

On December 31, 2013 and 2012, Bank Indonesia middle rate used for Rp 12,189 and Rp 9,670 to US$ 1. Profit or loss on foreign exchange are credited or charged to current operations.

f. Revenue and Expenses Recognized

Effective from January 1, 2011, the Company adopted SFAS No. 23 (Revised 2010), "Revenue'. The revised SFAS identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. There is no significant impact of these amended accounting standards on the financial statements.

Revenue is recognized 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, excluding discounts, rebates and sales taxes (VAT).

Expenses are recognized as incurred on an accrual basis.

g. Income Tax

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

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current corporate income tax is calculated using tax rates based on tax laws that have been enacted or substantively enacted as at the reporting dates.

ii) Deferred tax

Deferred tax is calculated by using the liability method on temporary differences at the reporting date between the tax basis for assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced if the taxable income is not sufficient to compensate all or part of the benefit that deferred tax utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting dates. The related tax effects of the provisions for and/or reversals of all temporary differences during the period, including effect of the change in tax rates, are included in the statement of comprehensive income of the current year.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to offset current tax assets against current tax liabilities or the deferred tax assets and the deferred tax liabilities relate to the same taxable entity, or the Company intends to settle its current assets and liabilities on a net basis.

h. Post Employment Benefits

Pension benefit obligation is the present value of the defined benefit obligation at the balance sheet date less the adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Company is required to provide a minimum pension benefit as stipulated in Law No. 13/2003, which represents an underlying defined benefit obligation. If the pension benefits based on Law No. 13/2003 are higher than the existed pension plan, the difference is recorded as part of the overall pension benefits obligation.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. On the other hand, provisions for current service costs are directly charged to operations of the current period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations at that date.

The actuarial gains or losses in excess of the said 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

i) Other post-employment obligations

The Company also provides other post-employment benefits, such as service pay. The service pays benefit vests when the employees reach their retirement age. These benefits have been accounted for using the same methodology as for the defined pension benefit plan.

ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date. The Company recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan and the possibility to withdraw the plan is low. Benefits falling due more than 12 months after the balance sheet date are discounted at present value.

iii) Other long-term benefits

Other benefits such as long service leave is calculated in accordance with the Company regulations, using the projected unit credit method and discounted to present value.

The Company did not record provision for post employment benefit since the Company has no permanent staff.

i. Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make 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 the revenues and expenses during the reporting. Actual result could differ from those estimates.

j. Impairment of Assets

Management reviews any indication of impairment (recovery) value of assets on the balance sheet date and the possible reduction in the recoverable amount whenever events indicate impairment of assets.

The recoverable value is calculated based on value in use or net selling value, whichever is higher.

The impairment loss is recognized if the carrying amount exceeds the recoverable value. On the other hand, the recovery of impairment loss is recognized when there is indication that the impairment is no longer the case.

Impairment (recovery) value of assets is recognized as an expense (income) in the income statement for the year.

k. Financial Instruments

Effective from January 1, 2010, the Company adopted SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement".

SFAS No. 50 (Revised 2006) manages the requirements in how to present the financial instruments, and the necessary information that should be disclosed in the financial statements, while SFAS No. 55 (Revised 2006) establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of SFAS No. 55 (Revised 2006) are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial asset. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re- evaluates them at each financial year end.

The Company's financial assets consist of cash on hand and in banks, and other receivables from third parties which are classified and accounted under SFAS No. 55 (Revised 2006).

When financial assets are recognized initially, they are measured at fair value, and in the case of financial assets not at fair value through statements of comprehensive income, plus directly attributable transaction costs with acquisition of that financial assets.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are carried at amortized cost using the effective interest method, and the related gains and losses are recognized in the statements of comprehensive income when the loans and receivables are de-recognized or impaired, as well as through the amortization process.

An allowance is made for un collectible amounts when there is objective evidence that the Company will not be able to collect the debt Bad debts are written off when identified.

The detail of the accounting policies concerning the impairment of financial assets are disclosed as below.

De-recognition

The financial assets, or which applicable as part of financial assets or part of a Company of similar financial assets, will be de-recognized at the time of:

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lowest of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity is recognized in the statements of comprehensive income.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, them 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 flow of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company firstly assesses individually whether objective evidence relating impairment for individually significant assets exists, or collectively for financial assets that are not individually significant.

When there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance for impairment account and the amount of the loss is directly recognized in the statements of comprehensive income.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. The reversal shall not result in an excessive amount of carrying amount of the financial assets over what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The recovery of financial assets is recognized in the statements of comprehensive income.

The present value of the estimated future cash flow is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the prevailed effective interest rate.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SFAS No. 55 (Revised 2006) are classified as financial liabilities at fair value through statements of comprehensive income or loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognized at their fair values, and in case of loans and borrowings, include directly attributable transaction costs.

As at the statements of financial position date, the Company has no other financial liabilities other than those classified as loans and borrowings.

Subsequent measurement

The Company's financial liabilities include others payable to third parties and accrued expenses.

Liabilities for others payable to third parties and accrued expenses was stated at carrying amounts (notional amounts), which approximate their fair values.

