

TATA POWER INTERNATIONAL PTE. LIMITED
(Company Registration No. 201309096C)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

TATA POWER INTERNATIONAL PTE. LIMITED
(Incorporated in Singapore)

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

CONTENTS

	<u>Page</u>
Report of the Directors	1 - 2
Statement of Directors	3
Independent Auditors' Report	4 - 5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9 - 10
Notes to Financial Statements	11 - 49

TATA POWER INTERNATIONAL PTE. LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended March 31, 2015.

DIRECTORS

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

Kottamasu Venkateswara Rao
Sanjay Dube
Minesh Shri Krishna Dave
John Randall JR Freeman
Shubh Srivastava

(Appointed on December 3, 2014)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial period did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial period had no interests in the share capital or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the 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 he is a member, or with a company in which he has a substantial financial interest. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

TATA POWER INTERNATIONAL PTE. LIMITED
REPORT OF THE DIRECTORS

SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

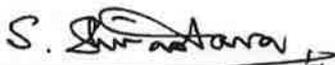
(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



Shubh Srivastava
Director



Kottamasu Venkateswara Rao
Director

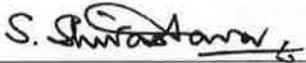
May 18, 2015

TATA POWER INTERNATIONAL PTE. LIMITED

STATEMENT OF DIRECTORS

In the opinion of the directors, the financial statements of the Company as set out on pages 6 to 49 are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the results, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement, with the continued financial support of the holding company, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS



Shubh Srivastava
Director



Kottamasu Venkateswara Rao
Director

May 18, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF TATA POWER INTERNATIONAL PTE. LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Power International Pte. Limited (the "Company") which comprise the statement of financial position of the Company as at March 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 49.

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 (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 safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised 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.

Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
TATA POWER INTERNATIONAL PTE. LIMITED**

Opinion

In our opinion the financial statements of the Company 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 March 31, 2015 and of the results, changes in equity and cash flows of the Company for the 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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

May 18, 2015

TATA POWER INTERNATIONAL PTE. LIMITED

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015**

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$ (Restated)
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	7	1,968,586	1,256,066
Trade receivables	8	768,340	332,500
Other financial asset at fair value through profit or loss	9	4,012,444	20,449,209
Total current assets		<u>6,749,370</u>	<u>22,037,775</u>
Non-current assets			
Advances toward joint venture	10	605,475	-
Prepaid expenses for investments		221,089	-
Investment in joint ventures	11	120,362,436	17,574,478
Available-for-sale financial assets	12	1,405,067	10,887,522
Total non-current assets		<u>122,594,067</u>	<u>28,462,000</u>
TOTAL ASSETS		<u>129,343,437</u>	<u>50,499,775</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables	13	430,239	1,040,057
Other payables	14	36,926,938	14,272,056
Income tax payable		-	3,300
Total current liabilities		<u>37,357,177</u>	<u>15,315,413</u>
Non-current liability			
Redeemable preference shares	15	<u>41,035,054</u>	<u>11,476,149</u>
Capital and accumulated profits (losses)			
Share capital	16	17,950,000	17,950,000
Capital reserve	17	25,970,050	7,706,950
Accumulated profits (losses)		7,031,156	(1,948,737)
Total equity		<u>50,951,206</u>	<u>23,708,213</u>
TOTAL LIABILITIES AND NET EQUITY		<u>129,343,437</u>	<u>50,499,775</u>

See accompany notes to financial statements.

TATA POWER INTERNATIONAL PTE. LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2015**

	<u>Note</u>	April 1, 2014 to March 31, 2015 US\$	April 5, 2013 (date of incorporation) to March 31, 2014 US\$ (Restated)
Service fees income from consultancy service rendered		6,540,893	1,026,603
Service fee expense		(2,920,169)	(732,433)
Other income	18	11,021,534	2,599,399
Exchange (loss) gain		(1,568)	68
Staff and related costs		(628,668)	(30,540)
Operating expenses	19	(620,678)	(175,738)
Impairment loss on available-for-sale financial assets	12	(1,682,455)	(4,564,652)
Finance costs	20	<u>(2,615,575)</u>	<u>(68,144)</u>
Profit (Loss) before income tax	21	9,093,314	(1,945,437)
Income tax expense	22	<u>(113,421)</u>	<u>(3,300)</u>
Total profit / (loss) for the year, representing total comprehensive profit / (loss) for the year		<u>8,979,893</u>	<u>(1,948,737)</u>

See accompany notes to financial statements.

TATA POWER INTERNATIONAL PTE. LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2015**

	<u>Note</u>	<u>Share capital</u> \$	<u>Capital reserve</u> \$	<u>Accumulated profits (losses)</u> \$	<u>Total</u> \$
Balance as at April 5, 2013 (date of incorporation)		1	-	-	1
Issue of share capital	16	17,949,999	-	-	17,949,999
Loss for the period, representing total comprehensive loss for the financial period		-	-	(1,948,737)	(1,948,737)
Deemed capital contribution from holding company	17	<u>-</u>	<u>7,706,950</u>	<u>-</u>	<u>7,706,950</u>
Balance at March 31, 2014 (Restated)		<u>17,950,000</u>	<u>7,706,950</u>	<u>(1,948,737)</u>	<u>23,708,213</u>
Profit for the period, representing total comprehensive profit for the financial year		-	-	8,979,893	8,979,893
Deemed capital contribution from holding company	17	<u>-</u>	<u>18,263,100</u>	<u>-</u>	<u>18,263,100</u>
Balance at March 31, 2015		<u>17,950,000</u>	<u>25,970,050</u>	<u>7,031,156</u>	<u>50,951,206</u>

See accompany notes to financial statements.

