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

**DIRECTORS' STATEMENT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2016**

# **TATA POWER INTERNATIONAL PTE. LIMITED**

## **DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS**

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## **TATA POWER INTERNATIONAL PTE. LIMITED**

### **DIRECTORS' STATEMENT**

The directors present their statement together with the audited financial statements of the Company for the financial year ended March 31, 2016.

In the opinion of the directors, the financial statements of the Company as set out on pages 5 to 48 are drawn up so as to give a true and fair view of financial position of the Company as at March 31, 2016 and the financial performance, 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 its holding company, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

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#### **1 DIRECTORS**

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

Kottamasu Venkateswara Rao  
Anand Agarwal  
Shubh Shrivastava  
Minesh Shri Krishna Dave

(Appointed on June 14, 2016)

#### **2 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 to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

#### **3 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.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**DIRECTORS' STATEMENT**

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options 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.

5 AUDITORS

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

ON BEHALF OF THE DIRECTORS

  
\_\_\_\_\_  
Shubh Shrivastava  
Director

  
\_\_\_\_\_  
Kottamasu Venkateswara Rao  
Director

June 22, 2016

## **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, 2016, 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 48.

### **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 financial statements 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 qualified audit opinion.

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

**Basis for Qualified Opinion**

Measurement of convertible loan to a joint venture

The Company has provided a convertible loan with a carrying amount of US\$4,093,778 as at March 31, 2016 to its joint venture, which has been classified as other financial asset at fair value through profit or loss (Note 9). The Company has not determined the fair value of the convertible loan in accordance with Singapore Financial Reporting Standard 39, *Financial Instruments: Recognition and Measurement* ("FRS 39"). We have not been able to determine the fair value of the convertible loan and the effects on the financial statements.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at March 31, 2016 and the financial performance, 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, except for the matters described in the basis for qualified opinion paragraph, 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

June 22, 2016

**TATA POWER INTERNATIONAL PTE. LIMITED**

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,522,587	1,968,586
Trade receivables	8	16,510,133	768,340
Other receivables and prepayments		29,279	-
Other financial asset at fair value through profit or loss	9	<u>4,093,778</u>	<u>4,012,444</u>
		24,155,777	6,749,370
Investment held for sale	10	<u>29,625,000</u>	-
Total current assets		<u>53,780,777</u>	<u>6,749,370</u>
<b>Non-current assets</b>			
Advances toward joint venture	11	-	605,475
Prepaid expenses for investments		1,621,398	221,089
Investment in joint ventures	12	169,613,745	120,362,436
Available-for-sale financial assets	13	585,011	1,405,067
Plant and equipment	14	<u>562</u>	-
Total non-current assets		<u>171,820,716</u>	<u>122,594,067</u>
<b>TOTAL ASSETS</b>		<u>225,601,493</u>	<u>129,343,437</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade payables	15	19,997,909	430,239
Other payables	16	138,139,943	36,926,938
Derivative financial instruments	17	2,881	-
Income tax payable		<u>328,067</u>	-
Total current liabilities		<u>158,468,800</u>	<u>37,357,177</u>
<b>Non-current liability</b>			
Redeemable preference shares	18	<u>44,137,887</u>	<u>41,035,054</u>
<b>Capital and accumulated profits</b>			
Share capital	19	17,950,000	17,950,000
Capital reserve	20	25,970,050	25,970,050
Accumulated (losses) profits		<u>(20,925,244)</u>	<u>7,031,156</u>
Total equity		<u>22,994,806</u>	<u>50,951,206</u>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<u>225,601,493</u>	<u>129,343,437</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, 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Service fees income from consultancy service rendered		31,421,563	6,540,893
Service fee expense		(24,544,328)	(2,920,169)
Other income	21	1,402,393	11,021,534
Exchange loss		(22,376)	(1,568)
Staff and related costs		(1,183,079)	(628,668)
Operating expenses	22	(1,627,022)	(620,678)
Impairment loss on investments		(27,392,972)	(1,682,455)
Depreciation expenses		(172)	-
Finance costs	23	<u>(3,843,034)</u>	<u>(2,615,575)</u>
<b>(Loss) Profit before income tax</b>	24	(25,789,027)	9,093,314
Income tax expense	25	<u>(2,167,373)</u>	<u>(113,421)</u>
<b>Total loss for the year, representing total comprehensive (loss) profit for the year</b>		<u>(27,956,400)</u>	<u>8,979,893</u>

*See accompany notes to financial statements.*

**TATA POWER INTERNATIONAL PTE. LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED MARCH 31, 2016**

	<u>Note</u>	<u>Share capital</u> \$	<u>Capital reserve</u> \$	<u>Accumulated profits (losses)</u> \$	<u>Total</u> \$
<b>Balance at April 1, 2014</b>		17,950,000	7,706,950	(1,948,737)	23,708,213
Profit for the year, Representing total comprehensive profit for the financial year		-	-	8,979,893	8,979,893
Deemed capital contribution from holding company	20	-	<u>18,263,100</u>	-	<u>18,263,100</u>
<b>Balance at March 31, 2015</b>		17,950,000	25,970,050	7,031,156	50,951,206
Loss for the year, Representing total comprehensive loss for the financial year		-	-	(27,956,400)	(27,956,400)
<b>Balance at March 31, 2016</b>		<u>17,950,000</u>	<u>25,970,050</u>	<u>(20,925,244)</u>	<u>22,994,806</u>