De-recognition

A financial liability is derecognized when it is extinguished, that is when the obligation specified in the contract 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 financial liability are substantially modified, such an exchange or modification is treated as de-recognition of the original financial liability and recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by referring to quoted market prices at the end of the reporting period, without any deduction for transaction costs.

For financial instruments where there is no active market, the fair value is determined using the appropriate valuation techniques permitted by SFAS No. 55 (Revised 2006) such as using recent arm's length market transactions; referring to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3. REVISED ACCOUNTING STANDARDS

The Company adopted the following revised standards which are effective for financial statements beginning on 2012 as follows:

The Effects of Changes in Foreign Exchange Rates	SFAS No. 10
Accounting and Reporting by Retirement Benefit Plans	SFAS No. 18
Employee Benefits	SFAS No. 24
Accounting for Income Taxes	SFAS No. 46
Financial Instruments: Presentation	SFAS No. 50
Share-based Payments	SFAS No. 53
Financial Instruments: Disclosures	SFAS No. 60
SFAS No. 24 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	ISAK No. 15
Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	ISAK No. 20

The Company has adopted the effects of these revised standards and Interpretations which is significant on the financial statements.

4. **CASH AND BANK**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Cash on hand	**3,508,120**	**0.02**	6,115,701	0.03
Banks				
-Bank Standard Chartered	**1,268,800,425**	**6.69**	380,568,555	2.01
-Bank Mandiri	**65,525,315**	**0.35**	-	-
	1,337,833,860	**7.06**	386,684,256	2.04

5. **DUE FROM RELATED PARTY**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
PT Batu Bumi Persada	**288,530,636**	**1.52**	4,212,960,636	22.20
	288,530,636	**1.52**	4,212,960,636	22.20

6. **ADVANCE**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Advance operation	**627,235**	**0.00**	2,797,400	0.01
	627,235	**0.00**	2,797,400	0.01

7. **SECURITY DEPOSIT**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
PT Permata Birama	-	-	49,140,000	0.26
	-	-	49,140,000	0.26

8. **FIXED ASSET**

This account consists of:

Amount in Indonesia Rupiah

	2013			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
At Cost				
Motor cycle		**18,122,000**	**-**	**18,122,000**
Office equipment	**15,157,000**	**10,000,000**	**-**	**25,157,000**
	15,157,000	**28,122,000**	**-**	**43,279,000**
Accumulated Depreciation				
Motor cycle		**2,350,963**	**-**	**2,350,963**
Office equipment	**1,700,652**	**4,837,851**	**-**	**6,538,503**
	1,700,652	**7,188,814**	**-**	**8,889,466**
Book value	**13,456,348**			**34,389,534**

Amount in INR (₹ Million)

	2013			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
At Cost				
Motor cycle	**-**	**0.10**	**-**	**0.10**
Office equipment	**0.08**	**0.05**	**-**	**0.13**
	0.08	**0.15**	**-**	**0.23**
Accumulated Depreciation				
Motor cycle	**-**	**0.01**	**-**	**0.01**
Office equipment	**0.01**	**0.03**	**-**	**0.04**
	0.01	**0.04**	**-**	**0.05**
Book value	**0.07**			**0.18**

Amount in Indonesia Rupiah

	2012			
	Beginning balance	Addition	Disposal	Ending balance
Office equipment	-	15,157,000	-	15,157,000
	-	15,157,000	-	15,157,000
Accumulated Depreciation				
Office equipment	-	1,700,652	-	1,700,652
	-	1,700,652	-	1,700,652
Book value	-			13,456,348

Amount in INR (₹ Million)

	2012			
	Beginning balance	Addition	Disposal	Ending balance
Office equipment	-	0.08	-	0.08
	-	0.08	-	0.08
Accumulated Depreciation				
Office equipment	-	0.01	-	0.01
	-	0.01	-	0.01
Book value	-			0.07

9. **EXPLORATION AND EVALUATION ASSETS**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Lease assets	**625,000,000**	**3.29**	625,000,000	3.29
License/ permit	**609,805,760**	**3.21**	609,805,760	3.21
Overheads	**135,200,000**	**0.71**	135,200,000	0.71
Travelling	**90,898,300**	**0.48**	90,898,300	0.48
Exploration	**23,800,000**	**0.13**	23,800,000	0.13
Others	**101,300,000**	**0.54**	101,300,000	0.54
	1,586,004,060	**8.36**	1,586,004,060	8.36

Exploration and evaluation assets represent the expenses incurred during the exploration stage of the mining concession.

10. **DUE TO RELATED PARTY**

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Global Power Projects Singapore Pte. Ltd.	-	-	1,692,250,000	8.92
Bajaj Hindusthan (Singapore) Pte Ltd.	**609,450,000**	**3.21**	-	-
	609,450,000	**3.21**	1,692,250,000	8.92

On December 31, 2013, the company has a loan from related party, Bajaj Hindusthan (Singapore) Pte. Ltd, amounted to US$ 50,000.

Based on loan agreement dated May 30, 2012, the Company obtained loan facility from related party, Global Power Projects Singapore Pte. Ltd, amounted to US$ 200,000. The balance as of December 31, 2012 is amounted to US$ 175,000. On May 22, 2013, the Company has paid this loan.

