

Company Registration No. 201309096C

Tata Power International Pte. Limited

Annual Financial Statements
31 March 2020



Tata Power International Pte. Limited

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Tata Power International Pte. Limited

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Tata Power International Pte. Limited (the "Company") for the financial year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the ultimate holding company has agreed to provide continuing financial support to the Company to enable it to meet its liabilities as and when they fall due.

Directors

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

Kottamasu Venkateswara Rao
DSouza Randolph Joseph Francis
Ramesh Narayanswamy Subramanyam

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Tata Power International Pte. Limited

Directors' statement

Auditor

Ernst and Young LLP have expressed their willingness to accept appointment as auditor.

On behalf of the board of directors,



Kottamasu Venkateswara Rao
Director



DSouza Randolph Joseph Francis
Director

Singapore
24 June 2020

Tata Power International Pte. Limited

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the member of Tata Power International Pte. Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tata Power International Pte. Limited (the "Company"), which comprise the balance sheet as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the directors' statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Tata Power International Pte. Limited

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the member of Tata Power International Pte. Limited

Responsibilities of management and directors 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 Act and FRSSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Tata Power International Pte. Limited

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the member of Tata Power International Pte. Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
24 June 2020

Tata Power International Pte. Limited

**Statement of comprehensive income
For the financial year ended 31 March 2020**

	Note	2020 US\$	2019 US\$
Service fees income from consultancy service rendered		13,204,401	20,628,038
Service fee expense		(7,331,750)	(7,297,404)
Other income	4	3,447,816	18,887,337
Foreign exchange loss		(101,737)	(53,581)
Staff and related costs		(916,004)	(991,153)
Operating expenses	5	(2,125,887)	(1,977,085)
Impairment loss on investments	7	(31,136,797)	(167,506)
Reversal of impairment loss and provision	7	33,781,841	–
Depreciation expenses	10	(20,170)	(6,908)
Finance costs	6	(3,415,155)	(2,855,803)
Profit before income tax	7	5,386,558	26,165,935
Income tax expense	8	(591,482)	(4,124,787)
Profit for the year, representing total comprehensive income for the year attributable to the owner of the Company		4,795,076	22,041,148

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Tata Power International Pte. Limited

**Balance sheet
As at 31 March 2020**

	Note	2020 US\$	2019 US\$
Assets			
Non-current assets			
Property, plant and equipment	10	109,949	7,237
Investment in subsidiary		171	171
Investment in joint ventures	11	155,583,185	104,031,944
Investment securities	12	34,297	171,094
Other receivables and prepayments	14	99,829	99,829
Total non-current assets		155,827,431	104,310,275
Current assets			
Trade receivables	13	7,201,652	12,823,163
Other receivables and prepayments	14	10,573,364	20,086,734
Other financial asset at fair value through profit or loss	15	-	-
Cash and cash equivalents	16	1,060,941	1,324,593
Total current assets		18,835,957	34,234,490
Total assets		174,663,388	138,544,765
Equity and liabilities			
Current liabilities			
Trade payables	18	9,393,304	15,935,084
Other payables	19	1,959,454	17,943,736
Loan and borrowings	17	11,489,841	10,300,000
Income tax payable		310,632	1,540,000
Total current liabilities		23,153,231	45,718,820
Net current liabilities		(4,317,274)	(11,484,330)
Non-current liabilities			
Loan and borrowings	17	130,715,206	87,538,450
Total liabilities		153,868,437	133,257,270
Net assets		20,794,951	5,287,495
Equity attributable to the owner of the Company			
Share capital	20	85,940,000	85,940,000
Capital reserve	21	20,816,160	10,103,780
Accumulated losses		(85,961,209)	(90,756,285)
Total equity		20,794,951	5,287,495
Total equity and liabilities		174,663,388	138,544,765

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Tata Power International Pte. Limited

**Statement of changes in equity
For the financial year ended 31 March 2020**

	Share capital (Note 20)	Capital reserve (Note 21)	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$
Balance at 1 April 2018	85,940,000	5,248,006	(112,797,433)	(21,609,427)
Profit for the year, representing total comprehensive income for the year	–	–	22,041,148	22,041,148
Fair value adjustment arising from interest free loan	–	4,855,774	–	4,855,774
Balance at 31 March 2019 and 1 April 2019	85,940,000	10,103,780	(90,756,285)	5,287,495
Profit for the year, representing total comprehensive income for the year	–	–	4,795,076	4,795,076
Fair value adjustment arising from interest free loan	–	10,712,380	–	10,712,380
Balance at 31 March 2020	85,940,000	20,816,160	(85,961,209)	20,794,951

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Tata Power International Pte. Limited

**Statement of cash flows
For the financial year ended 31 March 2020**

	Note	2020 US\$	2019 US\$
Operating activities			
Profit before income tax		5,386,558	26,165,935
Adjustments for:			
Depreciation of plant and equipment	10	20,170	6,908
Interest expense	6	3,415,156	2,847,851
Interest income	4	(613,238)	(632,138)
Allowance for expected credit loss on trade receivables	5	876,635	-
Dividend income	4	(2,598,708)	(17,940,000)
Impairment loss on investments	7	31,136,797	167,506
Impairment of other financial assets	5	115,420	878,893
Reversal of Impairment loss on investments	7	(33,781,841)	-
Total adjustments		(1,429,609)	(14,670,980)
Operating cash flows before changes in working capital		3,956,949	11,494,955
Changes in working capital:			
Decrease/(increase) in trade receivables		4,389,069	(9,875,229)
Decrease in other receivables and prepayments		12,432	427,110
Decrease in trade payables		(198,581)	(484,458)
Decrease in other payables		(6,541,780)	(99,717,834)
Total changes in working capital		(2,338,860)	(109,650,411)
Cash flows generated from/(used in) operations		1,618,089	(98,155,456)
Interest received		27,556	48,055
Interest paid		(1,162,834)	(302,965)
Income taxes paid		(1,465,044)	(2,293,058)
Net cash flows used in operating activities		(982,233)	(100,703,424)
Investing activities			
Purchase of plant and equipment		(910)	(1,136)
Prepaid expenses for investments		(28,800)	(792,509)
Investment in joint ventures		(63,769,400)	(1,147,300)
Repayment/(disbursement) of loan to joint ventures		10,000,000	(10,000,000)
Dividends received		2,598,708	17,940,000
Net cash flows (used in)/generated from investing activities		(51,200,402)	5,999,055
Financing activities			
Proceeds from borrowings		66,132,000	94,100,000
Repayment of borrowings		(14,200,000)	-
Payment of principal portion of lease liabilities		(13,017)	-
Net cash flows generated from financing activities		51,918,983	94,100,000
Net decrease in cash and cash equivalents		(263,652)	(604,369)
Cash and cash equivalents at beginning of the year		1,324,593	1,928,962
Cash and cash equivalents at end of the year	16	1,060,941	1,324,593

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

1. Corporation information

Tata Power International Pte. Limited (the "Company") is a private limited company incorporated and domiciled in Singapore. The immediate and ultimate holding company is The Tata Power Company Ltd, incorporated in India.