*See accompany notes to financial statements.*

**TATA POWER INTERNATIONAL PTE. LIMITED**

**STATEMENT OF CASHFLOWS  
YEAR ENDED MARCH 31, 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
<b>Operating activities</b>			
(Loss) Profit before income tax:		(25,789,027)	9,093,314
Adjustments for:			
Interest expense		3,833,828	2,608,407
Interest income	21	(95,569)	(462,539)
Fair value gain on other financial asset at fair value through profit or loss		-	(10,558,995)
Depreciation expenses	14	172	-
Dividend income	21	(1,300,000)	-
Impairment loss on investments	24	<u>26,592,972</u>	<u>1,682,455</u>
<b>Cash flows before changes in working capital</b>		3,242,376	2,362,642
Trade receivables		(6,691,793)	(435,840)
Trade payables		11,820,551	(609,818)
Other receivables		(29,279)	-
Other payables		<u>(837,750)</u>	<u>(260,293)</u>
<b>Cash generated from operations</b>		7,504,105	1,056,691
Interest received		14,235	3,295
Interest paid		(518,816)	(9,033)
Income tax paid		<u>(56,911)</u>	<u>(116,721)</u>
<b>Net cash from operating activities</b>		<u>6,942,613</u>	<u>934,232</u>
<b>Investing activities</b>			
Prepaid expenses for investments	11, A	(402,143)	(221,089)
Investment in joint ventures	12, B	(4,985,735)	(41,780,553)
Loan to joint venture	9	-	(4,000,000)
Purchase of property, plant & equipment	14	<u>(734)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(5,388,612)</u>	<u>(46,001,642)</u>
<b>Financing activities</b>			
Proceeds on issue of redeemable preference share	18, C	-	45,779,930
Proceeds from borrowings		-	1,612,761
Repayment of borrowings		<u>-</u>	<u>(1,612,761)</u>
<b>Net cash from financing activities</b>		<u>-</u>	<u>45,779,930</u>

**TATA POWER INTERNATIONAL PTE. LIMITED**

**STATEMENT OF CASH FLOWS (cont'd)  
YEAR ENDED MARCH 31, 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
<b>Net increase in cash and cash equivalents</b>		1,554,001	712,520
<b>Cash and cash equivalents at the beginning of financial year</b>		<u>1,968,586</u>	<u>1,256,066</u>
<b>Cash and cash equivalents at the end of the financial year</b>	7	<u>3,522,587</u>	<u>1,968,586</u>

Note

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

- A. An amount of US\$998,166 (2015 : US\$Nil) remains unpaid in other payables for prepaid expenses for investments.
- B. Investment in joint venture of US\$99,058,015 (2015 : US\$22,357,876) was acquired from a fellow subsidiary of the holding company during the year. The total consideration of US\$99,058,015 (2015 : US\$29,950,513) remains unpaid and is disclosed as other payables (Note 16).

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\$605,475 (2015 : US\$46,100,000) (Note 12).

- C. Deemed capital contribution of non-cumulative redeemable preference shares (RPS) at amortised cost from holding company amounts to US\$Nil (2015 : US\$18,263,100) recognised upon issuance of the RPS (Note 18).

*See accompany notes to financial statements.*

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 1. GENERAL

The Company (Registration No: 201309096C) is incorporated in the Republic of Singapore with its principal place of business and registered office at 143 Cecil Street, #25-01 GB 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, 2016 were authorised for issue by the board of directors on June 22, 2016.

#### 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*.

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;

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

- 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, 2015, 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*<sup>2</sup>
- FRS 115 *Revenue from Contracts with Customers*<sup>2</sup>
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from contract with Customers*<sup>2</sup>
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*<sup>1</sup>
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*<sup>3</sup>
- Improvements to Financial Reporting Standards (November 2014)<sup>1</sup>

<sup>1</sup> Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

<sup>2</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

<sup>3</sup> Applies prospectively to annual periods beginning on or after January 1, 2017, 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, 2016

#### 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, 2016

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

##### FRS 109 Financial Instruments (cont'd)

- 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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

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.

##### Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate the changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

Management is currently evaluating the potential impact of the amendments to FRS 7 on the financial statements of the Company in the period of application.

##### 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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

**CONSOLIDATION** - Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of the ultimate holding company, The Tata Power Company Ltd, incorporated in India, who 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.

**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.

Investments in joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

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 INSTRUMENTS** - 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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

##### 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.

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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

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.

#### Investment held for sale

Investments are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investments classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### Plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

Depreciation is charged so as to write off the cost less the residual value over their estimated useful lives, using the straight-line method, on the following bases:

<b>Asset Category</b>	<b>Economic Useful Life</b>
IT & Electronic Devices (or "Tools and Equipment")	3 years

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

#### Available-for-sale financial assets

Certain shares held by the Company are classified as being available-for-sale. Quoted shares classified as available-for-sale 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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

##### 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.

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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

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.

##### **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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

##### 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.

**DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING** – The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange risk, including forward foreign exchange contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 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.