11. ACCRUED EXPENSES

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Professional fee	**196,972,284**	**1.04**	21,979,227	0.11
	196,972,284	**1.04**	21,979,227	0.11

12. OTHER PAYABLES

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Others payable	-	-	9,442,000	0.05
	-	-	9,442,000	0.05

13. SHARE CAPITAL

Based State Gazette No. 62076 dated October 25, 2012, the composition of shareholder and percentage of ownership of the Company as of December 31, 2013 and 2012 are as follows:

	2013 and 2012			
	Stock	**% of ownership**	**Nominal value (in indonesia Rupiah)**	**Amount (in Indonesia Rupiah)**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,940**	**99.88%**	100,000	4,994,000,000
Global Power Projects Singapore Pte. Ltd.	**60**	**0.12%**	100,000	6,000,000
	50,000	**100.00%**		5,000,000,000

	2013 and 2012			
	Stock	**% of ownership**	**Nominal value (in indonesia Rupiah)**	**Amount (in ₹ Million)**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,940**	**99.88%**	100,000	26.32
Global Power Projects Singapore Pte. Ltd.	**60**	**0.12%**	100,000	0.03
	50,000	**100.00%**		26.35

14 OPERATING EXPENSES

	2013		2012	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Technical services	**1,246,393,900**	**6.57**	-	-
Professional services	**188,235,133**	**0.99**	468,978,304	2.47
Salaries	**165,984,000**	**0.87**	78,882,624	0.42
Dead rent	**161,871,552**	**0.85**	519,960,215	2.74
Expense in Buntok	**114,515,055**	**0.60**	62,498,567	0.33
Office rental	**99,348,000**	**0.52**	123,498,000	0.65
General expense	**90,209,187**	**0.48**	31,752,112	0.17
Travelling	**26,276,361**	**0.14**	10,378,000	0.05
Internet, electricity and office phone	**15,767,410**	**0.08**	13,276,786	0.07
Depreciation	**7,188,814**	**0.04**	1,700,652	0.01
Advertising	**100,000**	**0.00**	5,348,670	0.03
Others	**42,600,664**	**0.23**	228,608,220	1.20
	2,158,490,076	**11.37**	1,544,882,150	8.14

15. FINANCIAL RISK MANAGEMENT

The Company principal financial assets comprise cash on hand and in banks and receivables from related party. The Company also has various financial liabilities such as payable to related party and accrued expenses.

The Company policy is not to undertake hedging transactions for its financial instruments.

The main risks arising from the Company's financial instruments are foreign currency risk and liquidity risk. The Director reviews and approves policies for managing each of these risks, which are described in more details as follows:

Fair value and cash flow interest rate risk

Currently, the Company does not have a formal hedging policy for interest rate exposures.

As of December 31, 2013 and 2012, the Company does not have financial liabilities that are exposed to interest rate risk.

Foreign currency risk

The Company's reporting currency is in Rupiah. The Company faces foreign exchange risk as its cash on hand and in banks, receivables and payables to related parties are either denominated in foreign currency (mainly the US Dollar) or whose price is significantly influenced by their benchmark price movements in foreign currencies. Currently, the Company does not have a formal hedging policy for foreign currency exposures. As of December 31, 2013 and 2012, the Company has net assets position of monetary assets and liabilities denominated in foreign currency.

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and bank, and the availability of funding through an adequate amount of committed credit facilities.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities.

16. INFORMATION ON NEW REGULATIONS

Accounting standards issued but not yet effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (DSAK) that are considered relevant to the financial reporting of the Company but not yet effective for 2013 financial statements:

- PSAK 1 (2013): Presentation of Financial Statements, adopted from IAS 1, effective January 1, 2015. This PSAK changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.
- PSAK 4 (2013): Separate Financial Statements, adopted from IAS 4, effective January 1, 2015. This PSAK prescribes only the accounting requirements when a parent entity prepares separate financial statements as additional information. Accounting for consolidated financial statements is determined in PSAK 65.
- PSAK 24 (2013): Employee Benefits, adopted from IAS 19, effective January 1, 2015. This PSAK, among other, removes the corridor mechanism and contingent liability disclosures to simple clarifications and disclosures.
- PSAK 65: Consolidated Financial Statements, adopted from IFRS 10, effective January 1, 2015. This PSAK replaces the portion of PSAK 4 (2009) that addresses the accounting for consolidated financial statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- PSAK 67: Disclosure of Interest in Other Entities, adopted from IFRS 12, effective January 1, 2015. This PSAK includes all of the disclosures that were previously in PSAK 4 (2009), PSAK 12 (2009) and PSAK 15 (2009). This disclosures relate to an entity's interests in other entities.
- PSAK 68: Fair Value Measurement, adopted from IFRS 13, effective January 1, 2015. This PSAK provides guidance on how to measure fair value when fair value is required or permitted.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

In the application of the Company's accounting policies, which are described in Note 2 to the financial statements, management is required to make estimates, judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

17. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements have been approved by the Management Company to be issued on April 14, 2014.