The registered office and principal place of business of the Company is located at 78 Shenton Way, #17-01 Singapore 079120.

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

The principal activities of the joint ventures are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US\$") which is the Company's functional currency.

Going concern uncertainty

The Company is in a net current liability position of US\$4,317,274 (2019: US\$11,484,330). The financial statements have been prepared on a going concern basis as the holding company has agreed to provide continuing financial support to the Company to enable it to meet its liabilities as and when they fall due.

2.2 New accounting standards effective on 1 January 2019

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2019. Except for the adoption of FRS 116 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

FRS 116 Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 116 Leases (cont'd)

The Company has lease contracts for office premises. Before the adoption of FRS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2.17.

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all the leases except for short-term leases and lease of low-value assets. The accounting policy beginning on or after 1 April 2019 is disclosed in Note 2.17. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

There is no effect to the financial statements of the Company on the adoption date as the leases were short-term leases.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using incremental borrowing rates at the date of initial application.

The Company also applied the following practical expedients:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial costs from the measurement of the right-of-use assets at the date of initial application;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review; and
- used hindsight in determining whether the lease term where the contract contained options to extend or terminate the lease.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103: Definition of a Business	1 January 2020
Amendments to FRS 109, FRS 39, and FRS 107: Interest Rate Benchmark Reform	1 January 2020
FRS 117 Insurance Contracts	1 January 2021
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 Foreign currency

The Company's financial statements are presented in United States Dollars ("US\$"), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Consolidation

In accordance with Singapore Financial Reporting Standard No. 110 and Section 201(3BA) of the Companies Act, Chapter 50, the Company need not prepare consolidated financial statements. The financial statements of the subsidiary and joint ventures have not been consolidated or equity accounted with the Company's financial statements as the Company itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by the ultimate holding company, The Tata Power Company Ltd, incorporated in India, on a worldwide basis and such financial statements are publicly available. The registered address of The Tata Power Company Ltd is located at Bombay House, 24 Homi Mody Street, Mumbai 400001, India.

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Tools and equipment	3 years
Leasehold building	Over lease period of 3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation method is used.

2. Summary of significant accounting policies (cont'd)

2.7 Impairment of non-financial assets (cont'd)

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's financial statements, investment in subsidiary is accounted for at cost less impairment losses.

2.9 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.

In the Company's financial statements, investment in joint ventures are accounted for at cost less impairment losses.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through OCI and fair value through profit or loss.

Investment in debt instruments

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are measured using the effective interest (EIR) method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of financial assets are recognised in OCI, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) *Fair value through profit or loss (FVTPL)*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the period in which it arises.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount and the consideration paid is recognised in the profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets

The Company recognised an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.14 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Employee benefits

(a) Defined contribution plan

The Company makes contributions to the Central Provident Fund scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.17 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

2. Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

As a lessee (cont'd)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

The Company's right-of-use assets are presented within plant and equipment (Note 10).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the discount rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease payments (e.g. changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company lease liabilities are included in loan and borrowings (Note 17).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.18 Revenue

Revenue is recognised based on the consideration to which company expects to be entitled in exchange for transferring promised goods and services to customers, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

- (a) 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, as the service is performed and rendered.
- (b) Interest income: Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (c) Dividend income: Dividend income from investments is recognised when the shareholders' rights to receive payment has been established.

2.19 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.19 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.19 Taxes (cont'd)

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.20 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of investment in joint ventures

Investment in joint ventures are stated at cost less impairment loss. The Company follows the guidance of FRS 36 *Impairment of Assets*, to determine when its investment in joint ventures are impaired or there is any reversal of past impairment. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the market and economic environment in which the joint venture operate, economic performance of these entities, the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and value in use of investments.

In earlier years, Management had recognised an impairment loss of US\$86,448,965 on its investment in joint venture i.e. Adjaristsqali Netherlands B.V. ('ABV'). In current year, Management has carried out a detailed assessment for additional impairment or reversal of impairment on its investment in ABV. As per the assessment carried out, due to pursuant to debt restructuring of ABV, significant progress towards execution of long term power purchase agreement with Government of Georgia, refinancing of loan reducing the overall debt cost and receipt of insurance claims and the plant was operational from March 30, 2020. Management was of the view that these events are significant and which resulted in impairment reversal amounting to US\$18,781,841 towards investments and US\$15,000,000 towards debt service obligation created for ABV, total impairment reversal amounting to US\$31,781,841.

In determining the fair value of the underlying assets, the valuer had used valuation techniques which involved certain estimates and significant unobservable inputs. The key assumptions used to determine the fair value included revenue growth rate and discount rate.

(b) Impairment of investment securities

Details of the Company's investment securities is disclosed in Note 12 to the financial statements.

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

For the unquoted equity shares, the management considered the available information with regards to the investee and any impairment indicators. Accordingly, management made a judgement to fully impair the investments in the previous years. There is no change in impairment assessment in the current year.

3. Significant accounting judgements and estimates (cont'd)**3.2 Key sources of estimation uncertainty (cont'd)***(c) Provision for expected credit losses of trade receivables*

The policy for allowance for ECL of the Company is based on the evaluation of collectability of debts, ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer, the extent of credit insurance coverage and on-going dealings with these parties. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, allowance for ECL may be required. The carrying amount of Trade receivables is disclosed in Note 13 to the financial statements. Included in the Trade receivables balance are debtors with a carrying amount of US\$876,635 (2019: Nil) which are 10% of past due for 180 days and 50% of due more than 360 days at the end of the reporting period for which the Company has recognised an allowance for ECL as there has been a significant change in the credit quality and the amounts are still recoverable. The company does not hold any collateral over these balances.