**DIVIDEND INCOME** – Dividend income from investments is recognised when the shareholders' rights to receive payment has been established.

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

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

**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.

**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.

## **TATA POWER INTERNATIONAL PTE. LIMITED**

### **NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016**

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

**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.

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.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

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.

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 13 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.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

b) Key sources of estimation uncertainty (cont'd)

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.

Management has not assessed the fair value of other financial asset at fair value through profit or loss as at balance sheet date. Accordingly, the other financial asset at fair value through profit or loss is not recognised at fair value in accordance with Singapore Financial Reporting Standard 39, *Financial Instruments: Recognition and Measurement* ("FRS 39"). The carrying amount of the other financial asset at fair value through profit or loss is disclosed in Note 9 to the financial statements.

Impairment of investment in joint ventures

The Company holds significant investments in joint ventures as disclosed in Note 12. In assessing the impairment of the investment in joint ventures, management has obtained independent valuations of the underlying assets, as well as provisional sale price less estimated cost to sell for for Adjaristsqali Netherlands B.V. and OTP Geothermal Pte Limited respectively.

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.

The management has considered the available information with regards to the investee and any impairment indicators. Accordingly, management has made a judgement to impair both investments.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

##### a) Categories of financial instruments

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

	<u>2016</u> US\$	<u>2015</u> US\$
<b>Financial assets</b>		
Cash and cash equivalents	3,522,587	1,968,586
Loan and receivables	16,529,240	768,340
Other financial asset at fair value through profit or loss	4,093,778	4,012,444
Available-for-sale financial assets	<u>585,011</u>	<u>1,405,067</u>
<b>Financial liabilities</b>		
Amortised cost	<u>202,278,620</u>	<u>78,265,981</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.

###### 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, 2016, eight (2015 : three) customers represented the entire balance of the Company's trade receivables balance. Further details of credit risks on trade receivables are disclosed in Note 8.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

b) Financial risk management policies and objectives (cont'd)

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, Australian dollar and South Africa rand.

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

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Assets</u>		
Singapore dollars	65,055	23,747
Australian dollars	585,011	768,592
South Africa rand	<u>572,320</u>	<u>-</u>
<u>Liabilities</u>		
Singapore dollars	284,118	241,563
South Africa rand	<u>113,737</u>	<u>-</u>

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

b) Financial risk management policies and objectives (cont'd)

iii) Foreign currency risk 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>2016</u> US\$	<u>2015</u> US\$
Singapore dollars	21,906	21,782
Australian dollars	(58,501)	(76,859)
South Africa rand	(45,858)	<u>-</u>

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.

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, 2016**

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

b) Financial risk management policies and objectives (cont'd)

v) Liquidity risk 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.

	Average effective interest rate %	On demand or within 1 year US\$	Adjustment US\$	Total US\$
<u>2016</u>				
Non-interest bearing	N.A	151,940,733	-	151,940,733
Variable interest rate instrument	1.70	6,305,603	(105,603)	6,200,000
Fixed interest rate instruments	7.54	<u>64,859,930</u>	<u>(20,722,043)</u>	<u>44,137,887</u>
		<u>223,106,266</u>	<u>(20,827,646)</u>	<u>202,278,620</u>
<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>(23,824,877)</u>	<u>41,035,053</u>
		<u>102,193,662</u>	<u>(23,927,681)</u>	<u>78,265,981</u>

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

b) Financial risk management policies and objectives (cont'd)

v) Liquidity risk 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.

	<u>Average effective interest rate</u> %	<u>On demand or within 1 year</u> US\$	<u>Adjustment</u> US\$	<u>Total</u> US\$
<u>2016</u>				
Non-interest bearing	N.A	20,636,838	-	20,636,838
<u>2015</u>				
Non-interest bearing	N.A	4,141,993	-	4,141,993

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

b) Financial risk management policies and objectives (cont'd)

v) Liquidity risk management (cont'd)

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.

	Average effective interest rate %	On demand or within 1 year US\$	Adjustment US\$	Total US\$
<u>2016</u>				
Non-interest bearing	N.A	-	-	-
Fixed interest rate instruments	2.00	<u>4,175,654</u> <u>4,175,654</u>	<u>(81,876)</u> <u>(81,876)</u>	<u>4,093,778</u> <u>4,093,778</u>
<u>2015</u>				
Non-interest bearing	N.A	-	-	-
Fixed interest rate instruments	2.00	<u>4,092,693</u> <u>4,092,693</u>	<u>(80,249)</u> <u>(80,249)</u>	<u>4,012,444</u> <u>4,012,444</u>

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

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

b) Financial risk management policies and objectives (cont'd)

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, 2016**

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

b) Financial risk management policies and objectives (cont'd)

vi) Fair value of financial assets and financial liabilities (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
	2016	2015				
Available-for-sale investments (Note 13) Quoted equity investment – at fair value	Assets 585,011	Assets 768,592	Level 1	Quoted bid prices in an active 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, 2016

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

##### b) Financial risk management policies and objectives (cont'd)

##### vi) Fair value of financial assets and financial liabilities (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 13 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:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Holding Company</u>		
Service fees expense	(2,836,440)	(1,165,762)
Amortised interest on RPS	(3,102,833)	(2,042,075)
Financial guarantee expense (Note 23)	(506,082)	(183,525)
Other expenses	<u>(150,045)</u>	<u>-</u>
 <u>Fellow subsidiaries</u>		
Interest expense	(110,740)	(104,186)
Management fees expense	(85,529)	(107,095)
Service fees expense	(21,707,888)	(1,845,923)
Purchase of investment in joint venture	<u>99,058,015</u>	<u>22,357,876</u>

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**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.