Independent Auditors' Report

We have audited the statements of financial position of PT Jangkar Prima (the Company) as of December 31, 2012, the related statements of comprehensive income, changes in equity and statements of cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2011 were audited by other independent auditor whose report dated May 26, 2012 expressed an unqualified opinion to the financial statements.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion on financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012, the results of its operations and its cash flow for the year then ended in conformity with Indonesian Financial Accounting Standards.

April 29, 2013
Gideon Ikhwan Sofwan
Registered Public Accountants
Gideon Adi Siallagan, S.E., A.k., CPA.
No.AP: 0460

Statements of financial position as at December 31, 2012 and 2011

Particulars	Note	2012		2011	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
ASSETS					
Current Assets					
Cash and bank	4	**386,684,256**	**2.04**	-	-
Due from related party	5	**4,212,960,636**	**22.20**	-	-
Advance	6	**2,797,400**	**0.01**	-	-
Security deposit	7	**49,140,000**	**0.26**	-	-
Total current assets		**4,651,582,292**	**24.51**	-	-
Non-current assets					
Fixed assets	8	**13,456,348**	**0.07**	-	-
Exploration and evaluation assets	9	**1,586,004,060**	**8.36**	1,591,004,060	8.38
Total non-current assets		**1,599,460,408**	**8.43**	1,591,004,060	8.38
TOTAL ASSETS		**6,251,042,700**	**32.94**	1,591,004,060	8.38
LIABILITIES AND EQUITY					
Current liabilities					
Loan payable to related party	10	**1,692,250,000**	**8.92**	991,004,060	5.22
Accrued expense	12	**21,979,227**	**0.11**	-	-
Other payables	11	**9,442,000**	**0.05**	-	-
Total current liabilities		**1,723,671,227**	**9.08**	991,004,060	5.22
Equity					
Share capital	13	**5,000,000,000**	**26.35**	600,000,000	3.16
Deficits		**(472,628,527)**	**(2.49)**	-	-
Total equity		**4,527,371,473**	**23.86**	600,000,000	3.16
TOTAL LIABILITIES AND EQUITY		**6,251,042,700**	**32.94**	1,591,004,060	8.38

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of comprehensive income for the year ended December 31, 2012 and 2011

Particulars	Note	2012		2011	
		Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Operating expenses	14	**1,544,882,150**	**8.14**	-	-
Total operating expenses		**1,544,882,150**	**8.14**	-	-
Other expenses/ (income)					
Written off liability		**(991,004,060)**	**(5.22)**	-	-
Others		**(81,249,563)**	**(0.43)**	-	-
Total other expenses/ (income)		**(1,072,253,623)**	**(5.65)**	-	-
Profit/ (Loss) before income tax		**(472,628,527)**	**(2.49)**	-	-
Income tax		**-**	**-**	-	-
Net profit/ (loss)		**(472,628,527)**	**(2.49)**	-	-

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of changes in equity for the year ended December 31, 2012 and 2011

Particulars	Amount in Indonesia Rupiah			Amount in INR (₹ Million)		
	Share capital	Deficits	Total equity	Share capital	Deficits	Total equity
Balance December 31, 2010	600,000,000		600,000,000	3.16	-	3.16
Profit/ (loss) for the year	-	-	-	-	-	-
Balance December 31, 2011	**600,000,000**	**-**	**600,000,000**	**3.16**	**-**	**3.16**
Additional paid in capital	**4,400,000,000**		**4,400,000,000**	**23.19**	**-**	**23.19**
Profit/ (loss) for the year		**(472,628,527)**	**(472,628,527)**	**-**	**(2.49)**	**(2.49)**
Balance December 31, 2012	**5,000,000,000**	**(472,628,527)**	**4,527,371,473**	**26.35**	**(2.49)**	**23.86**

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

Statements of cash flow for the year ended December 31, 2012 and 2011

Particulars	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Cash flow from operating activities				
Net profit/ (loss)	**(472,628,527)**	**(2.49)**	-	-
Depreciation	**1,700,652**	**0.01**	-	-
Decrease / (Increase) in current assets				
Advance	**(2,797,400)**	**(0.01)**		
Exploration and evaluation assets	**5,000,000**	**0.02**	-	-
Security deposit	**(49,140,000)**	**(0.26)**	-	-
Accrued expenses	**21,979,227**	**0.12**	-	-
Other payable	**9,442,000**	**0.05**	-	-
Net Cash used by operating activities	**(486,444,048)**	**(2.56)**	-	-
Cash flow from investing activities				
Purchase of fixed assets	**(15,157,000)**	**(0.08)**	-	-
Net Cash used by investing activities	**(15,157,000)**	**(0.08)**	-	-
Cash flow from financing activities				
Due to related parties	**701,245,940**	**3.69**	-	-
Due from related parties	**(4,212,960,636)**	**(22.20)**	-	-
Capital stock	**4,400,000,000**	**23.19**	-	-
Net Cash provided by financing activities	**888,285,304**	**4.68**	-	-
Net increase in cash and bank	**386,684,256**	**2.04**	-	-
Cash and bank beginning of the year	**-**	**-**	-	-
Cash and bank at end of the year	**386,684,256**	**2.04**	-	-