TATA POWER INTERNATIONAL PTE. LIMITED

**STATEMENT OF CASHFLOWS
YEAR ENDED MARCH 31, 2015**

	Note	April 1, 2014 to March 31, 2015 US\$	April 5, 2013 (date of incorporation) to March 31, 2014 US\$ (Restated)
Operating activities			
Profit (Loss) before income tax:		9,093,314	(1,945,437)
Adjustments for:			
Interest expense		2,608,407	67,328
Interest income	18	(462,539)	(158,865)
Fair value gain on other financial asset at fair value through profit or loss	18	(10,558,995)	(2,440,534)
Impairment loss on available-for-sale financial assets	12	<u>1,682,455</u>	<u>4,564,652</u>
Cash flows before changes in working capital		2,362,642	87,144
Trade receivables		(435,840)	(332,500)
Trade payables		(609,818)	1,040,057
Other payables		<u>(260,293)</u>	<u>419,871</u>
Cash generated from operations		1,056,691	1,214,572
Interest received		3,295	190
Interest paid		(9,033)	-
Income tax paid		<u>(116,721)</u>	<u>-</u>
Net cash from operating activities		<u>934,232</u>	<u>1,214,762</u>
Investing activities			
Advances toward investments		(221,089)	-
Purchase of available-for-sale financial assets	12	-	(7,859,537)
Investment in joint venture	11	(41,780,553)	(17,574,478)
Loan to joint venture	9	<u>(4,000,000)</u>	<u>(17,850,000)</u>
Net cash used in investing activities		<u>(46,001,642)</u>	<u>(43,284,015)</u>
Financing activities			
Proceeds on issue of shares	16	-	17,950,000
Proceeds on issue of redeemable preference share	15	45,779,930	19,080,000
Deemed capital contribution from holding company		-	95,319
Proceeds from borrowings		1,612,761	23,530,000
Repayment of borrowings		<u>(1,612,761)</u>	<u>(17,330,000)</u>
Net cash from financing activities		<u>45,779,930</u>	<u>43,325,319</u>

TATA POWER INTERNATIONAL PTE. LIMITED

**STATEMENT OF CASH FLOWS (cont'd)
YEAR ENDED MARCH 31, 2015**

	<u>Note</u>	April 1, 2014 to March 31, 2015 US\$	April 5, 2013 (date of incorporation) to March 31, 2014 US\$
Net increase in cash and cash equivalents		712,520	1,256,066
Cash and cash equivalents at the beginning of financial year/date of incorporation		<u>1,256,066</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year/period	7	<u>1,968,586</u>	<u>1,256,066</u>

Note

During the financial year, the Company has the following non-cash transactions;

- i. Unquoted investments of US\$22,357,876 (2014 : US\$7,592,637) were acquired from a fellow subsidiary of the holding company during the year. The total consideration of US\$29,950,513 (2014 : US\$7,592,637) remains unpaid and is disclosed as other payables (Note 14).
- ii. The Company converted its loan to joint venture, classified as other financial asset at fair value through profit or loss, into equity shares amounting to US\$46,100,00 (2014 : US\$Nil) (Note 9).
- iii. Deemed capital contribution of non-cumulative redeemable preference shares ("RPS") at amortised cost from holding company amounts to US\$18,263,100 (2014 : US\$7,706,950) recognised upon issuance of the RPS (Note 15).

See accompany notes to financial statements.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

1. GENERAL

The Company (Registration No: 201309096C) is incorporated in Singapore with its principal place of business and registered office at 143 Cecil Street, #25-01GB Building, Singapore 069542. The financial statements are expressed in United States dollars.

The principal activity of the Company are those of investment holding and rendering of business and management consultancy services.

The financial statements of the Company for the financial year ended March 31, 2015 were authorised for issue by the board of directors on May 18, 2015.

Consolidated financial statements have not been prepared as the Company itself is a wholly-owned subsidiary of The Tata Power Company Limited, incorporated in India, which prepares consolidated financial statements. Such financial statements are publicly available. The registered office of The Tata Power Company Ltd is located at Bombay House, 24, Homi Mody Street, Mumbai 400001, India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2014, the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- FRS 109 *Financial Instruments*⁴
- FRS 115 *Revenue from Contracts with Customers*³
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*²
- Improvements to Financial Reporting Standards (January 2014)¹
- Improvements to Financial Reporting Standards (February 2014)¹
- Improvements to Financial Reporting Standards (November 2014)²

¹ Applies to annual periods beginning on or after July 1, 2014, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

³ Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

⁴ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 Financial Instruments

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the Company in the period of application.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the Company in the period of application.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of FRS 1 on the financial statements of the Company in the period of application.

INTERESTS IN JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Where the Company undertakes its activities under joint venture arrangements directly, the Company's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the Company and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in joint ventures. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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 (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified as "at fair value through profit or loss", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Loans and Receivables

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

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Available-for-Sale Financial Assets

Certain shares held by the Company are classified as being available-for-sale. Quoted shares classified as available-for-sales are stated at fair value and unquoted shares classified as available for sale are stated at cost. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Impairment of Financial Assets

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

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. Impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

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

Derecognition of Financial Assets

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

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

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

Capital reserve

Capital reserve represent deemed capital contribution from holding company being the net present value of the non-cumulative preference shares issued, that is at amortised costs versus the notional amount.

Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when recognition of interest would be immaterial.

Interest-bearing redeemable preference shares are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see below).

Derecognition of Financial Liabilities

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

REDEEMABLE PREFERENCE SHARES - Redeemable preference shares are initially recorded at amortised cost with a corresponding deemed capital contribution to reserves upon recognition under FRS 39 *Financial Instruments: Recognition and Measurement*. Interest expense is recorded over the period of the life of the redeemable preference shares.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided and services rendered in the normal course of business, net of discounts and sales related taxes.

Service fees income

Service fees income from consultancy agreements to provide consultancy services is recognised in accordance with the substance of the relevant agreements. Service fee income determined on a time basis are recognised on a straight-line basis over the period of the agreement.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other 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 not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the financial statements.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. 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 period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Management is of the opinion that there are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

b) Key sources of estimation uncertainty

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

Impairment of investment in available-for-sale financial assets

Note 2 to the financial statements describes that impairment of investments in available-for-sale financial assets requires management to exercise judgement as to whether a significant or prolonged decline in fair value below the cost has occurred. Details of the Company's investment in available-for-sale financial assets are disclosed in Note 12 to the financial statements.

For the quoted equity shares, the management has considered the decline in the fair value of the investment as compared to the original cost of investment and the related trends and has accordingly made the judgement to impair the investment.

For the unquoted equity shares, the management has considered the available information with regards to the investee and any impairment indicators. Accordingly, management has made a judgement to impair certain investments.

Valuation of other financial asset at fair value through profit or loss

The loan to a joint venture, classified as other financial asset at fair value through profit or loss, carries the option to convert the outstanding amount of loan and accrued interest into equity shares of the joint venture based on a fixed price per share. The convertible loan is stated at fair value based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 4. The key assumptions used to determine the fair value include market-corroborated terminal yield, volatility, credit spread, revenue growth rate and discount rate.

Based on the assessed fair value of each equity share as determined by the valuer, management has recognised US\$10,558,995 (2014 : US\$2,440,534) in profit and loss upon conversion of the loan into equity shares of the joint venture.