The ECL policy is not applicable in the case where credit risk is Nil for example, where the Company itself or any of its group companies have similar or higher amount payable to parties, which can be offset or used to recover its dues in case needed.

4. Other income

	2020	2019
	US\$	US\$
Interest income	613,238	632,138
Dividend income	2,598,708	17,940,000
Others	235,870	315,199
	<u>3,447,816</u>	<u>18,887,337</u>

5. Operating expenses

	2020	2019
	US\$	US\$
Professional fees	125,501	118,947
Administrative expenses	156,301	160,245
Impairment of other financial assets (Note 27)	115,420	878,893
Expected credit losses on trade receivables	876,635	-
Others	852,030	819,000
	<u>2,125,887</u>	<u>1,977,085</u>

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

6. Finance costs

	2020	2019
	US\$	US\$
Interest on borrowings (Note 9)	3,238,797	2,634,450
Lease liabilities	1,136	–
Financial guarantee expenses	169,467	213,401
Other finance charges	5,755	7,952
	<u>3,415,155</u>	<u>2,855,803</u>

Financial guarantee expenses

The Company has short term loan facility with Standard Chartered Bank of up to US\$10 million (2019: US\$10 million) for its working capital requirements which is granted on an uncommitted basis. Financial guarantee expenses pertain to corporate guarantee issued by the holding company for an amount of US\$11 million (2019: US\$11 million) to secure the loan, of which the utilised amount is US\$3.11 million as at 31 March 2020 (2019: US\$3.11 million).

7. Profit before income tax

The following items have been included in arriving at profit before income tax:

	2020	2019
	US\$	US\$
Staff defined contribution plan	4,008	9,124
Other staff cost	911,996	982,029
Foreign exchange loss	101,737	53,581
	<u>31,000,000</u>	<u>–</u>
Impairment loss on investment in joint venture (Note 11)	136,797	167,506
Impairment loss on investment securities (Note 12)	31,136,797	167,506
Total impairment loss on investments	<u>31,136,797</u>	<u>167,506</u>
	<u>(18,781,841)</u>	<u>–</u>
Reversal of impairment loss on investments (Note 11)	(15,000,000)	–
Reversal of provision of financial guarantee obligation (Note 11)	(33,781,841)	–
Total reversal of impairment loss and provision	<u>(33,781,841)</u>	<u>–</u>

Tata Power International Pte. Limited

Notes to the financial statements
For the financial year ended 31 March 2020

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are as follows:

	2020	2019
	US\$	US\$
<i>Statement of comprehensive income:</i>		
<u>Current income tax</u>		
- Current income taxation	310,000	1,534,643
- (Over)/underprovision in respect of previous year	(339,486)	191,415
Withholding tax	620,968	2,398,729
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	591,482	4,124,787

Relationship between tax expense and profit before income tax

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2020 and 2019 is as follows:

	2020	2019
	US\$	US\$
Profit before income tax	5,386,558	26,165,935
	<hr/>	<hr/>
Tax at the applicable tax rate of 17% (2019: 17%)	915,715	4,448,209
Adjustments:		
Non-deductible expenses	6,384,089	999,509
Income not subject to taxation	(6,980,206)	(3,917,581)
Effect of partial tax exemption and tax relief	(23,594)	(26,452)
(Over)/underprovision in the prior year	(339,486)	191,415
Withholding tax	620,968	2,398,729
Others	13,996	30,958
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	591,482	4,124,787

As at 31 March 2020, the Company has foreign sourced income available for remittance of US\$395,919 (2019: US\$160,721) 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.

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

9. Related party transactions

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place on terms agreed between the parties during the financial year:

	2020	2019
	US\$	US\$
<i>Holding company</i>		
- Service fees expenses	(5,653,850)	(5,097,012)
- Financial guarantee expense	(151,237)	(166,713)
- Other expenses	(101,582)	(96,989)
<i>Related companies</i>		
- Interest expense	(3,238,797)	(2,634,450)
- Management fees expense	(139,409)	(153,865)
- Service fees expense	(305,750)	(313,871)
- Service fees income	78,759	86,259
- Interest income	499,062	497,699
<i>Joint ventures</i>		
- Service fees income	7,908,609	8,169,710
- Interest income	87,339	86,384
- Dividend income	2,598,708	17,940,000
Associates of ultimate holding company		
- Service fees income	1,368,902	5,850,093

Tata Power International Pte. Limited

Notes to the financial statements
For the financial year ended 31 March 2020

10. Plant and equipment

	Tools and equipment US\$	Leasehold Buildings US\$	Total US\$
Cost			
At 1 April 2018	20,817	–	20,817
Additions	1,136	–	1,136
At 31 March 2019 and 1 April 2019	21,953	–	21,953
Additions	910	121,972	122,882
At 31 March 2020	22,863	121,972	144,835
Accumulated depreciation			
At 1 April 2018	7,808	–	7,808
Depreciation	6,908	–	6,908
At 31 March 2019 and 1 April 2019	14,716	–	14,716
Depreciation	6,618	13,552	20,170
At 31 March 2020	21,334	13,552	34,886
Net carrying amount			
At 31 March 2019	7,237	–	7,237
At 31 March 2020	1,529	108,420	109,949

11. Investment in joint ventures

	2020 US\$	2019 US\$
Equity shares, at cost	224,361,595	175,592,195
Perpetual securities	29,000,000	14,000,000
Deemed equity contribution	12,999,529	12,999,529
	266,361,124	202,591,724
Less: Impairment of investment	(110,777,939)	(98,559,780)
	155,583,185	104,031,944

Tata Power International Pte. Limited

Notes to the financial statements
For the financial year ended 31 March 2020

11. Investment in joint ventures (cont'd)

Details of the joint ventures are as follows:

Company	Principal place of business	Principal activities	Cost of investment (excluding deemed equity contribution)		Proportion of ownership interest	
			2020	2019	2020	2019
			US\$	US\$	%	%
Adjaristsqali Netherlands B.V ("ABV") ⁽¹⁾	Georgia (Country of incorporation – Netherlands)	Development of hydro power project	100,559,628	85,559,628	40	40
Koromkheti B.V ("KBV") ⁽¹⁾	Georgia (Country of incorporation – Netherlands)	Development of hydro power project	623	623	40	40
PT Baramulti Suksessarana Tbk ("BST") ⁽²⁾	Indonesia	Coal mining	99,058,015	99,058,015	26	26
Resurgent Power Ventures Pte. Ltd. ("RPV") ⁽³⁾	Singapore	Purpose of investing in thermal and hydro power generation and power transmission assets	53,743,329	4,973,929	26	26

(1) Audited by SBRC & Co LLP

(2) Audited by KAP ARIA KANAKA & REKAN

(3) Audited by PricewaterhouseCoopers LLP

Adjaristsqali Netherlands B.V ("ABV")

The Company has interest in 16,459 (2019: 16,459) common shares representing 40% (2019: 40%) of the paid up equity shares of Adjaristsqali Netherlands B.V., a joint venture (operating 187 MW hydro power plant in Georgia), established in Netherlands. Investment amounts to US\$101,448,965 (2019: US\$86,448,965) comprising of investment cost of US\$71,559,628 (2019: US\$71,559,628), perpetual securities of US\$29,000,000 (2019: US\$14,000,000) and deemed capital contribution of US\$889,337 (2019: US\$889,337) 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 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.

ABV was incorporated to setup a hydro power plant in Georgia with an intent to sell power in the open market in Turkey. The continuous fall in power price in the open market in Turkey coupled with continuous devaluation of Turkish Lira indicated a potential impairment of the assets of the Georgia CGU.

11. Investment in joint ventures (cont'd)

Adjaristsqali Netherlands B.V (cont'd)

In the prior years, the Company performed the impairment assessment and determined the value in use of the investment based on estimated cash flow projections over the life of the assets included in the Cash Generating Unit ("CGU"). The cash flow projections approved by management covered a 3 to 5 year period and the cash flows beyond that were projected based on the long term forecast. As a result of the analysis, a full impairment of US\$86,448,965 was charged to the profit or loss against the carrying value of investments in ABV.

During the current year, pursuant to debt restructuring of ABV, significant progress towards execution of long-term power purchase agreement with Government of Georgia, refinancing of loan reducing the overall debt cost and receipt of insurance claims. Apart from that the plant was operational from March 30, 2020. Based on which, the Company reversed impairment towards its investments in ABV of US\$18,781,841 and provision for financial guarantee obligation US\$15,000,000 for ABV.

Key assumptions used for the value in use calculation included power prices as per power purchase agreement with Government of Georgia and power prices in the open market in Turkey, demand of power in Turkey, discount rates and exchange rates. Discount rate represented the market assessment of the risk specific to CGU taking into consideration the time value of money. The discount rate used in the calculation of value in use was 6.33% in 2020.

Koromkheti B.V

The Company has interest in 500 (2019: 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 (2019: 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. In the previous years, the investment in joint venture has been fully impaired. There is no change in impairment assessment in the current year.

In prior years, the Company had 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 31 March 2020, there is no such triggering event and the put option is not exercised.

PT Baramulti Suksessarana Tbk

The Company has interests in 680,290,000 (2019: 680,290,000) common shares amounting to US\$99,058,015 (2019: US\$99,058,015) which represents 26% interests in PT Baramulti Suksessarana Tbk, a listed entity in Indonesia, which was purchased for a consideration of US\$99,058,015 from its fellow subsidiary in March 2016. 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 the financial statements For the financial year ended 31 March 2020

11. Investment in joint ventures (cont'd)

Key assumption used in the value in use valuation are:

- Mining are considered up to 2027, as per the License
- Coal prices are considered as \$65.82 for financial year 19-20 as per the Energy and Metal Consensus Report for March 2020.
- Net Present Value includes the Marketing commission.
- Discount rate of 8%.

Basis of above there is an impairment of USD 31,000,000 in the current year.

Resurgent Power Ventures Pte. Ltd

The Company has 537,462 (2019: 49,768) common shares representing 26% of the paid up equity shares of Resurgent Power Ventures Pte. Ltd., a joint venture established in Singapore. During the year, there was a capital call for additional funds, resulting in an increase in investment amount to US\$53,743,329 (2019: US\$4,973,929) with no change in interest. Although the Company holds less than 50% of the equity shares in Resurgent Power Ventures Pte. Ltd., 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.

12. Investment securities

	2020	2019
	US\$	US\$
Equity investments – at cost	7,652,174	7,652,174
Less: Impairment on equity investments	(7,617,877)	(7,481,080)
Equity investments at fair value	<u>34,297</u>	<u>171,094</u>

Equity investments include investment in equity shares (quoted) of ReNu Energy Limited, a company listed in Australia, and investment in equity shares (unquoted) of Exergen Pty Ltd, a company incorporated in Australia, and Sunengy Pty Ltd, a company incorporated 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\$136,797 (2019: US\$167,506) on the investment in equity shares was recorded in profit or loss.

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 and have been fully impaired in the prior years.

Tata Power International Pte. Limited

Notes to the financial statements
For the financial year ended 31 March 2020

13. Trade receivables

	2020	2019
	US\$	US\$
Third parties	4,864,174	5,270,972
Related parties	3,214,113	7,552,191
Less: Allowances for expected credit losses	(876,635)	-
Total trade receivables	<u>7,201,652</u>	<u>12,823,163</u>

Movement in the allowance for expected credit losses:

	2020	2019
	US\$	US\$
Balance at beginning of the year	-	-
Allowance for expected credit losses	876,635	-
Balance at end of the year	<u>876,635</u>	<u>-</u>

Trade receivables are non-interest bearing and are normally settled on 30 to 90 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

Included in the Company's trade receivables balance are debtors with a carrying amount of US\$6,648,426 (2019: US\$10,423,200) which are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. The Company provides services only to limited customers out of which most are related companies and taking into account historical credit loss experience and adjusted for forward looking information, the expected credit allowances is US\$876,635 (2019: Nil). The aging profile of these receivables is as follows:

	2020	2019
	US\$	US\$
<i>Trade receivables past due but not impaired:</i>		
1 to 30 days	171,224	6,664,058
31 to 90 days	1,018,668	1,364,062
More than 90 days	5,458,534	2,395,080
	<u>6,648,426</u>	<u>10,423,200</u>