	<u>2016</u> US\$	<u>2015</u> US\$
Service fees income from:		
- Joint ventures	1,501,455	780,000
- Other related parties	<u>25,873,000</u>	<u>3,290,000</u>
	<u>27,374,455</u>	<u>4,070,000</u>
Dividend income from joint venture	1,300,000	-
Interest income from joint venture	<u>81,334</u>	<u>459,244</u>

***Compensation of directors and key management personnel***

The remuneration of directors during the year was as follow:

	<u>2016</u> US\$	<u>2015</u> US\$
Short-term benefits	<u>271,105</u>	<u>-</u>

There are no key management personnel apart from the Company's directors.

**7. CASH AND CASH EQUIVALENTS**

	<u>2016</u> US\$	<u>2015</u> US\$
Cash in hand	80	-
Cash at bank	1,520,515	967,565
Fixed deposits	<u>2,001,992</u>	<u>1,001,021</u>
Cash and cash equivalents	<u>3,522,587</u>	<u>1,968,586</u>

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 8. TRADE RECEIVABLES

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Outside party		1,669,800	322,961
Related party	6	<u>14,840,333</u>	<u>445,379</u>
		<u>16,510,133</u>	<u>768,340</u>

The average credit period is 30 days (2015 : 28 days). No interest is charged on trade receivables.

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\$1,388,000 (2015 : US\$371,193) as at year end that are past due but not impaired. The average age of these receivables are between 31 to 134 days (2015 : 53 to 182 days). The Company has not recognise an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

	<u>2016</u> US\$	<u>2015</u> US\$
Koromkheti B.V.	<u>4,093,778</u>	<u>4,012,444</u>

The Company has entered into an agreement with its joint venture to provide a loan facility of US\$8.6 million (2015 : US\$8.6 million). As at March 31, 2016, the loan amounting to US\$4,093,778 (2015 : US\$4,012,444) comprises outstanding loan principal of US\$4,000,000 (2015 : US\$4,000,000) and accrued interest of US\$93,778 (2015 : 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).

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 9. OTHER FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (cont'd)

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, 2016, but management intends to convert within the financial year ended March 31, 2017.

In 2015, 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. Management has not performed a fair value assessment for the year ended March 31, 2016.

#### 10. INVESTMENT HELD FOR SALE

In March 2016, the Company resolved and entered into a sale and purchase agreement to sell equity-interests in a joint venture to a third party. The held for sale investment, which is expected to be sold within 12 months, has classified as investment held for sale and is presented separately in the statement of financial position.

The investment classified as held for sale is as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
Investment held for sale	<u>29,625,000</u>	<u>-</u>

The provisional proceeds of the sale are expected to approximate the net carrying amount of the investment as set out above and accordingly, the impairment loss of US\$15,182,876 has been recognised in profit and loss on the classification of the investment held for sale.

In addition, another US\$800,000 impairment loss for a future committed cash call has been made.

#### 11. ADVANCES TOWARD JOINT VENTURE

Advances toward joint venture of US\$Nil (2015 : US\$605,475) relates to the accrued interest which are in the midst of conversion into equity shares of the joint venture (Note 12). During the financial year, the conversion was completed.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 12. INVESTMENT IN JOINT VENTURES

	<u>2016</u> US\$	<u>2015</u> US\$
Investment in joint venture - at cost	212,012,132	107,362,907
Deemed equity contribution	<u>12,999,529</u>	<u>12,999,529</u>
	225,011,661	120,362,436
Less: Impairment of investments	(25,772,916)	-
Investment held for sale (Note 10)	<u>(29,625,000)</u>	-
	<u>169,613,745</u>	<u>120,362,436</u>

#### Adjaristsqali Netherlands B.V

The Company has interest in 15,671 (2015 : 15,523) common shares representing 40% (2015 : 40%) of the paid up equity shares of Adjaristsqali Netherlands B.V., a joint venture established in Netherlands. Investment amounts to US\$70,555,107 (2015 : US\$80,503,937) comprising of investment cost of US\$68,145,618 (2015 : US\$67,504,408) and deemed capital contribution of US\$2,409,489 (2015 : US\$12,999,529) 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.

As at 31 March 2016, the Company has assessed the fair value of the investment. Based on the valuation report and other information available to the management, an impairment loss amounting to US\$10,590,040 (2015 : US\$Nil) was recognised in profit and loss.

The Company has 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, 2016, 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 (2015 : US\$29 million).

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 12. INVESTMENT IN JOINT VENTURES (cont'd)

##### OTP Geothermal Pte. Ltd

As at March 31, 2016, the Company holds 44,807,876 (2015 : 39,857,876) common shares amounting to US\$29,625,000 (2015 : US\$39,857,876) 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 16). 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.