The carrying amounts of the other financial asset at fair value through profit or loss and investment in joint venture are disclosed in Notes 9 and 11 to the financial statements respectively.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES
OF ESTIMATION UNCERTAINTY (cont'd)**

Impairment of investment in joint ventures

The Company holds significant investments in joint ventures as disclosed in Note 11. In assessing the impairment of the investment in joint ventures, management has obtained independent valuations of the underlying assets in the respective joint ventures.

In determining the fair value of the underlying assets, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 4. The key assumptions used to determine the fair value include revenue growth rate and discount rate. Based on the valuation obtained, management assessed the recoverable amount of the investment and concluded that the investments are not impaired as at March 31, 2015.

a) Categories of financial instruments

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

	<u>2015</u> US\$	<u>2014</u> US\$
Financial assets		
Cash and cash equivalents	1,968,586	1,256,066
Loan and receivables	768,340	332,500
Other financial asset at fair value through profit or loss	4,012,444	20,449,209
Available-for-sale financial assets	<u>1,405,067</u>	<u>10,887,522</u>
Financial liabilities		
Amortised cost	<u>78,265,981</u>	<u>26,030,762</u>

b) Financial risk management policies and objectives

i) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company deals mainly with related companies, related parties and reputable companies. All customers of the Company are evaluated by the holding company, who in turn will advise the credit terms to be granted.

The Company's principal financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalent is deposited with reputable financial institutions.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)**

Significant concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

For the financial year ended March 31, 2015, three customers (2014 : one) represented the entire balance of the Company's trade receivables balance.

Further details of credit risks on trade receivables are disclosed in Note 7.

ii) Interest rate risk management

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the currency reporting period or in future years.

The Company's profit or loss for the year is not expected to be substantially affected by changes in interest rates except for the impact on the fixed interest rate that is used to effectively discount the redeemable non-cumulative preference shares to amortised costs.

iii) Foreign currency risk management

The Company is exposed to changes in foreign exchange rates primarily with respect to the Singapore dollar and Australian dollar.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities dominated in foreign currencies are as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Assets</u>		
Singapore dollars	23,747	39,471
Australian dollars	<u>768,592</u>	<u>1,930,156</u>
<u>Liabilities</u>		
Singapore dollars	<u>241,563</u>	<u>155,758</u>

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont' d)

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the relevant foreign currencies weaken by 10% against the functional currency of the Company, the profit or loss for the year will decrease (increase) by:

	<u>2015</u> US\$	<u>2014</u> US\$
Singapore dollars	21,782	11,629
Australian dollars	(76,859)	(193,016)

iv) Capital risk management policies and objective

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern, with the continued support from the holding company. The capital structure of the Company comprises of issued capital and funding from its holding company.

v) Liquidity risk management

Liquidity risk refers to the risk in which the company has difficulties in meeting its short- term obligations. The company's operations are financed mainly through its internally generated cash flow, debt and funding from holding company. During the year, the holding company has invested in US\$Nil (2014 : US\$17,950,000) in the equity shares of the Company (Note 16) and subscribed to its redeemable preference shares of US\$45,779,930 (2014 : US\$ 19,080,000) (Note 15).

The Company is dependent on its holding company for continued financial support and management is satisfied that the financial support will be available when required. Hence, management is of the opinion that liquidity risk is minimal.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)**

Liquidity risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	<u>Average effective interest rate</u> %	<u>On demand or within 1 year</u> US\$	<u>Within 2 to 5 years</u> US\$	<u>After 5 years</u> US\$	<u>Adjustment</u> US\$	<u>Total</u> US\$
<u>2015</u>						
Non-interest bearing	N.A	31,030,928	-	-	-	31,030,928
Variable interest rate instrument	1.66	6,302,804	-	-	(102,804)	6,200,000
Fixed interest rate instruments	7.54	<u>64,859,930</u>	<u>-</u>	<u>-</u>	<u>(23,824,877)</u>	<u>41,035,053</u>
		<u>102,193,662</u>	<u>-</u>	<u>-</u>	<u>(23,927,681)</u>	<u>78,265,981</u>

	<u>Average effective interest rate</u> %	<u>On demand or within 1 year</u> US\$	<u>Within 2 to 5 years</u> US\$	<u>After 5 years</u> US\$	<u>Adjustment</u> US\$	<u>Total</u> US\$
<u>2014</u>						
Non-interest bearing	N.A	8,354,613	-	-	-	8,354,613
Variable interest rate instrument	1.65	6,302,424	-	-	(102,424)	6,200,000
Fixed interest rate instruments	7.54	<u>19,080,000</u>	<u>-</u>	<u>-</u>	<u>(7,603,851)</u>	<u>11,476,149</u>
		<u>33,737,037</u>	<u>-</u>	<u>-</u>	<u>(7,706,275)</u>	<u>26,030,762</u>

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)**

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the Company's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Adjustment US\$	Total US\$
<u>2015</u>						
Non-interest bearing	N.A	<u>4,141,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,141,993</u>

	Average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Adjustment US\$	Total US\$
<u>2014</u>						
Non-interest bearing	N.A	<u>12,476,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,476,088</u>

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash outflows on the derivative instrument that settle on a net basis and the undiscounted gross outflows on those derivatives that require gross settlement. When the amount receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)**

	Average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Adjustment US\$	Total US\$
<u>2015</u>						
Non-interest bearing	N.A	-	-	-	-	-
Fixed interest rate instruments	2.00	<u>4,092,693</u>	<u>-</u>	<u>-</u>	<u>(80,249)</u>	<u>4,012,444</u>
		<u>4,092,693</u>	<u>-</u>	<u>-</u>	<u>(80,249)</u>	<u>4,012,444</u>

	Average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Adjustment US\$	Total US\$
Non-interest bearing	N.A	2,440,534	-	-	-	2,440,534
Fixed interest rate instruments	2.00	<u>18,368,849</u>	<u>-</u>	<u>-</u>	<u>(360,174)</u>	<u>18,008,675</u>
		<u>20,809,383</u>	<u>-</u>	<u>-</u>	<u>(360,174)</u>	<u>20,449,209</u>

vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade receivables and payables and other receivables and payables, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)**

The Company classifies fair value measurements using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Fair value of the financial assets that are measured at fair value on a recurring basis

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value as at (US\$)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
	2015	2014				
Other financial assets at fair value through profit or loss (Note 9)	Assets	Assets	Level 3	Valuation of underlying shares of joint venture using discounted cash flow with key assumption in relation to revenue growth rates, discount rate and discount for lack of control.	Revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries including yield and electricity price. Weighted average cost of capital, determined using a Capital Asset Pricing Model and International Cost of Capital Model, at 12.6% per annum.	The higher the revenue growth rate, the higher the fair value. The higher the weighted average cost of capital, the lower the fair value.
	46,100,000 (at conversion)	20,449,209				
(i) Loan to joint venture Adjaristsqali Netherlands B.V.					Discount for lack of control of 5%, determined by reference to the responsibility of the respective shareholders as stated in the shareholder agreement.	The higher the discount, the lower the fair value.
(ii) Loan to joint venture Koremkheti B.V.	4,012,444	-	Level 3	Last transacted price in inactive market	N/A	N/A