The financial statements are translated at the exchange rate as on 31.03.2014 i.e. 1USD= IDR 11,404 and 1USD = INR 60.0998.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 With Comparative Figures For The Year Ended 2011

(Figures in table are expressed in Rupiah, unless otherwise stated)

1. **GENERAL**

PT. JANGKAR PRIMA (referred as the "company") domiciled with headquarters in Buntok, Jalan Jelapat No. 32 RT 011/01 Kelurahan hilir Sper South Barito Buntok 73712 Central Borneo was established based on notarial deed No. 5 dated April 20, 2002, notary in Buntok and are registered in the southern district court Buntok with Number. 86/CV/2004 dated August 30, 2008.

The Company's Articles of Association has been amended for several times the latest amendment to the Deed of Shareholder Decision No. 11 dated 11 February 2011 prepared by Notary Tintin Surtini, SH. Substitute Notary Surjadi, S.H in Jakarta. This change is still in the process of approval by the Minister of Justice and Human Rights Republic of Indonesia in his Decree No. AHU-1,6148.AH.01.01. TH 2011 dated September 21, 2011.

The company is engaged in mining. Under Decree No. 343 , 2004 Regent Barito. The Company has obtained permission in mining exploration, transport, mining, washing/ processing, storage, transportation and marketing of all products from the mining area of 4.148 Ha of mining area located in Kecamatan Gunung Bintang Awai, South Barito District.

Deed No. 38 of the Notary Surjadi, SH. Notary in Jakarta on 13 January 2012 and has obtained approval from the Minister of Justice and Human Rights Republic of Indonesia. AHU-0558.AH.01.02 2012 on February 2, 2012,concerning paid-in capital and change management.

Composition of Board of Commissioners and Board of Directors as of December 31, 2012 in accordance with the deed. 38 mentioned above is as follows:

Sachin Sharma	President Commissioners
Vimal Chandra Nagori	Commissioners
Naval Kishore Kashyap	Board of Director
Pramod Kumar Mishra	Directors

Board of Commissioners and the Director of the Company as of December 31, 2011 Based on notarial deed of Notary Tintin Surtini, SH. Substitute Notary Surjadi, S.H in Jakarta No.11 dated February 11, 2011 are as follows :

Chalid Nugroho	Commissioners
Ny. Sri Demideyeti	Board of Director
Zain Mutakhir	Directors

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies applied by the Company in preparing the financial statements are as follows :

a. **Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards in Indonesia (SAK) comprising of the Statements of Financial Accounting Standards (PSAK) and Interpretation Financial Accounting Standards (ISAK) issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The financial statements, except for the statements of cash flow, are prepared under the accrual basis of accounting. The measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies of each account.

The statements of cash flow have been prepared using direct method by classifying cash flow into operating, investing and financing activities.

The reporting currency used in the financial statements is Rupiah.

Effective January 1, 2011, the Company have adopted PSAK No. 1 (Revised 2009) regulates presentation of financial statements as to, among others, the objective, component of financial statements, fair presentation, materiality and aggregate, offsetting, distinction between current and non- current assets and short-term and long- term liabilities, comparative information and consistency and introduces new disclosures such as, among others, key estimations and judgments, capital management, other comprehensive income, departures from accounting standards and statement of compliance.

b. **Transaction with Related Parties**

The related parties have:

1. Indirectly through one or more intermediaries, controls or is controlled by, or under the control along with the company;
2. Associated companies;
3. Individuals owning, directly or indirectly, any voting rights in a company that has significant influence, and close relatives of such individuals who can affect or be affected by such individuals in their transactions with the company;
4. Key management persons having authority and responsibility for planning, directing and controlling the activities of which include members of the Board of Commissioners, Directors and Managers of companies and close family members of such individuals;
5. Companies in which a substantial interest in voting power is owned, directly or indirectly by any person described in clause (c) and (d), or the individuals have significant influence over these companies. This includes enterprises owned by members of the Board of Commissioners, Directors, Substantial Shareholders of the company, and companies that have a member of key management in common with the Company.

All transactions with related parties which are related either done or not interest rates or prices, terms and conditions as those conducted by outside parties. Parties that have a special relationship disclosed in the Financial Statements.

c. **Fixed Assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation. Fixed assets, except land, are depreciated using the straight line method over their estimated useful lives as follows:

Years	
5	Tools and inventory

The cost of maintenance and repairs is charged to statements of income as incurred. Significant renewals and betterment are capitalized. When assets are retired or otherwise disposed, the carrying value and the related accumulated depreciation are removed from the accounts and any resulting gains or loss is reflected in the statement of income.

d. **Exploration and Evaluation Assets**

The Company applied PSAK No. 64, "Exploration and Evaluation Assets". Exploration and evaluation assets represent the expenses incurred in relation with the process of exploring coal mining concession.

e. **Foreign Currency Translation**

Transactions during the year related to foreign currencies are recorded at the exchange rate at the transaction paa. At balance sheet date, all assets and liabilities denominated in foreign currencies are translated into the value of the rupiah exchange rate of Bank Indonesia prevailing on the balance sheet date.