In March 2016, the Company resolved to sell a joint venture to a third party. Accordingly, the carry amounts of the joint venture as at March 31, 2016 was impaired and reclassified as "Investment held for sale" in Note 10 to the financial statements.

##### Koromkheti B.V

The Company has interest in 500 (2015 : 500) 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 (2015 : US\$623). 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.

The Company has 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, 2016, there is no such triggering event and the put option is not exercised.

##### PT Baramulti Suksessarana Tbk

As at March 31, 2016, the Company holds 680,290,000 (2015 : Nil) common shares amounting to US\$99,058,015 (2015 : US\$Nil) which represents 26% interests in PT Baramulti Suksessarana Tbk, which was purchased for a consideration of US\$99,058,015 from its fellow subsidiary in March 2016. The consideration remains unpaid and is disclosed as "Other payables" (Note 16). Although the Company holds less than 50% of the equity shares in PT Baramulti Suksessarana Tbk, 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.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2016</u> US\$	<u>2015</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>5,385,925</u>
	7,652,174	7,652,174
Less: Impairment on available-for-sale financial assets	<u>(7,067,163)</u>	<u>(6,247,107)</u>
	<u>585,011</u>	<u>1,405,067</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\$183,581 (2015 : US\$1,161,564) on the investment in quoted equity shares was recorded in profit or loss.

Unquoted investments amounting to US\$Nil (2015 : US\$Nil) representing investment in equity shares of Exergen Pty Ltd, a company incorporated in Australia and US\$Nil (2015 : 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.

As at 31 March 2016, in respect of the investment of Sunengy Pty Ltd, the Company has assessed the value of the investment. Based on the financial statements and other information available to the management, full impairment on the investment amounting to US\$636,475 (2015 : US\$Nil) was recognised in profit or loss.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**14. PLANT AND EQUIPMENT**

	<u>Tools and equipment</u> US\$
<b>Cost:</b>	
As at April 1, 2014 and March 31, 2015	-
Additions	734
As at March 31, 2016	<u>734</u>
<b>Accumulated depreciation:</b>	
As at April 1, 2014 and March 31, 2015	-
Depreciation for the year	(172)
As at March 31, 2016	<u>(172)</u>
<b>Carrying amount:</b>	
As at March 31, 2016	<u>562</u>
As at March 31, 2015	<u>-</u>

**15. TRADE PAYABLES**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Holding company	5	631,742	199,126
Fellow subsidiary	5	19,141,839	19,500
Related parties	6	158,800	77,788
Outside party		65,528	7,575
Advances from third party customer		-	126,250
		<u>19,997,909</u>	<u>430,239</u>

The carrying amounts of trade payables approximate their fair values. The average credit period of trade payable is 30 days (2015 : 30 days). No interest is charged on trade payables.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**16. OTHER PAYABLES**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Holding company	5	122,136	77,668
Fellow subsidiaries	5	130,336,702	30,378,246
Loan from fellow subsidiary	5	6,443,271	6,332,531
Related party	6	-	19,635
Accrued expenses		<u>1,237,834</u>	<u>118,858</u>
		<u>138,139,943</u>	<u>36,926,938</u>

The Company's other payables are non-trade in nature, unsecured, interest-free and are repayable within the next twelve months. US\$129,008,528 (2015 : US\$29,950,513) is owed to fellow subsidiaries for the purchase of the joint venture and available-for-sale financial assets as at March 31, 2016. The holding company has provided a guarantee on the unpaid amount of US\$29,950,513 (2015 : US\$29,950,513) for the transfer of available-for-sale financial assets and investment in joint venture.

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, 2016, US\$6,200,000 (2015 : US\$6,200,000) has been drawn down. The loan balance of US\$6,443,271 (2015 : US\$6,332,531) comprises loan principal US\$6,200,000 (2015 : US\$6,200,000) and accrued interest of US\$243,271 (2015 : US\$132,531). The loan bears interest at a floating rate of LIBOR plus 1.50% per annum and is unsecured and repayable on demand.

**17. DERIVATIVE FINANCIAL INSTRUMENTS**

	<u>2016</u> US\$	<u>2015</u> US\$
<u>Non-hedging instruments</u>		
Forward foreign exchange contracts - Fair value	<u>2,881</u>	<u>-</u>

The Company utilises forward contracts to manage its exposure to foreign exchange rate movement on future transactions and cash flows. The total notional amount of these forward contracts is US\$103,806 (2015 : Nil) which will expire within 1 month from the end of the reporting period.

These derivative financial instruments are not designated and do not qualify for hedge accounting. Changes in fair value of derivative financial instruments have been charged to profit and loss during the year.

## TATA POWER INTERNATIONAL PTE. LIMITED

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

#### 18. REDEEMABLE PREFERENCE SHARES

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
At the beginning of the year		41,035,054	11,476,149
Issued during the financial year/period		-	45,779,930
Amortisation of interest		3,102,833	2,042,075
Deemed capital contribution from holding company	20	-	(18,263,100)
At the end of the year		<u>44,137,887</u>	<u>41,035,054</u>

As at March 31, 2016, the Company has issued redeemable non-cumulative preference shares ("RPS") amounting to US\$64,859,930 (2015 : US\$64,859,930) 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 20) upon inception.