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Fair value of the financial assets that are measured at fair value on a recurring basis

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value as at (US\$)	Fair value as at (US\$)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
	2015	2014				
Investments in joint venture (Note 11)	Assets	Assets	Level 3	Valuation of underlying shares of joint venture using discounted cash flow with key assumption in relation to revenue growth rates, discount rate and discount for lack of control.	Revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries including yield and electricity price. Weighted average cost of capital, determined using a Capital Asset Pricing Model and International Cost of Capital Model, at 9.2% per annum. Discount for lack of marketability of 40%, determined by reference to the responsibility of the respective shareholders as stated in the shareholder agreement.	The higher the revenue growth rate, the higher the fair value. The higher the weighted average cost of capital, the lower the fair value. The higher the discount, the lower the fair value.
	39,857,876	-				

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Fair value of the financial assets that are measured at fair value on a recurring basis (cont'd)

Financial assets	Fair value as at (US\$)	Fair value as at (US\$)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
	2015	2014				
Available-for-sale investments (Note 12)	768,592	1,930,156	Level 1	Quoted bid prices in an active market.	N/A	N/A
(i) Quoted equity investment - at fair value						
(ii) Unquoted equity investments - at cost	-	520,891	Level 3	Last transaction price in an inactive market	N/A	N/A

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Equity price risk management

The Company is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Company does not actively trade available-for-sale investments. Further details of these equity investments can be found in Note 12 to the financial statements.

5. HOLDING COMPANY AND RELATED COMPANIES

The Company is a subsidiary of The Tata Power Company Limited which is the company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements.

The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant intercompany transactions:

	April 1, 2014 to March 31, 2015 US\$	April 5, 2013 (date of incorporation) to March 31, 2014 US\$
<u>Holding Company</u>		
Service fees expense	(1,165,762)	(732,433)
Amortised interest on RPS	(2,042,075)	(7,780)
Financial guarantee expense (Note 20)	<u>(183,525)</u>	<u>(31,203)</u>
 <u>Fellow subsidiaries</u>		
Interest expense	(104,186)	(28,345)
Management fees expense	(107,095)	(107,107)
Service fees expense	(1,845,923)	-
Consultancy fees expense	<u>-</u>	<u>(244,478)</u>

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

6. OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u>
<u>Joint venture and subsidiary of joint venture</u>		
Service fees income	4,070,000	332,500
Interest income	459,244	158,675
Consultancy fees expense	<u>-</u>	<u>(19,635)</u>

6. OTHER RELATED PARTY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

The Company has only one part-time employee. Corporate and administrative services of the Company are managed by Trust Energy Resources Pte Ltd, fellow subsidiary of the Company, and the charges are included under management fees charged by the fellow subsidiary. Hence, there is no key management remuneration cost incurred by the Company.

7. CASH AND CASH EQUIVALENTS

	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
Cash at bank	<u>1,968,586</u>	<u>1,256,066</u>

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

8. TRADE RECEIVABLES

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Related party	6	445,379	332,500
Outside party		<u>322,961</u>	<u>-</u>
		<u>768,340</u>	<u>332,500</u>

The Company's trade receivables are dominated in United States dollars.

The average credit period is 28 days (2014 : 28 days). Interest is charged on the trade receivables at the rate of 6 months London Interbank Offered Rate ('LIBOR') plus 2% per annum (2014 : LIBOR plus 2% per annum) to the subsidiary of joint venture on trade receivables beyond the credit period of 28 days from the date of invoice.

Before accepting any new customer, the Company will assess the potential customer's credit quality. Limits are monitored periodically by management. The Company makes specific allowances for receivables based on management assessment that majority receivables that are past due beyond 120 days are generally not recoverable. In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no allowance required.

The Company does not hold any collateral over the trade receivables. There are trade receivables balances of US\$371,193 (2014 : US\$Nil) as at year end that are past due but not impaired.

9. OTHER FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2015</u> US\$	<u>2014</u> US\$
Adjaristsqali Netherlands B.V.	-	20,449,209
Koromkheti B.V.	<u>4,012,444</u>	<u>-</u>
	<u>4,012,444</u>	<u>20,449,209</u>

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

9. OTHER FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Koromkheti B.V

The Company has entered into an agreement with its joint venture to provide a loan facility of US\$8.6 million (2014 : US\$Nil). As at March 31, 2015, the loan amounting to US\$4,012,444 comprises outstanding loan principal of US\$4,000,000 and accrued interest of US\$12,444. The loan is unsecured, interest bearing and is repayable on demand. Interest is computed for the actual number of days at a fixed rate of 2% per annum (basis 360 days). Management has assessed the fair value of the amount to be equivalent to the transaction price as at March 31, 2015 (Note 4(vi)).

Under the loan agreement, the Company has the option to convert the outstanding amount of loan and accrued interest into equity shares of the joint venture based on a fixed price per share. No part of the loan has been converted into shares as of March 31, 2015 but management intends to convert within the financial year ended March 31, 2016.

The loan to a joint venture is measured at fair value through profit or loss in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* as it is a hybrid instrument which gives the Company a right to convert the loan to equity shares.

Other financial assets at fair value through profit or loss are denominated in United States dollars, the functional currency of the Company.

Adjaristsqali Netherlands B.V

The Company has entered into an agreement with its joint venture to provide a loan facility of US\$54 million (2014 : US\$20million) and the amount drawn down before conversion into equity shares in the joint venture was US\$46,100,000.

Under the loan agreement, the Company has the option to convert the outstanding amount of loan and accrued interest into equity shares of the joint venture based on a fixed price per share. The loan amount of US\$36,600,000 and US\$9,500,000 have been converted to shares on November, 2014 and December 5, 2014 respectively. The remaining amount of US\$605,475 (2014 : US\$158,575) is in the midst of being converted into equity shares and has been reclassified as "Advances to joint venture" (Note 10). Management expects the conversion to be completed within the next twelve months.

Upon conversion of the loan amount, its fair value of US\$10,558,995 (2014 : US\$2,440,534), determined through an independent valuer (Note 4(vi)), has been recognised in profit or loss during the year.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

10. ADVANCES TOWARD JOINT VENTURE

Advances toward joint venture relates to the accrued interest which are in the midst of conversion into equity shares of the joint venture (Note 9). The conversion is expected to be completed within the next 12 months.