On December 31, 2012 and 2011, Bank Indonesia middle rate used for Rp 9.670 and Rp 9.068 to US$ 1. Profit or loss on foreign exchange are credited or charged to current operations.

f. **Revenue and Expenses Recognized**

Effective from January 1, 2011, the Company adopted SFAS No. 23 (Revised 2010), "Revenue'. The revised SFAS identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. There is no significant impact of these amended accounting standards on the financial statements.

Revenue is recognized 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, excluding discounts, rebates and sales taxes (VAT).

Expenses are recognized as incurred on an accrual basis.

g. **Income Tax**

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

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current corporate income tax is calculated using tax rates based on tax laws that have been enacted or substantively enacted as at the reporting dates.

ii) Deferred tax

Deferred tax is calculated by using the liability method on temporary differences at the reporting date between the tax bases for assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced if the taxable income is not sufficient to compensate all or part of the benefit that deferred tax utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting dates. The related tax effects of the provisions for and/or reversals of all temporary differences during the period, including effect of the change in tax rates, are included in the statement of comprehensive income of the current year.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to offset current tax assets against current tax liabilities or the deferred tax assets and the deferred tax liabilities relate to the same taxable entity, or the Company intends to settle its current assets and liabilities on a net basis.

h. **Post Employment Benefits**

Pension benefit obligation is the present value of the defined benefit obligation at the balance sheet date less the adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Company is required to provide a minimum pension benefit as stipulated in Law No. 13/2003, which represents an underlying defined benefit obligation. If the pension benefits based on Law No. 13/2003 are higher than the existed pension plan, the difference is recorded as part of the overall pension benefits obligation.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. On the other hand, provisions for current service costs are directly charged to operations of the current period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations at that date.

The actuarial gains or losses in excess of the said 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

i) Other post-employment obligations

The Company also provides other post-employment benefits, such as service pay. The service pays benefit vests when the employees reach their retirement age. These benefits have been accounted for using the same methodology as for the defined pension benefit plan.

ii) Termination benefits

Termination benefits are payable when ever an employee's employment is terminated before the normal retirement date. The Company recognizes termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan and the possibility to withdraw the plan is low. Benefits falling due more than 12 months after the balance sheet date are discounted at present value.

iii) Other long-term benefits

Other benefits such as long service leave is calculated in accordance with the Company regulations, using the projected unit credit method and discounted to present value.

The Company did not record provision for post employment benefit since the Company has no permanent staff.

i. **Use of Estimates**

The preparation of financial statements in conformity with general accepted accounting principles requires management to make 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 the revenues and expenses during the reporting. Actual result could differ from those estimates.

j. **Impairment of Assets**

Management reviews any indication of impairment (recovery) value of assets on the balance sheet date and the possible reduction in the recoverable amount whenever events indicate impairment of assets.

The recoverable value is calculated based on value in use or net selling value, whichever is higher.

The impairment loss is recognized if the carrying amount exceeds the recoverable value. On the other hand, the recovery of impairment loss is recognized when there is indication that the impairment is no longer the case.

Impairment (recovery) value of assets is recognized as an expense (income) in the income statement for the year.

k. **Financial Instruments**

Effective from January 1, 2010, the Company adopted SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement".

SFAS No. 50 (Revised 2006) manages the requirements in how to present the financial instruments, and the necessary information that should be disclosed in the financial statements, while SFAS No. 55 (Revised 2006) establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of SFAS No. 55 (Revised 2006) are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial asset. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates them at each financial year-end.

The Company's financial assets consist of cash on hand and in banks, and other receivables from third parties which are classified and accounted under SFAS No. 55 (Revised 2006).

When financial assets are recognized initially, they are measured at fair value, and in the case of financial assets not at fair value through statements of comprehensive income, plus directly attributable transaction costs with acquisition of that financial assets.

Subsequent measurement

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are carried at amortized cost using the effective interest method, and the related gains and losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

An allowance is made for uncollectible amounts when there is objective evidence that the Company will not be able to collect the debt Bad debts are written off when identified.

The detail of the accounting policies concerning the impairment of financial assets are disclosed as below.

De-recognition

The financial assets, or which applicable as part of financial assets or part of a Company of similar financial assets, will be de- recognized at the time of:

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lowest of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity is recognized in the statements of comprehensive income.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, them 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 flow of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company firstly assesses individually whether objective evidence relating impairment for individually significant assets exists, or collectively for financial assets that are not individually significant.

When there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance for impairment account and the amount of the loss is directly recognized in the statements of comprehensive income.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. The reversal shall not result in an excessive amount of carrying amount of the financial assets over what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The recovery of financial assets is recognized in the statements of comprehensive income.

The present value of the estimated future cash flow is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the prevailed effective interest rate.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SFAS No. 55 (Revised 2006) are classified as financial liabilities at fair value through statements of comprehensive income or loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognized at their fair values, and in case of loans and borrowings, include directly attributable transaction costs.

As at the statements of financial position date, the Company has no other financial liabilities other than those classified as loans and borrowings.