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\$3,102,833 (2015 : US\$2,042,075) have been recognised in profit or loss for the year ended March 31, 2016 as part of "Finance Costs".

Subsequent to the financial year, these redeemable preferences shares held by the ultimate holding company has been fully converted into ordinary shares at US\$1.39 per ordinary share.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**19. SHARE CAPITAL**

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Number of ordinary shares		US\$	US\$
<u>Issued and fully paid:</u>				
At the beginning of year and end of year	<u>17,950,000</u>	<u>17,950,000</u>	<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.

**20. CAPITAL RESERVE**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Pre-incorporation costs contributed from holding company	95,319	95,319
Deemed capital contribution (Note 18)	<u>25,874,731</u>	<u>25,874,731</u>
	<u>25,970,050</u>	<u>25,970,050</u>

**21. OTHER INCOME**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Interest income	95,569	462,539
Dividend income (Note 6)	1,300,000	-
Others	6,824	-
Fair value adjustment on other financial asset at fair value through profit or loss	-	<u>10,558,995</u>
	<u>1,402,393</u>	<u>11,021,534</u>

**22. OPERATING EXPENSES**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Professional fees	506,711	389,404
Administrative expenses	276,441	114,152
Others	<u>843,870</u>	<u>117,122</u>
	<u>1,627,022</u>	<u>620,678</u>

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**23. FINANCE COSTS**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Interest on borrowings	5	110,740	113,218
Amortised interest expenses on RPS	18	3,102,833	2,042,075
Financial guarantee expenses	5	620,255	453,114
Other finance charges		<u>9,206</u>	<u>7,168</u>
		<u>3,843,034</u>	<u>2,615,575</u>

The Company has the following borrowing facility arrangements;

- a) A short term loan facility with Standard Chartered Bank of up to US\$10 million (2015 : US\$10 million) 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 (2015 : US\$11 million) of which the utilised amount is US\$6.23 million as at March 31, 2016 (2015 : US\$6.23 million).
- b) A short term loan facility with Australia and New Zealand Banking Group Ltd of up to US\$7 million (2015 : US\$7 million) 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 (2015 : US\$7.35 million) of which the utilised amount is US\$6.53 million as at March 31, 2016 (2015 : US\$6.53 million).

**24. (LOSS) PROFIT BEFORE INCOME TAX**

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

	<u>2016</u> US\$	<u>2015</u> US\$
Staff defined contribution plan	6,552	3,121
Other staff cost	1,176,527	625,547
Foreign exchange loss	<u>22,376</u>	<u>1,568</u>
Impairment loss on available-for-sale financial assets (Note 13)	820,056	1,682,455
Impairment loss on investment held for sale (Note 10)	15,182,876	-
Impairment loss on investment in joint venture (Note 12)	10,590,040	-
Impairment loss on committed future cash call (Note 10)	<u>800,000</u>	<u>-</u>
Impairment loss on investments	<u>27,392,972</u>	<u>1,682,455</u>

**TATA POWER INTERNATIONAL PTE. LIMITED****NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016****25. INCOME TAX EXPENSE**

	<u>2016</u> US\$	<u>2015</u> US\$
Current tax	384,978	(203)
Withholding tax	<u>1,782,395</u>	<u>113,624</u>
	<u>2,167,373</u>	<u>113,421</u>

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year.

Taxation for other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction. The total charge for the year can be reconciled to the accounting profit as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
Profit before income tax	(25,789,027)	9,093,314
Tax expense at the statutory rate	(4,384,135)	1,545,863
Effect of different tax rate in other jurisdiction	108,067	-
Effect of items that are tax exempt	(923,995)	(2,293,152)
Effect of non-deductible items	5,555,594	664,369
Others	29,446	(203)
Deferred tax benefits not recognised	-	82,920
Withholding tax	<u>1,782,395</u>	<u>113,624</u>
	<u>2,167,373</u>	<u>113,421</u>

As at March 31, 2016, the Company has foreign sourced income of US\$788,527 (2015 : US\$259,630) 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.

**26. COMMITMENT**

The Company had entered into a contract with fellow subsidiary to acquire multiple investments at a total consideration of US\$30.7 million. In 2015, the Company completed acquisition of available-for-sale financial assets of US\$7.6 million and a joint venture of US\$22.3 million. The remaining commitment of US\$0.8 million is expected to be invested by March 31, 2017.

**TATA POWER INTERNATIONAL PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**27. SUBSEQUENT EVENTS**

- a) As at April 1, 2016, the Company entered into a sale and purchase agreement to sell its investment in joint venture to a third party at a provisional amount of US\$29,625,000. The investment for joint venture has been reclassified as held for sale (Note 10) and an impairment loss of US\$15,182,876 and has been taken up in the financial statements as at March 31, 2016.
- b) On April 7, 2016, the company resolved to convert its 64,859,930 non-cumulative redeemable preference shares to 46,690,650 ordinary shares of the company at a fixed price of US\$1.39 per ordinary share for a total conversion price of US\$64,900,000.