11. INVESTMENT IN JOINT VENTURES

	<u>2015</u> US\$	<u>2014</u> US\$
Investment in joint venture - at cost	107,362,907	17,574,478
Deemed equity contribution	<u>12,999,529</u>	<u>-</u>
	<u>120,362,436</u>	<u>17,574,478</u>

Adjaristsqali Netherlands B.V

The Company has interest in 15,523 (2014 : 4,000) common shares representing 40% (2014 : 40%) of the paid up equity shares of Adjaristsqali Netherlands B.V., a joint venture established in Netherlands. Investment amounts to US\$80,503,937 (2014 : US\$17,574,478) comprising of investment cost of US\$67,504,408 (2014 : US\$17,574,478) and deemed capital contribution of US\$12,999,529 (2014 : US\$Nil) arising from fair value adjustment on conversion of loan into equity shares. Although the Company holds less than 50% of the equity shares in Adjaristsqali Netherlands, the Company has joint control over the financial and operating policies of the entity by virtue of the provisions of the joint venture agreement entered into with the counterparty joint venturers.

In 2014, the Company entered into a shareholder agreement with joint venturers to the joint venture, which allows one of the joint venturers ("Put Holder") to exercise a put option to sell its shares in the joint venture to the remaining two joint venturers, upon occurrence of triggering events as defined in the shareholder agreement. The joint venturer which causes the triggering event is obligated to purchase, while the other joint venturer has the right to purchase, from the Put Holder such number of shares computed based on proportion of the remaining two joint venturers' shareholdings in the joint venture. The purchase price will be based on the fair value of the shares when the Put Holder exercises the put option. Accordingly, the fair value of the put option is nil. As of March 31, 2015, there is no such triggering event and the put option is not exercised.

The Company has entered into a Sponsor Support and Share Retention Agreement with joint venturers to the joint venture and is secured by a corporate guarantee issued by the holding company for an amount of US\$29 million (2014 : US\$Nil).

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

11. INVESTMENT IN JOINT VENTURES (cont'd)

OTP Geothermal Pte. Ltd

As at March 31, 2015, the Company holds 39,857,876 (2014 : 7,800,000) common shares amounting to US\$39,857,876 (2014 : US\$7,800,000) which represents 50% interests in OTP Geothermal Pte. Ltd. 22,357,876 common shares in OTP were purchased for a consideration of US\$22,357,876 from its fellow subsidiary in June 2014. The consideration remains unpaid and is disclosed as "Other payables" (Note 14). The Company has joint control over the entity and the rights to the net assets of the entity by virtue of the provisions of the joint venture agreement entered into with the counterparty joint venturers. Hence, US\$7,800,000 of the investment in OTP has been reclassified from available-for-sale financial asset to investment in joint venture since June 2014 upon purchase of additional shares in OTP.

Management has considered the current progress, budgets and the future plans of the joint ventures. Based on such information and certain other information which is available to the management, it has concluded that the investments are not impaired. In making this conclusion, management has also considered that fact that the joint ventures are currently in exploratory phase of the business cycle. This conclusion by management involves significant judgements and estimates regarding the success of the joint ventures based on the future plans and budgets as well as the outcome of research activities in a foreseeable future. Fair value technique adopted and key assumptions are disclosed in Note 4(vi).

Koromkheti B.V

The Company has interest in 500 (2014 : Nil) common shares representing 40% of the paid up equity shares of Koromkheti B.V., a joint venture established in Netherlands. Investment amounts to US\$623 (2014 : US\$Nil). Although the Company holds less than 50% of the equity shares in Koromkheti B.V, the Company has joint control over the financial and operating policies of the entity by virtue of the provisions of the joint venture agreement entered into with the counterparty joint venturers.

During the financial year, the Company entered into a shareholder agreement with joint venturers to the joint venture, which allows one of the joint venturers ("Put Holder") to exercise a put option to sell its shares in the joint venture to the remaining two joint venturers, upon occurrence of triggering events as defined in the shareholder agreement. The joint venturer which causes the triggering event is obligated to purchase, while the other joint venturer has the right to purchase, from the Put Holder such number of shares computed based on proportion of the remaining two joint venturers' shareholdings in the joint venture. The purchase price will be based on the fair value of the shares when the Put Holder exercises the put option. Accordingly, the fair value of the put option is nil. As of March 31, 2015, there is no such triggering event and the put option is not exercised.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2015</u> US\$	<u>2014</u> US\$
Quoted equity investment - at fair value	2,266,249	2,266,249
Unquoted equity investments - at cost	<u>5,385,925</u>	<u>13,185,925</u>
	7,652,174	15,452,174
Less: Impairment on available-for-sale financial assets	<u>(6,247,107)</u>	<u>(4,564,652)</u>
	<u>1,405,067</u>	<u>10,887,522</u>

Quoted investment represents investment in equity shares of Geodynamics Ltd, a company listed in Australia.

The investment in quoted equity security offers the Company the opportunity for return through dividend income and fair value gains. It has no fixed maturity or coupon rate. The fair value of this security is based on the quoted closing market prices on the last market day of the financial year. During the year, an impairment loss of US\$1,161,564 (2014 : US\$336,093) on the investment in quoted equity shares was recorded in profit or loss.

Unquoted investments amounting to US\$Nil (2014 : US\$520,891) representing investment in equity shares of Exergen Pty Ltd, a company incorporated in Australia and US\$636,475 (2014 : US\$636,475) representing investment in equity shares of Sunengy Pty Ltd, a company incorporated in Australia.

The investments in unquoted equity investments represent investments in companies that are engaged in research and development activities and/or the commercial application of this knowledge. The recoverability of these investments is uncertain and dependent on the outcome of these activities, which cannot presently be determined.

During the year, in respect of the investment in Exergen Pty Ltd, the Company has exercised the pre-emptive right to purchase the share of 2.33% from one of its existing shareholder for a total consideration of A\$1 at a proportionate stake and value as per the provisions of the shareholders' agreement. Based on such information and certain other information available to the management, full impairment on the investment amounting to US\$520,891 (2014 : US\$4,228,559) was recognised in profit or loss, for the financial year ended March 31, 2015.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

13. TRADE PAYABLES

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Holding company	5	199,126	282,557
Fellow subsidiary	5	19,500	-
Related parties	5	77,788	-
Outside party		7,575	-
Advances from third party customer		<u>126,250</u>	<u>757,500</u>
		<u>430,239</u>	<u>1,040,057</u>

The carrying amounts of trade payables approximate their fair values. No interest is charged on trade payables.