Subsequent measurement

The Company's financial liabilities include others payable to third parties and accrued expenses.

Liabilities for others payable to third parties and accrued expenses was stated at carrying amounts (notional amounts), which approximate their fair values.

De-recognition

A financial liability is de-recognized when it is extinguished, that is when the obligation specified in the contract 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 financial liability are substantially modified, such an exchange or modification is treated as de-recognition of the original financial liability and recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by referring to quoted market prices at the end of the reporting period, without any deduction for transaction costs.

For financial instruments where there is no active market, the fair value is determined using the appropriate valuation techniques permitted by SFAS No. 55 (Revised 2006) such as using recent arm's length market transactions; referring to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3. REVISED ACCOUNTING STANDARDS

The Company adopted the following revised standards which are effective for financial statements beginning on 2012 and 2011 as follows:

	Effective in 2011
Presentation of Financial Statements	SFAS No. 1
Statement of Cash Flow	SFAS No. 2
Interim Financial Reporting	SFAS No. 3
Consolidated and Separate Financial Statements	SFAS No. 4
Operating Segments	SFAS No. 5
Related Party Disclosures	SFAS No. 7

Events after the Reporting Period	SFAS No. 8
Interests in Joint Venture	SFAS No. 12
Investments in Associates	SFAS No. 15
Intangible Assets	SFAS No. 19
Business Cornbination	SFAS No. 22
Revenue	SFAS No. 23
Accounting Policies, Changes in Accounting Estimates and Errors	SFAS No. 25
Impairment of Assets	SFAS No. 48
Provisions, Contingent Liabilities and Contingent Assets	SFAS No. 57
Non-current Assets Held for Sale and Discontinued Operations	SFAS No. 58
Consolidation Special Purpose Entities	IFAS No. 7
Changes in Existing Decommissioning, Restoration and Similar Liabilities	IFAS No. 9
Customer Loyalty Programmes Distribution of Non-cash Assets to Owners	IFAS No. 10
Jointly Controlled Entitles: Non monetary Contributions by Ventures	IFAS No. 12
Intangible Assets - Web site Cost	IFAS No. 14
Interim Financial Reporting and Impairment	IFAS No. 17
	Effective in 2012
The Effects of Changes in Foreign Exchange Rates	SFAS No. 10
Accounting and Reporting by Retirement Benefit Plans	SFAS No. 18
Employee Benefits	SFAS No. 24
Accounting for Income Taxes	SFAS No. 46
Financial Instruments: Presentation	SFAS No. 50
Share-based Payments	SFAS No. 53
Financial Instruments: Disclosures	SFAS No. 60
SFAS No. 24 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IFAS No. 15
Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	IFAS No. 20

The Company has adopted the effects of these revised standards and Interpretations which is significant on the financial statements.

4 CASH AND BANK

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Cash on hand	**6,115,701**	**0.03**	-	-
Bank				
Bank Standard Chartered	**380,568,555**	**2.01**	-	-
Total cash and bank	386,684,256	2.04	-	-

5 DUE FROM RELATED PARTY

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Advance project	**4,212,960,636**	**22.20**	-	-
	4,212,960,636	22.20	-	-

Based on the letter dated February 11, 2012, due from related party represents advance paid for the project mining management. Due to certain condition, the project then postponed and the advance will be returned by PT Batu Bumi Persada.

6 ADVANCE

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Advance operation	**2,797,400**	**0.01**	-	-
	2,797,400	0.01	-	-

7 SECURITY DEPOSIT

This account represents deposit for office rental to PT Permata Birama amounted to Rp 49,140,000 as of December 31, 2012.

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
PT Permata Birama	**49,140,000**	**0.26**	-	-
	49,140,000	0.26	-	-

8 FIXED ASSET

This account consists of:

Amount in Indonesia Rupiah

	2012			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
At Cost				
Office equipment	-	15,157,000	-	15,157,000
	-	15,157,000	-	15,157,000
Accumulated Depreciation				
Office equipment	-	1,700,652	-	1,700,652
	-	1,700,652	-	1,700,652
Book value	-			13,456,348

Amount in INR (₹ Million)

	2012			
	Beginning balance	**Addition**	**Disposal**	**Ending balance**
At Cost				
Office equipment	-	0.08	-	0.08
	-	0.08	-	0.08
Accumulated Depreciation				
Office equipment	-	0.01	-	0.01
	-	0.01	-	0.01
Book value	-			0.07

9 EXPLORATION AND EVALUATION ASSETS

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Lease assets	**625,000,000**	**3.29**	625,000,000	3.29
License/ permit	**609,805,760**	**3.21**	609,805,760	3.21
Overheads	**135,200,000**	**0.71**	135,200,000	0.71
Travelling	**90,898,300**	**0.48**	90,898,300	0.48
Exploration	**23,800,000**	**0.13**	23,800,000	0.13
Others	**101,300,000**	**0.54**	106,300,000	0.56
	1,586,004,060	8.36	1,591,004,060	8.38

Exploration and evaluation assets represent the expenses incurred during the exploration stage of the mining concession.