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

13. Trade receivables (cont'd)

Receivables that are past due and impaired

Included in the Company's trade receivables balance are debtors with a carrying amount of US\$876,635 (2019: Nil) which are past due at the end of the reporting period for which the Company has recognised an allowance for ECL. The Company does not hold any collateral over these balances. The Company provides services only to limited customers out of which most are related companies and taking into account historical credit loss experience and adjusted for forward looking information, the expected credit allowances is US\$876,635 (2019: Nil). The aging profile of these receivables is as follows:

	2020	2019
	US\$	US\$
<i>Trade receivables past due and impaired:</i>		
More than 180 days less than 360 days	233,720	–
More than 360 days	642,915	–
	<u>876,635</u>	<u>–</u>

Trade receivables are denominated in the following currencies as at 31 March:

	2020	2019
	US\$	US\$
United States Dollars	7,184,066	12,780,337
Indian Rupiah	7,657	7,657
South African Rand	9,929	35,169
	<u>7,201,652</u>	<u>12,823,163</u>

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

14. Other receivables and prepayments

	2020	2019
	US\$	US\$
Non-current		
Amount due from subsidiary	99,829	99,829
Current		
Prepayments	9,767	18,430
GST receivables, net	4,418	4,215
Advance to holding company	846,900	849,220
Advance to third party	602,823	604,475
Loan to Adjaristsqali Georgia LLC	—	10,000,000
Loan to Far Eastern Natural Resources LLC	9,109,456	8,610,394
	<u>10,573,364</u>	<u>20,086,734</u>
Total other receivables and prepayments	10,673,193	20,186,563
Add:		
Trade receivables (Note 13)	7,201,652	12,823,163
Cash and cash equivalents (Note 16)	1,060,941	1,324,593
Less:		
Prepayments	(9,767)	(18,430)
GST receivables, net	(4,418)	(4,215)
Advances to holding company and third party (contract liability)	(1,449,723)	(1,453,695)
Total financial assets carried at amortised cost	<u>17,471,878</u>	<u>32,857,979</u>

Other receivables are denominated in the following currency as at 31 March:

	2020	2019
	US\$	US\$
Singapore Dollars	14,185	22,645
United States Dollars	10,659,008	20,163,918

Loan to Far Eastern Natural Resources LLC / Amount due from subsidiary

The Company had entered into an agreement with its subsidiary to provide a loan facility of US\$7.9 million (2019: US\$7.9 million). As at 31 March 2020, the loan amounting to US\$9,109,456 (2019: US\$8,610,394) comprised of outstanding loan principal of US\$7,899,980 (2019: US\$7,899,980) and accrued interest of US\$1,209,476 (2019: US\$710,414). 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 6.3% per annum. Amount due from subsidiary, Far Eastern Natural Resources LLC, is unsecured, non-interest bearing and is repayable on demand.

Loan to Adjaristsqali Georgia LLC

The Company had entered into an agreement with its joint venture to provide a bridge loan facility in the year ending March 31, 2019 of US\$10,000,000 which was repaid during the current year. The loan was secured, non interest- bearing and repayable on demand.

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

14. Other receivables and prepayments (cont'd)

Advance to holding company

Advance to holding company for future services is unsecured, interest free, and is expected to be settled within six to nine months.

15. Other financial asset at fair value through profit or loss

	2020	2019
	US\$	US\$
Loan to Koromkheti B.V	4,695,536	4,608,916
Less: Change of fair value during the year	(4,695,536)	(4,608,916)
Balance at the end of the year	-	-

Loan to Koromkheti B.V

The Company had entered into an agreement with its joint venture to provide a loan facility of US\$8,600,000 (2019: US\$8,600,000). As at 31 March 2020, the loan amounting to US\$4,695,536 (2019: US\$4,608,916) comprises outstanding loan principal of US\$4,260,000 (2019: US\$4,260,000) and accrued interest of US\$435,536 (2019: US\$348,916). 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).

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 31 March 2020 and 2019.

The loan to a joint venture is measured at fair value through profit or loss in accordance with FRS 109 *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 believes that the loan has a fair value of Nil as at 31 March 2020 (2019: Nil) as management does not expect to recover it either through settlement or conversion.

16. Cash and cash equivalents

	2020	2019
	US\$	US\$
Cash in hand	306	289
Cash at bank	926,144	1,167,568
Fixed deposits	134,491	156,736
Cash and cash equivalents	1,060,941	1,324,593

The fixed deposits bear an average interest rate of 2.06 % to 6.25% (2019: 6% to 6.25%) per annum and have a tenure of approximately 1 month (2019: approximately 1 month).

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

16. Cash and cash equivalents (cont'd)

Cash and cash equivalents are denominated in the following currencies as at 31 March:

	2020	2019
	US\$	US\$
United States Dollars	691,110	967,113
Singapore Dollars	9,857	40,416
South African Rand	359,792	316,855
Indonesian Rupiah	182	209
	<u>1,060,941</u>	<u>1,324,593</u>

17. Loan and borrowings

	2020	2019
	US\$	US\$
<i>Current</i>		
Lease liabilities	39,841	–
Loans from related companies	11,450,000	10,300,000
Total current borrowings	<u>11,489,841</u>	<u>10,300,000</u>
<i>Non-current</i>		
Lease liabilities	69,113	–
Loans from related companies	130,646,093	87,538,450
Total non-current borrowings	<u>130,715,206</u>	<u>87,538,450</u>

Non-current loans from related companies

In 2018, the Company entered into a loan agreement with a related company for a loan not exceeding US\$100,000,000 (2019: US\$100,000,000) for the Company's investment purposes. The loan of US\$84,990,524 (2019: US\$87,538,450) is interest-free, unsecured, and repayable on maturity date i.e. 25 April 2022.

During the year, the Company entered into a loan agreement with a related company for a loan not exceeding US\$22,000,000 (2019: Nil) for the Company's investment purposes. The outstanding loan of US\$19,818,170 (2019: Nil) is interest-free, unsecured, and repayable on maturity date i.e. 5 December 2022.

During the year, the Company entered into a loan agreement with a related company for a loan not exceeding US\$28,782,000 (2019: Nil) for the Company's investment purposes. The outstanding loan of US\$25,837,399 (2019: Nil) is interest-free, unsecured, and repayable on maturity date i.e. 04 December 2022.