14. OTHER PAYABLES

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Holding company	5	77,668	31,203
Fellow subsidiary	5	30,378,246	7,868,062
Loan from fellow subsidiary	5	6,332,531	6,228,345
Related party	6	19,635	19,635
Accrued expenses		<u>118,858</u>	<u>124,811</u>
		<u>36,926,938</u>	<u>14,272,056</u>

The Company's other payables are non-trade in nature, unsecured, interest-free and are repayable within the next twelve months. US\$29,950,513 (2014 : US\$7,592,637) is owed to fellow subsidiary for the purchase of the available-for-sale financial assets during the year and the holding company has provided guarantee on the unpaid balance.

In 2014, the Company entered into a loan agreement with a related company for a loan not exceeding US\$7,000,000 for the Company's investment purposes. As of March 31, 2015, US\$6,200,000 (2014 : US\$6,200,000) has been drawn down. The loan balance of US\$6,332,531 (2014 : US\$6,228,345) comprises loan principal US\$6,200,000 (2014 : US\$6,200,000) and accrued interest of US\$132,531 (2014 : US\$28,345). The loan bears interest at a floating rate of LIBOR plus 1.50% per annum and is unsecured and repayable on demand.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

15. REDEEMABLE PREFERENCE SHARES

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$ (Restated)
At the beginning of the year		11,476,149	-
Issued during the financial year/period		45,779,930	19,080,000
Amortisation of interest		2,042,075	7,780
Deemed capital contribution from holding company	17	(18,263,100)	(7,611,631)
At the end of the year		<u>41,035,054</u>	<u>11,476,149</u>

As at March 31, 2015, the Company has issued redeemable non-cumulative preference shares ("RPS") amounting to US\$64,859,930 (2014 : US\$19,080,000) to its ultimate holding company at coupon rate of 7.54% and for a tenor of 7 years. Coupon will be paid out only upon dividends declared by the board of directors, which no right to claim any of those forgone dividends in preceding year.

Prior to end of 7 years tenor, the Company has the option to redeem all or part of the outstanding RPS for an amount equal to the sum of the capital paid up for each RPS to be redeemed and any interest accrued at the time of the redemption, by giving the holder written notice. As management confirms that the Company will not redeem the RPS within the next financial year as it is not expected to have sufficient funds, accordingly, the RPS is classified as non-current liability and is recorded at amortised cost at date of inception.

In the event that there are any outstanding RPS at the end of the tenor, the Company shall automatically redeem any such outstanding RPS, by payment to the holder of such RPS, an amount equal to the sum of the capital paid for each RPS held by the holder.

Management has used the effective interest method to account for the amortised cost of the RPS with an applicable discount rate of 7.54%. The difference in the net present value of the RPS amount received and its carrying amount is recognised as deemed capital contribution from holding company, which is classified as "Capital reserves" (Note 17).

The Company has assessed the fair value of the RPS issued in tranches on the dates of the issuance of the RPS, amortised interest costs amounting to US\$2,042,075 (2014 : US\$7,780) have been recognised in profit or loss for the year ended March 31, 2015 as part of "Finance Costs".

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

16. SHARE CAPITAL

	<u>2015</u>	<u>2014</u>
	Number of ordinary shares	
<u>Issued and fully paid:</u>		
At the beginning of the year/Date of Incorporation	17,950,000	1
Issued during the financial period	-	<u>17,949,999</u>
At the end of year	<u>17,950,000</u>	<u>17,950,000</u>
 <u>Issued and fully paid:</u>		
At the beginning of the year	17,950,000	1
Issued during the financial period	-	<u>17,949,999</u>
At the end of year	<u>17,950,000</u>	<u>17,950,000</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

17. CAPITAL RESERVE

In 2014, deemed capital contribution of US\$95,319 relates to net consultancy service income before date of incorporation on April 5, 2013, that was contributed by the holding company.

During the financial year, the Company has assessed the amortised costs of the redeemable non-cumulative preference shares ("RPS") using the effective interest method. As a result, deemed capital contribution of US\$7,611,631 has been adjusted for the prior period comparative and has been disclosed in Note 25. An additional deemed of capital contribution of US\$18,263,100 (2014 : US\$7,611,631) has been recognised this year for the capital injection received from holding company during the year ended March 31, 2015.

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

18. OTHER INCOME

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u> (Restated)
Interest income	462,539	158,865
Fair value adjustment on other financial asset at fair value through profit or loss (Note 9)	<u>10,558,995</u>	<u>2,440,534</u>
	<u>11,021,534</u>	<u>2,599,399</u>

19. OPERATING EXPENSES

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u>
Professional fees	389,404	47,563
Administrative expenses	114,152	108,540
Others	<u>117,122</u>	<u>19,635</u>
	<u>620,678</u>	<u>175,738</u>

20. FINANCE COSTS

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u> (Restated)
Interest on borrowings	113,218	28,345
Amortised interest expenses on RPS	2,042,075	7,780
Financial guarantee expenses	453,114	31,203
Other finance charges	<u>7,168</u>	<u>816</u>
	<u>2,615,575</u>	<u>68,144</u>

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

20. FINANCE COSTS (cont'd)

The Company has the following borrowing facility arrangements;

- a) A short term loan facility with Standard Chartered Bank of up to US\$10 million (2014 : US\$Nil) to assist working capital requirements. The facility is granted on an uncommitted basis and is secured by a corporate guarantee issued by the holding company for an amount of US\$11 million (2014 : US\$Nil).
- b) A short term loan facility with Australia and New Zealand Banking Group Ltd of up to US\$7 million (2014 : US\$Nil) to assist working capital requirements. The facility is granted on an uncommitted basis and is secured by a corporate guarantee issued by the holding company for an amount of US\$7.35 million (2014 : US\$Nil).