10 DUE TO RELATED PARTY

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Global Power Projects Singapore Pte. Ltd.	**1,692,250,000**	**8.92**	-	-
Chalid Nugroho (shareholder)	-	-	991,004,060	5.22
	1,692,250,000	**8.92**	991,004,060	5.22

Based on loan agreement dated May 30, 2012, the Company obtained loan facility from related party amounted to US$ 200,000. The balance as of December 31, 2012 is amounted to US$ 175,000.

11 OTHER PAYABLES

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Others payable	**9,442,000**	**0.05**	-	-
	9,442,000	**0.05**	-	-

12 ACCRUED EXPENSES

This account represents professional fee as of December 31, 2012 and 2011 amounted to Rp 21,979,227 and nil respectively.

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
Professional fee	**21,979,227**	**0.11**	-	-
	21,979,227	**0.11**	-	-

13 SHARE CAPITAL

Based State Gazette No. 62076 dated October 25, 2012, the composition of shareholder and percentage of ownership of the Company as of December 31, 2012 are as follows:

	2012			
	Stock	**% of ownership**	**Nominal value (in Indonesia Rupiah)**	**Amount (in Indonesia Rupiah)**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,940**	**99.88%**	**100,000**	**4,994,000,000**
Global Power Projects Singapore Pte. Ltd.	**60**	**0.12%**	**100,000**	**6,000,000**
	50,000	**100.00%**		**5,000,000,000**

	2012			
	Stock	**% of ownership**	**Nominal value (in Indonesia Rupiah)**	**Amount (in ₹ Million)**
Bajaj Hindusthan (Singapore) Pte. Ltd.	**49,940**	**99.88%**	**100,000**	**26.32**
Global Power Projects Singapore Pte. Ltd.	**60**	**0.12%**	**100,000**	**0.03**
	50,000	**100.00%**		**26.35**

The composition of shareholder and percentage of ownership of the Company as of December 31, 2011 are as follows:

	2011			
	Stock	% of ownership	Nominal value (in Indonesia Rupiah)	Amount (in Indonesia Rupiah)
Chalid Nugroho	5,700	95.00%	100,000	570,000,000
Zain Mutakhir	150	2.50%	100,000	15,000,000
Ny. Sri Demideyeti	150	2.50%	100,000	15,000,000
	6,000	100.00%		600,000,000

	2011			
	Stock	% of ownership	Nominal value (in Indonesia Rupiah)	Amount (in ₹ Million)
Chalid Nugroho	5,700	95.00%	100,000	3.00
Zain Mutakhir	150	2.50%	100,000	0.08
Ny. Sri Demideyeti	150	2.50%	100,000	0.08
	6,000	100.00%		3.16

14 OPERATING EXPENSES

	2012		2011	
	Amount in Indonesia Rupiah	**Amount in INR (₹ Million)**	Amount in Indonesia Rupiah	Amount in INR (₹ Million)
This account consists of:				
Dead rent	519,960,215	2.74	-	-
Professional services	468,978,304	2.47	-	-
Office rental	123,498,000	0.65	-	-
Salaries	78,882,624	0.42	-	-
Expenses in Buntok	62,498,567	0.33	-	-
General expenses	31,752,112	0.17	-	-
Internet, electricity and office phone	13,276,786	0.07	-	-
Travelling	10,378,000	0.05	-	-
Advertising	5,348,670	0.03	-	-
Others	230,308,872	1.21	-	-
	1,544,882,150	8.14	-	-

15. FINANCIAL RISK MANAGEMENT

The Company principal financial assets comprise cash on hand and in banks and receivables from related party. The Company also has various financial liabilities such as payable to related party and accrued expenses.

The Company policy is not to undertake hedging transactions for its financial instruments.

The main risks arising from the Company's financial instruments are foreign currency risk and liquidity risk. The Director reviews and approves policies for managing each of these risks, which are described in more details as follows:

Fair value and cash flow interest rate risk

Currently, the Company does not have a formal hedging policy for interest rate exposures.

As of December 31, 2012 and 2011, the Company does not have financial liabilities that are exposed to interest rate risk.

Foreign currency risk

The Company's reporting currency is in Rupiah. The Company faces foreign exchange risk as its cash on hand and in banks, receivables and payables to related parties are either denominated in foreign currency (mainly the US Dollar) or whose price is significantly influenced by their benchmark price movements in foreign currencies. Currently, the Company does not have a formal hedging policy for foreign currency exposures. As of December 31, 2012 and 2011, the Company has net assets position of monetary assets and liabilities denominated in foreign currency.

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and bank, and the availability of funding through an adequate amount of committed credit facilities.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities.

16. NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards issued by the Financial Accounting Standards Board (DSAK) but not yet effective in 2012 are as follows:

- PSAK No. 38 (Revised 2012): "Business Combination of Entities under Common Control"
- Withdrawal of accounting standards of PSAK No. 51 "Accounting of Quasi Reorganization"

The Company is currently evaluating the impact of these accounting standards and has not determined the impact on the financial statements.

17. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements have been approved by the Management of the Company to be issued on April 29, 2013.

bajaj hindusthan ltd.

Reports and Accounts of
Subsidiary Companies 2012-14

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