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**Notes to the financial statements
For the financial year ended 31 March 2020**

17. Loan and borrowings (cont'd)

Current loans from related companies

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. During the year, the outstanding loan principal and interest were fully repaid (2019: US\$6,200,000 and US\$781,885 respectively). The loan bore interest at a floating rate of LIBOR plus 1.50% per annum and was unsecured and repayable on demand.

In 2018, the Company entered into a loan agreement with a related company for a loan not exceeding US\$25,000,000 for the Company's working capital requirements. As of March 31, 2020, the loan balance of US\$11,450,000 (2019: US\$4,100,000) comprised loan principal US\$11,450,000 (2019: US\$4,100,000) and accrued interest of Nil (2019: Nil). The loan bears interest at a floating rate of LIBOR plus 1.5% with mark-up of 5% per annum and is unsecured and repayable on demand.

A reconciliation of liabilities arising from the Company's financing activities is as follows:

	2019 US\$	Cash flows (Net) US\$	Acquisition US\$	Non-cash changes Accretion of interests US\$	Others* US\$	2020 US\$
Loans						
- Current	10,300,000	1,150,000	-	-	-	11,450,000
- Non-current	87,538,450	50,782,000	-	3,038,023	(10,712,380)	130,646,093
Lease liabilities						
- Current	-	(13,017)	13,017	-	39,841	39,841
- Non-current	-	-	108,954	-	(39,841)	69,113
Total	97,838,450	51,918,983	121,971	3,038,023	(10,712,380)	142,205,047

	2018 US\$	Cash flows (Net) US\$	Acquisition US\$	Non-cash changes Accretion of interests US\$	Others* US\$	2020 US\$
Loans						
- Current	6,200,000	4,100,000	-	-	-	10,300,000
- Non-current	-	90,000,000	-	2,394,224	(4,855,774)	87,538,450
Total	6,200,000	94,100,000	-	2,394,224	(4,855,774)	97,838,450

* The 'others' column in case of loans relates to fair valuation impact on the interest free loan and in case of lease liabilities it relates to reclassification of non-current loans due to passage of time.

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**Notes to the financial statements
For the financial year ended 31 March 2020**

18. Trade payables

	2020	2019
	US\$	US\$
Holding company	727,636	1,596,682
Related companies	8,661,259	13,995,256
Third parties	4,409	343,146
Total trade payables	9,393,304	15,935,084

Trade payables (including payables to holding company and related companies) are unsecured, non-interest bearing and have an average credit period of trade payables is 30 days (2019: 30 days) and approximate their fair values.

Trade payables are denominated in the following currency as at 31 March:

	2020	2019
	US\$	US\$
South African Rand	1,295	4,587
Singapore Dollars	57,159	338,559
United States Dollars	9,334,850	15,591,938

19. Other payables

	2020	2019
	US\$	US\$
Holding company	91,336	65,484
Joint venture	-	15,000,000
Interest on loan from related companies	-	781,885
Deferred revenue	1,693,799	1,858,440
Accrued expenses	174,319	237,927
Total other payables	1,959,454	17,943,736
Add: Trade payables (Note 18)	9,393,304	15,935,084
Add: Non-current borrowings (Note 17)	130,715,206	87,538,450
Add: Current borrowings (Note 17)	11,489,841	10,300,000
Less: Deferred revenue	(1,693,799)	(1,858,440)
Total financial liabilities carried at amortised cost	151,864,006	129,858,830

Other payables are denominated in the following currencies as at 31 March:

	2020	2019
	US\$	US\$
United States Dollars	13,385,876	28,191,605
Singapore Dollars	23,578	52,131
	13,409,454	28,243,736

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

19. Other payables (cont'd)

Other payables- holding company and joint venture

The Company's other payables are non-trade in nature, unsecured, interest-free and are repayable within the next twelve months.

The amount of US\$10,300,000 has been re-grouped from Other payable to Current borrowings in the current year.

20. Share capital

	2020	2020	2019	2019
	No. of shares	US\$	No. of shares	US\$
<i>Issued and fully paid ordinary shares:</i>				
At beginning and end of the year	67,730,650	85,940,000	67,730,650	85,940,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

21. Capital reserve

	2020	2019
	US\$	US\$
Pre-incorporation costs contributed from holding company	95,319	95,319
Fair value adjustment arising from loan	15,568,154	4,855,774
Deemed capital contribution	5,152,687	5,152,687
	<u>20,816,160</u>	<u>10,103,780</u>

The deemed capital contribution is due to the difference in the net present value of the redeemable non-cumulative preference shares ('RPS') amount received and its carrying amount. Management used the effective interest method to account for the amortised cost of the RPS with an applicable discount rate of 7.54%. The same is classified as "Capital reserves" upon inception. In earlier years RPS were issued and redeemed.

The fair value adjustment arising from loan is due to the discounting of an interest-free loan from related companies during the year.

22. Commitment

The Company had previously entered into a contract with a related company to acquire multiple investments at a total consideration of US\$30.7 million. In 2015, the Company completed acquisition of investment 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 31 March 2021.

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

23. Leases

The company has lease contract for office space. The company's obligations under this lease is secured by the lessor's title to the leased asset.

(a) *Carrying amounts of right-of-use assets classified within property, plant and equipment*

The carrying amount of right of use asset and the movement during the year are disclosed under 'Leasehold Buildings' in Note 10.

(b) *Lease liabilities*

The carrying amounts of lease liabilities (included under borrowings) and the movements during the year are disclosed in Note 17.

(c) *Amounts recognised in profit or loss*

	2020
	US\$
Depreciation of right of use asset (Note 10)	13,552
Interest expense on lease liabilities (Note 6)	1,136
	<hr/>
Total amount recognised in profit or loss	<u>14,688</u>

(d) *Total cash outflow*

The Company had total cash outflows for lease of US\$13,017 during the year.

24. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Tata Power International Pte. Limited

Notes to the financial statements
For the financial year ended 31 March 2020

24. Fair value of assets and liabilities (cont'd)

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical assets (Level 1) US\$	Significant observable inputs other than quoted prices (Level 2) US\$	Significant un-observable inputs (Level 3) US\$	Total US\$
2020				
<i>Assets measured at fair value</i>				
<u>Financial assets</u>				
Investment securities (Note 12)	34,297	–	–	34,297
2019				
<i>Assets measured at fair value</i>				
<u>Financial assets</u>				
Investment securities (Note 12)	171,094	–	–	171,094

There were no transfers of assets or liabilities between Levels 1, 2 and 3.

25. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives for speculative purposes shall be undertaken. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

25. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Refer to Note 13 and 14 for credit risk and other information in respect of trade receivables and other receivables as stated above are due from the parties under normal course of the business and as such Company believes exposure to credit risk is minimal.

Excessive risk concentration

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 31 March 2020, ten (2019: twelve) customers represented the entire balance of the Company's trade receivables balance. Further details of credit risks on trade receivables are disclosed in Note 13.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 13 and 14 (Trade and other receivables).

25. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

	Trade Receivable						Total USD
	Days past due						
	Current USD	<30 days USD	31-90 days USD	91-180 days USD	181-360 days USD	> 360 days USD	
31 March 2020							
Expected credit loss rate	0%	0%	0%	0%	10%	37%	
Estimated total gross carrying amount at default	553,229	171,224	1,018,668	2,254,487	2,337,192	1,743,487	8,078,287
Expected credit loss	-	-	-	-	233,719	642,916	876,635

	Trade Receivable						Total USD
	Days past due						
	Current USD	<30 days USD	31-90 days USD	91-180 days USD	181-360 days USD	> 360 days USD	
31 March 2019							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	2,399,963	6,664,058	1,364,062	1,298,661	646,419	450,000	12,823,163
Expected credit loss	-	-	-	-	-	-	-

25. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As part of its overall liquidity management, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As at 31 March 2020, the Company's current liabilities exceeded its current assets by US\$4,317,274 (2019: US\$11,484,330).

The Company is dependent on its ultimate 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.

Liquidity risk analysis

Non-derivative financial assets and liabilities

The following tables details the expected maturity for non-derivative financial assets and liabilities.

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 balance sheet.

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 balance sheet.

25. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Average effective interest rate %	On demand or within one year US\$	Within 2-5 years US\$	Adjustment US\$	Total US\$
Financial assets					
2020					
Non-interest bearing	–	8,267,011	99,829	–	8,366,840
Fixed interest rate instruments	6.30	9,683,352	–	(573,896)	9,109,456
		17,950,363	99,829	(573,896)	17,476,296
2019					
Non-interest bearing	–	25,605,666	99,829	–	25,705,495
Fixed interest rate instruments	6.30	9,152,849	–	(542,455)	8,610,394
		34,758,515	99,829	(542,455)	34,315,889
Financial liabilities					
2020					
Non-interest bearing	–	9,658,959	140,782,000	(10,026,953)	140,414,006
Variable interest rate instrument	2.66	11,754,570	–	(304,570)	11,450,000
		21,413,529	140,782,000	(10,331,523)	151,864,006
2019					
Non-interest bearing	–	122,876,945	–	–	122,876,945
Variable interest rate instrument	2.37	6,346,663	–	(146,663)	6,200,000
		129,223,885	–	(146,663)	129,076,945

Notes to the financial statements
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25. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk

Foreign currency risk refers to the risk that arises from the movements in the foreign currency exchange rate against United States Dollars that will affect the Company's financial results and its cash flows. The Company's foreign currency exposures arise mainly from the exchange rate movements of Singapore Dollars, Australian Dollars, South African Rand Indonesia Rupiah and Indian Rupee against United States Dollars.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

	Assets		Liabilities	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Singapore Dollars	24,042	63,061	80,737	390,690
Australian Dollars	34,297	171,094	—	—
South African Rand	369,721	352,024	1,295	4,587
Indonesia Rupiah	182	209	—	—
Indian Rupee	7,657	7,657	—	—

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the United States Dollars, profit or loss before income tax will (decrease)/increase by:

	2020 US\$	2019 US\$
Singapore Dollars	(5,670)	(32,763)
Australian Dollars	3,430	17,109
South African Rand	36,843	34,744
Indonesia Rupiah	18	21
Indian Rupee	766	766

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

25. Financial risk management objectives and policies (cont'd)

(d) *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the current 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.

26. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The capital structure of the Company comprises of issued capital and funding from its holding company. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 2019.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owner of the Company.

	Note	2020 US\$	2019 US\$
Loan and borrowings			
Non-current	17	130,715,206	87,538,450
Current	17	11,489,841	10,300,000
Trade payables	18	9,393,304	15,935,084
Other payables	19	1,959,454	17,943,736
Less: Cash and cash equivalents	16	(1,060,941)	(1,324,593)
Net debt		152,496,864	130,392,677
Equity attributable to the owner of the Company		20,794,951	5,287,495
Capital and net debt		173,329,815	135,680,172
Gearing ratio		0.88	0.96

Tata Power International Pte. Limited

**Notes to the financial statements
For the financial year ended 31 March 2020**

27. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation. The reclassifications are set out below:

	Previously reported	Adjustments	As restated
	US\$	US\$	US\$
Balance sheet			
Other payable	28,243,736	(10,300,000)	17,943,736
Current borrowings	–	10,300,000	10,300,000
Statement of comprehensive Income			
Impairment loss on investments	–	(167,506)	(167,506)
Operating expenses	(1,046,399)	167,506	(1,977,085)

28. Impact of COVID 19

The outbreak of Coronavirus (Covid-19) pandemic globally is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. The management has assessed and determined that Covid-19 does not have any material impact on the Company's financial position as at 31 March 2020 and its financial performance for the year then ended 31 March 2020.

The management also believes that Covid-19 impact, if any, will be restricted to short to medium term only and no long-term impact is expected on the Company. The Tata Power Company Limited, the holding company has confirmed its unconditional financial support to the Company for at least 12 months from the date of the financial statements to enable it to continue as a going concern. Hence, the Company and its Holding Company are committed for the continuation of its business operations.

29. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 24 June 2020.