**TATA POWER INTERNATIONAL PTE. LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2016**

	Period ended March, 2016	Exchange Rate	Amount	Year ended March, 2015	Exchange Rate	Amount
	USD		₹	USD		₹
Service fees income from consultancy services rendered	31,421,563	65.46	2,056,890,078	6,540,893	61.15	399,956,638
Service fee expense	(24,544,328)	65.46	(1,606,698,710)	(2,920,169)	61.15	(178,559,866)
Other income	1,402,393	65.46	91,802,188	11,021,534	61.15	673,934,842
Exxchange Loss	(22,376)	65.46	(1,464,758)	(1,568)	61.15	(95,879)
Staff and related costs	(1,183,079)	65.46	(77,445,653)	(628,668)	61.15	(38,441,225)
Operating expense	(1,627,022)	65.46	(106,506,650)	(620,678)	61.15	(37,952,660)
Impairment loss on available-for-sale financial assets	(27,392,972)	65.46	(1,793,174,079)	(1,682,455)	61.15	(102,877,244)
Depreciation	(172)	65.46	(11,259)	-	61.15	-
Finance costs	<u>(3,843,034)</u>	65.46	<u>(251,569,233)</u>	<u>(2,615,575)</u>	61.15	<u>(159,934,826)</u>
<b>Loss before income tax</b>	<b>(25,789,027)</b>	<b>65.46</b>	<b>(1,688,178,076)</b>	<b>9,093,314</b>	<b>61.15</b>	<b>556,029,780</b>
Income tax expense	<u>(2,167,373)</u>	65.46	<u>(141,878,621)</u>	<u>(113,421)</u>	61.15	<u>(6,935,365)</u>
<b>Total loss for the year, representing total comprehensive loss for the year</b>	<b><u>(27,956,400)</u></b>	<b>65.46</b>	<b><u>(1,830,056,697)</u></b>	<b><u>8,979,893</u></b>	<b>61.15</b>	<b><u>549,094,415</u></b>

**TATA POWER INTERNATIONAL PTE. LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	As at March, 2016	Exchange Rate	Amount ₹	As at March, 2015	Exchange Rate	Amount ₹
	USD			USD		
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	3,522,587	66.25	233,362,582	1,968,586	62.50	123,031,704
Trade receivables	16,510,133	66.25	1,093,755,036	768,340	62.50	48,019,329
Other Receivables & Prepayments	29,279	66.25	1,939,661	-	62.50	-
Other financial asset	4,093,778	66.25	271,202,558	4,012,444	62.50	250,767,719
Investment held for Sale	29,625,000	66.25	1,962,582,188	-	62.50	-
Total current assets	<u>53,780,777</u>	66.25	<u>3,562,842,025</u>	<u>6,749,370</u>	62.50	<u>421,818,752</u>
<b>Non-current assets</b>						
Advances towards Joint Venture	-	66.25	-	605,475	62.50	37,840,674
Advances towards investments	1,621,398	66.25	107,413,564	221,089	62.50	13,817,510
Investment in joint venture	169,613,745	66.25	11,236,486,572	120,362,436	62.50	7,522,351,344
Avaiailable for sale financial assets	585,011	66.25	38,755,516	1,405,067	62.50	87,813,175
Property Plant & Equipment	562	66.25	37,231	-	62.50	-
Total non-current assets	<u>171,820,716</u>	66.25	<u>11,382,692,883</u>	<u>122,594,067</u>	62.50	<u>7,661,822,703</u>
<b>TOTAL ASSETS</b>	<b><u>225,601,493</u></b>	<b>66.25</b>	<b><u>14,945,534,908</u></b>	<b><u>129,343,437</u></b>	<b>62.50</b>	<b><u>8,083,641,455</u></b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Trade payables	19,997,909	66.25	1,324,811,476	430,239	62.50	26,888,862
Other payables	138,139,943	66.25	9,151,425,874	36,926,938	62.50	2,307,841,308
Derivative Financial Instrument	2,881	66.25	190,859	-	62.50	-
Income tax payable	328,067	66.25	21,733,619	-	62.50	-
Total current liabilities	<u>158,468,800</u>	66.25	<u>10,498,161,828</u>	<u>37,357,177</u>	62.50	<u>2,334,730,170</u>
<b>Non-current liabilities</b>						
Redeemable preference shares	<u>44,137,887</u>	66.25	<u>2,924,024,669</u>	<u>41,035,054</u>	62.50	<u>2,564,588,287</u>
<b>Capital and accemulated losses</b>						
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	1,583,006,077	25,970,050	60.96	1,583,006,077
Accumulated losses	(20,925,244)	66.85	(1,398,860,870)	7,031,156	61.33	431,195,827
Exchange fluctuation reserve			262,432,454			93,350,344
Net equity	<u>22,994,806</u>	66.25	<u>1,523,348,411</u>	<u>50,951,206</u>	62.50	<u>3,184,322,998</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>225,601,493</u></b>	<b>66.25</b>	<b><u>14,945,534,908</u></b>	<b><u>129,343,437</u></b>	<b>62.50</b>	<b><u>8,083,641,455</u></b>