21. PROFIT (LOSS) BEFORE INCOME TAX

Profit (Loss) before income tax is arrived after charging (crediting):

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u>
Staff defined contribution plan	3,121	902
Other staff cost	625,547	29,638
Foreign exchange loss (gain)	1,568	(68)
Impairment loss on available-for-sale financial assets	<u>1,682,455</u>	<u>4,564,652</u>

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

22. INCOME TAX EXPENSE

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u>
Current tax	(203)	3,300
Withholding tax	<u>113,624</u>	<u>-</u>
	<u>113,421</u>	<u>3,300</u>

Domestic income tax is calculated at 17% of the estimated assessable loss for the financial period. The total charge for the period can be reconciled to the accounting loss as follows:

	April 1, 2014 to March 31, 2015 <u>US\$</u>	April 5, 2013 (date of incorporation) to March 31, 2014 <u>US\$</u> (Restated)
Profit (Loss) before income tax	<u>9,093,314</u>	<u>(1,945,437)</u>
Tax expense (credit) at the statutory rate	1,545,863	(330,724)
Effect of items that are tax exempt	(2,293,152)	(490,652)
Effect of non-deductible items	664,369	825,496
Others	(203)	(820)
Deferred tax benefits not recognised	82,920	-
Withholding Tax	<u>113,624</u>	<u>-</u>
	<u>113,421</u>	<u>3,300</u>

As at March 31, 2015, the Company has foreign sourced income of US\$2,470,893 that has not been remitted to Singapore. Accordingly, this income has not been subject to income tax. As the Company does not have any intention to remit this income to Singapore in the foreseeable future, no deferred tax liability has been recognised.

23. COMPARATIVE FIGURES

The financial statements for March 2014 cover the financial year from the date of incorporation on April 5, 2013 to March 31, 2014.

The financial statements for March 2015 cover twelve month period ended March 31, 2015.

TATA POWER INTERNATIONAL PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

24. COMMITMENT

The Company has entered into a contract with fellow subsidiary to acquire multiple investments at a total consideration of US\$30.7 million. As of March 31, 2015, the Company completed acquisition of available-for-sale financial assets of US\$7.6 million (2014 : US\$7.6 million) and a joint venture of US\$22.3 million (2014 : US\$Nil). The remaining commitment of US\$0.8 million (2014 : US\$23.1 million) is expected to be invested by March 31, 2016.

25. RESTATEMENTS, PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS

Statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows for financial year ended March 31, 2014 have been restated. Certain comparatives have been restated in accordance with FRS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors* and reclassified to conform with current year's presentation.

Restatements and reclassifications

Certain restatements have been made to the prior year's financial statements. This is disclosed in Notes 15 and 17 to the financial statements.

As a result, certain line items have been amended on the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and related notes to the financial statements.

Statement of financial position as at March 31, 2013 is not presented as the company is newly incorporated in April 5, 2013.

The impacts of the above on each of the financial statement line item of the Company are as follows:

Statement of financial position as at March 31, 2014

	Note	As previously reported \$	Prior year adjustments \$	As restated \$
Redeemable preference shares ⁽¹⁾	(a)	19,093,376	(7,617,227)	11,476,149
Capital reserve	(a)	95,319	7,611,631	7,706,950
Accumulated losses	(a)	1,954,333	(5,596)	1,948,737

TATA POWER INTERNATIONAL PTE. LIMITED

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

25. RESTATEMENTS, PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (cont'd)

Statement of profit or loss and other comprehensive income from date of incorporation April 5, 2013 to March 31, 2014

	<u>Note</u>	<u>As previously reported</u> \$	<u>Prior year adjustments</u> \$	<u>As restated</u> \$
Finance costs(1)	(a)	73,740	(5,596)	68,144
Total loss for the period	(a)	1,954,333	(5,596)	1,948,737

(1) The Company has accrued interest costs of US\$13,376 in prior period which has been restated to reflect amortised interest costs of US\$7,780. The net impact to the movement is US\$5,596 to the profit and loss.

Statement of cash flow for the year ended March 31, 2014

	<u>Note</u>	<u>As previously reported</u> \$	<u>Prior year adjustments</u> \$	<u>As restated</u> \$
Loss before income tax	(a)	1,951,033	(5,596)	1,945,437
Interest expense	(a)	72,924	(5,596)	67,328

(a) Omission of amortised interest on non-cumulative redeemable preference shares (“RPS”) at amortised cost and recognition of deemed capital contribution from holding company on inception

The Company has not adopted the effective interest method using effective interest rates for all the tranches of the RPS issued at the respective inception dates to ascertain the amortised costs of the RPS that are repayable at the end of their tenor. These errors have been corrected by restating the carrying value of the RPS as at March 31, 2014, as well as its corresponding effects on interest expense and deemed capital contribution from holding company as classified in “Capital reserves” (Note 17).

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2015

	Year ended March, 2015	Exchange Rate	Amount	Period ended March, 2014	Exchange Rate	Amount
	USD		₹	USD		₹
Service fees income from consultancy services rendered	6,540,893	61.15	399,956,638	1,026,603	60.50	62,109,482
Service fee expense	(2,920,169)	61.15	(178,559,866)	(732,433)	60.50	(44,312,197)
Other income	11,021,534	61.15	673,934,842	2,599,399	60.50	157,263,640
Exchange (loss) gain	(1,568)	61.15	(95,879)	68	60.50	4,114
Staff and related costs	(628,668)	61.15	(38,441,225)	(30,540)	60.50	(1,847,670)
Operating expense	(620,678)	61.15	(37,952,660)	(175,738)	60.50	(10,632,149)
Impairment loss on available-for-sale financial assets	(1,682,455)	61.15	(102,877,244)	(4,564,652)	60.50	(276,161,446)
Finance costs	<u>(2,615,575)</u>	61.15	<u>(159,934,826)</u>	<u>(68,144)</u>	60.50	<u>(4,122,712)</u>
Loss before income tax	9,093,314	61.15	556,029,780	(1,945,437)	60.50	(117,698,938)
Income tax expense	<u>(113,421)</u>	61.15	<u>(6,935,365)</u>	<u>(3,300)</u>	60.50	<u>(199,650)</u>
Total loss for the year, representing total comprehensive loss for the year	<u>8,979,893</u>	61.15	<u>549,094,415</u>	<u>(1,948,737)</u>	60.50	<u>(117,898,588)</u>