**TATA POWER INTERNATIONAL PTE. LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 MARCH 2016**

	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 1, 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
Profit for the year, representing total comprehensive profit for the financial year							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	1,116,735,602				18,263,100	61.15	1,116,735,602
<b>Balance at March 31, 2015</b>	<b>17,950,000</b>	<b>59.99</b>	<b>1,076,770,750</b>	<b>25,970,050</b>	<b>60.96</b>	<b>1,583,006,077</b>	<b>7,031,156</b>	<b>61.33</b>	<b>431,195,827</b>	<b>50,951,206</b>	<b>60.67</b>	<b>3,090,972,654</b>
Loss for the year, representing total comprehensive loss for the financial year							(27,956,400)	65.46	(1,830,056,697)	(27,956,400)	65.46	(1,830,056,697)
<b>Balance at March 31, 2016</b>	<b>17,950,000</b>	<b>59.99</b>	<b>1,076,770,750</b>	<b>25,970,050</b>	<b>60.96</b>	<b>1,583,006,077</b>	<b>(20,925,244)</b>	<b>66.85</b>	<b>(1,398,860,870)</b>	<b>22,994,806</b>	<b>54.83</b>	<b>1,260,915,957</b>

**TATA POWER INTERNATIONAL PTE. LIMITED**  
**STATEMENT CASH FLOWS**  
**YEAR ENDED 31 MARCH 2016**

	Period ended March, 2016	Exchange Rate	Amount	Year ended March, 2015	Exchange Rate	Amount
	USD		₹	USD		₹
<b>Operating activities</b>						
Loss before income tax	(25,789,027)	65.46	(1,688,178,076)	9,093,314	61.15	556,029,780
<i>Adjustment for :</i>						
Interest expenses	3,833,828	65.46	250,966,598	2,608,407	61.15	159,496,524
Interest income	(95,569)	65.46	(6,256,052)	(462,539)	61.15	(28,282,918)
Fair value gain on other financial asset at fair value through profit or loss	-	65.46	-	(10,558,995)	61.15	(645,651,923)
Depreciation Expenses	172	65.46	11,259	-	61.15	-
Dividend Income	(1,300,000)	65.46	(85,099,430)	-	61.15	-
Impairment loss on available-for-sale financial assets	26,592,972	65.46	1,740,805,200	1,682,455	61.15	102,877,244
<b>Cash flows before changes in working capital</b>	<b>3,242,376</b>	<b>65.46</b>	<b>212,249,499</b>	<b>2,362,642</b>	<b>61.15</b>	<b>144,468,707</b>
Trade receivables	(6,691,793)	65.46	(438,052,131)	(435,840)	61.15	(26,650,352)
Trade payables	11,820,551	65.46	773,786,271	(609,818)	61.15	(37,288,602)
Other Receivables	(29,279)	65.46	(1,916,636)	-	61.15	-
Other payables	(837,750)	65.46	(54,840,037)	(260,293)	61.15	(15,916,162)
<b>Cash generated from operations</b>	<b>7,504,105</b>	<b>65.46</b>	<b>491,226,966</b>	<b>1,056,691</b>	<b>61.15</b>	<b>64,613,591</b>
Interest received	14,235	65.46	931,839	3,295	61.15	201,480
Interest paid	(518,816)	65.46	(33,962,266)	(9,033)	61.15	(552,342)
Income tax paid	(56,911)	65.46	(3,725,457)	(116,721)	61.15	(7,137,151)
<b>Net cash from operating activities</b>	<b>6,942,613</b>	<b>65.46</b>	<b>454,471,082</b>	<b>934,232</b>	<b>61.15</b>	<b>57,125,578</b>
<b>Investing activities</b>						
Advances towards Investments	(402,143)	65.46	(26,324,723)	(221,089)	61.15	(13,518,951)
Investment in joint venture	(4,985,735)	65.46	(326,371,698)	(41,780,553)	61.15	(2,554,759,652)
Loan to Joint Venture	-	65.46	-	(4,000,000)	61.15	(244,588,400)
Purchase of Property, plant & Equipment	(734)	65.46	(48,048)	-	61.15	-
<b>Net cash used in investing activities</b>	<b>(5,388,612)</b>	<b>65.46</b>	<b>(352,744,469)</b>	<b>(46,001,642)</b>	<b>61.15</b>	<b>(2,812,867,003)</b>
<b>Financing activities</b>						
Proceeds on issue of redeemable preference shar	-	65.46	-	45,779,930	61.15	2,799,309,958
Proceeds from borrowings	-	65.46	-	1,612,761	61.15	98,615,658
Repayment of borrowings	-	65.46	-	(1,612,761)	61.15	(98,615,658)
<b>Net cash from financing activities</b>	<b>-</b>	<b>65.46</b>	<b>-</b>	<b>45,779,930</b>	<b>61.15</b>	<b>2,799,309,958</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,554,001</b>	<b>65.46</b>	<b>101,726,613</b>	<b>712,520</b>	<b>61.15</b>	<b>43,568,533</b>
Cash and cash equivalents at the beginning of financial year	1,968,586	62.50	123,031,704	1,256,066	59.89	75,225,793
Effect of exchange fluctuation on cash and cash equivalents			8,604,265			4,237,378
<b>Cash and cash equivalents at the end of the financial year</b>	<b>3,522,587</b>	<b>66.25</b>	<b>233,362,582</b>	<b>1,968,586</b>	<b>62.50</b>	<b>123,031,704</b>