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	As at March, 2015	Exchange Rate	Amount ₹	As at March, 2014	Exchange Rate	Amount ₹
	USD			USD		
ASSETS						
Current assets						
Cash and cash equivalents	1,968,586	62.50	123,031,704	1,256,066	59.89	75,225,793
Trade receivables	768,340	62.50	48,019,329	332,500	59.89	19,913,425
Other financial asset at fair value	4,012,444	62.50	250,767,719	20,449,209	59.89	1,224,703,127
Total current assets	<u>6,749,370</u>	62.50	<u>421,818,752</u>	<u>22,037,775</u>	59.89	<u>1,319,842,345</u>
Non-current assets						
Advances towards joint venture	605,475	62.50	37,840,674	-	59.89	-
Prepaid expenses for Investments	221,089	62.50	13,817,510	-	59.89	-
Investment in joint venture	120,362,436	62.50	7,522,351,344	17,574,478	59.89	1,052,535,487
Available for sale financial assets	1,405,067	62.50	87,813,175	10,887,522	59.89	652,053,693
Total non-current assets	<u>122,594,067</u>	62.50	<u>7,661,822,703</u>	<u>28,462,000</u>	59.89	<u>1,704,589,180</u>
TOTAL ASSETS	<u>129,343,437</u>	62.50	<u>8,083,641,455</u>	<u>50,499,775</u>	59.89	<u>3,024,431,525</u>
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	430,239	62.50	26,888,862	1,040,057	59.89	62,289,014
Other payables	36,926,938	62.50	2,307,841,308	14,272,056	59.89	854,753,434
Income tax payable	-	62.50	-	3,300	59.89	197,637
Total current liabilities	<u>37,357,177</u>	62.50	<u>2,334,730,170</u>	<u>15,315,413</u>	59.89	<u>917,240,085</u>
Non-current liabilities						
Redeemable preference shares	41,035,054	62.50	2,564,588,287	11,476,149	59.89	687,306,564
Capital and accumulated losses						
Share capital	17,950,000	59.99	1,076,770,750	17,950,000	59.99	1,076,770,750
Capital reserve	25,970,050	60.96	1,583,006,076	7,706,950	60.50	466,270,475
Accumulated losses	7,031,156	61.33	431,195,827	(1,948,737)	60.50	(117,898,588)
Exchange fluctuation reserve	-		93,350,345	-		(5,257,761)
Net equity	<u>50,951,206</u>	62.50	<u>3,184,322,998</u>	<u>23,708,213</u>	59.89	<u>1,419,884,876</u>
TOTAL LIABILITIES AND EQUITY	<u>129,343,437</u>	62.50	<u>8,083,641,455</u>	<u>50,499,775</u>	59.89	<u>3,024,431,525</u>

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2015

	Share capital	Exchange Rate	Amount	Capital reserve	Exchange Rate	Amount	Accumulated loss	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹	USD		₹
Balance as at April 5, 2013	1	59.99	60	-		-	-		-	1	60.00	60
Issue of share capital	17,949,999	59.99	1,076,770,690	-		-	-		-	17,949,999	59.99	1,076,770,690
Loss for the year, representing total comprehensive loss for the financial period	-		-	-		-	(1,948,737)	60.50	(117,898,588)	(1,948,737)	60.50	(117,898,588)
Deemed capital contribution from holding company	-		-	7,706,950	60.50	466,270,475	-		-	7,706,950	60.50	466,270,475
Balance at March 31, 2014	17,950,000	59.99	1,076,770,750	7,706,950	60.50	466,270,475	(1,948,737)	60.50	(117,898,588)	23,708,213	60.11	1,425,142,637
Issue of share capital												
Loss for the year, representing total comprehensive loss for the financial period	-		-	-		-	8,979,893	61.15	549,094,415	8,979,893	61.15	549,094,415
Deemed capital contribution from holding company	-		-	18,263,100	61.15	1,116,735,601	-		-	18,263,100	61.15	1,116,735,601
Balance at March 31, 2015	17,950,000	59.99	1,076,770,750	25,970,050	60.96	1,583,006,076	7,031,156	61.33	431,195,827	50,951,206	60.67	3,090,972,653

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT CASH FLOWS
YEAR ENDED 31 MARCH 2015

	Year ended March, 2015	Exchange Rate	Amount	Period ended March, 2014	Exchange Rate	Amount
	USD		₹	USD		₹
Operating activities						
Loss before income tax	9,093,314	61.15	556,029,780	(1,945,437)	60.50	(117,698,939)
<i>Adjustment for :</i>						
Interest expenses	2,608,407	61.15	159,496,524	67,328	60.50	4,073,344
Interest income	(462,539)	61.15	(28,282,918)	(158,865)	60.50	(9,611,333)
Fair value gain on other financial asset at fair value through profit or loss	(10,558,995)	61.15	(645,651,923)	(2,440,534)	60.50	(147,652,307)
Impairment loss on available-for-sale financial assets	1,682,455	61.15	102,877,244	4,564,652	60.50	276,161,446
Cash flows before changes in working capital	2,362,642	61.15	144,468,707	87,144	60.50	5,272,211
Trade receivables	(435,840)	61.15	(26,650,352)	(332,500)	60.50	(20,116,250)
Trade payables	(609,818)	61.15	(37,288,602)	1,040,057	60.50	62,923,449
Other payables	(260,293)	61.15	(15,916,162)	419,871	60.50	25,402,196
Cash generated from operations	1,056,691	61.15	64,613,591	1,214,572	60.50	73,481,606
Interest received	3,295	61.15	201,480	190	60.50	11,495
Interest paid	(9,033)	61.15	(552,342)	-	60.50	-
Income tax paid	(116,721)	61.15	(7,137,151)	-	60.50	-
Net cash from operating activities	934,232	61.15	57,125,578	1,214,762	60.50	73,493,101
Investing activities						
Advances towards Investments	(221,089)	61.15	(13,518,951)	-	60.50	-
Purchase of available for sale financial assets	-	61.15	-	(7,859,537)	60.50	(475,501,989)
Investment in joint venture	(41,780,553)	61.15	(2,554,759,652)	(17,574,478)	60.50	(1,063,255,919)
Other financial asset at fair value through profit or loss	(4,000,000)	61.15	(244,588,400)	(17,850,000)	60.50	(1,079,925,000)
Net cash used in investing activities	(46,001,642)	61.15	(2,812,867,003)	(43,284,015)	60.50	(2,618,682,908)
Financing activities						
Proceeds on issue of shares	-	61.15	-	17,950,000	60.50	1,085,975,000
Proceeds on issue of redeemable preference shar	45,779,930	61.15	2,799,309,958	19,080,000	60.50	1,154,340,000
Deemed capital contribution from holding company	-	61.15	-	95,319	60.50	5,766,800
Proceeds from borrowings	1,612,761	61.15	98,615,658	23,530,000	60.50	1,423,565,000
Repayment of borrowings	(1,612,761)	61.15	(98,615,658)	(17,330,000)	60.50	(1,048,465,000)
Net cash from financing activities	45,779,930	61.15	2,799,309,958	43,325,319	60.50	2,621,181,800
Net increase in cash and cash equivalents	712,520	61.15	43,568,533	1,256,066	60.50	75,991,993
Cash and cash equivalents at date of incorporation	1,256,066	59.89	75,225,793	-		-
Effect of exchange fluctuation on cash and cash equivalents			4,237,378			(766,200)
Cash and cash equivalents at the end of the financial period	1,968,586	62.50	123,031,704	1,256,066	59.89	75,225,793