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	As at March, 2020		As at March, 2019		Amount
	USD	Exchange Rate	USD	Exchange Rate	
ASSETS					
Current assets					
Cash and cash equivalents	1,060,941	75.54	1,324,593	69.16	91,610,441
Trade receivables	7,201,652	75.54	12,823,163	69.16	886,865,341
Other receivables and prepayments	10,573,364	75.54	20,086,734	69.16	1,389,222,628
Total current assets	18,835,957	75.54	34,234,490	69.16	2,367,698,410
Non-current assets					
Plant and equipment	109,949	75.54	7,237	69.16	500,520
Investment in subsidiary	171	75.54	171	69.16	11,827
Investment in joint venture	155,583,185	75.54	104,031,944	69.16	7,194,974,085
Available for sale financial assets	34,297	75.54	171,094	69.16	11,833,066
Other receivables and prepayments	99,829	75.54	99,829	69.16	6,904,293
Total non-current assets	155,827,431	75.54	104,310,275	69.16	7,214,223,791
TOTAL ASSETS	174,663,388	75.54	138,544,765	69.16	9,581,922,201
LIABILITIES AND EQUITY					
Non Current liabilities					
Loans and Borrowings	130,715,206	75.54	87,538,450	69.16	6,054,264,248
	130,715,206		87,538,450		6,054,264,248
Current liabilities					
Loans and Borrowings	11,489,841	75.54	10,300,000	69.16	712,360,360
Trade payables	9,393,304	75.54	15,935,084	69.16	1,102,089,532
Other payables	1,959,454	75.54	17,943,736	69.16	1,241,010,314
Income tax payable	310,632	75.54	1,540,000	69.16	106,508,248
Total current liabilities	23,153,231	75.54	45,718,820	69.16	3,161,968,454
Equity attributable to the owner of the Company					
Share capital	85,940,000	65.61	85,940,000	65.61	5,638,192,654
Capital reserve	20,816,160	78.35	10,103,780	86.26	871,563,312
Accumulated losses	(85,961,209)	66.10	(90,756,285)	66.35	(6,021,980,872)
Exchange fluctuation reserve			(16,102,324)		(122,075,595)
Net equity	20,794,951	75.54	5,287,495	69.16	365,689,499
TOTAL LIABILITIES AND EQUITY	174,663,388	75.54	138,544,765	69.16	9,581,922,201

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2020

	Period ended March, 2020	Exchange Rate	Amount	Year ended March, 2019	ExGhange Rate	Amount
	USD					
Service fees income from consultancy services rendered	13,204,401	70.88	935,988,683	20,628,038	69.89	1,441,780,214
Service fee expense	(7,331,750)	70.88	(519,708,166)	(7,297,404)	69.89	(510,046,215)
Other income	3,447,816	70.88	244,397,058	18,887,337	69.89	1,320,115,310
Exchange Loss	(101,737)	70.88	(7,211,587)	(53,581)	69.89	(3,745,001)
Staff and related costs	(916,004)	70.88	(64,930,577)	(991,153)	69.89	(69,275,846)
Operating expense	(2,125,887)	70.88	(150,692,650)	(1,977,085)	69.89	(138,186,774)
Impairment loss on investments	(31,136,797)	70.88	(2,207,119,401)	(167,506)	69.89	(11,707,698)
Reversal of impairment loss and provisions	33,781,841	70.88	2,394,612,287	-	69.89	-
Depreciation	(20,170)	70.88	(1,429,742)	(6,908)	69.89	(482,829)
Finance costs	(3,415,155)	70.88	(242,081,896)	(2,855,803)	69.89	(199,604,066)
Profit (Loss) before income tax	5,386,558	70.88	381,824,009	26,165,935	69.89	1,828,847,095
Income tax expense	(591,482)	70.88	(41,926,965)	(4,124,787)	69.89	(288,298,688)
Total Profit (Loss) for the year, representing total comprehensive income (loss) for the year	4,795,076	70.88	339,897,044	22,041,148	69.89	1,540,548,407

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT CASH FLOWS
YEAR ENDED MARCH 31, 2020

	Period ended March, 2020 USD	Exchange Rate	Amount	Year ended March, 2019 USD	Exchange Rate	Amount
Operating activities						
Profit (Loss) before income tax	5,386,558	70.88	381,824,009	26,165,935	69.89	1,828,847,095
<i>Adjustment for:</i>						
Interest expenses	3,415,156	70.88	242,081,967	2,847,851	69.89	199,048,267
Interest income	(613,238)	70.88	(43,469,130)	(632,138)	69.89	(44,182,780)
Depreciation Expenses	20,170	70.88	1,429,742	6,908	69.89	482,829
Allowance for expected credit loss on trade receivables	876,635	70.88	62,139,921			
Dividend Income	(2,598,708)	70.88	(184,208,377)	(17,940,000)	69.89	(1,253,901,949)
Impairment loss on investments	31,136,797	70.88	2,207,119,399	167,506	69.89	11,707,698
Impairment of other financial assets	115,420	70.88	8,181,501	878,893	69.89	61,429,523
Reversal of impairment loss on investments	(33,781,841)	70.88	(2,394,612,285)			
Cash flows before changes in working capital	3,956,949	70.88	280,486,747	11,494,955	69.89	803,430,683
Decrease/(increase) in trade receivables	4,389,069	70.88	311,117,400	(9,875,229)	69.89	(690,221,231)
Decrease in trade payables	(198,581)	70.88	(14,076,335)	(484,458)	69.89	(33,860,804)
Decrease in other receivables and prepayments	12,432	70.88	881,237	427,110	69.89	29,852,512
Decrease in Other payables	(6,541,780)	70.88	(463,711,458)	(99,717,834)	69.89	(6,969,698,237)
Cash (used in) generated from operations	1,618,089	70.88	114,697,591	(98,155,456)	69.89	(6,860,497,077)
Interest received	27,556	70.88	1,953,296	48,055	69.89	3,358,786
Interest paid	(1,162,834)	70.88	(82,427,023)	(302,965)	69.89	(21,175,496)
Income tax paid	(1,465,044)	70.88	(103,849,058)	(2,293,058)	69.89	(160,271,455)
Net cash (used in) from operating activities	(982,233)	70.88	(69,625,194)	(100,703,424)	69.89	(7,036,585,262)
Investing activities						
Prepaid expenses for Investments	(28,800)	70.88	(2,041,476)	(792,508)	69.89	(55,391,783)
Investment in joint venture	(63,769,400)	70.88	(4,520,268,409)	(1,147,300)	69.89	(80,189,616)
Repayment/(disbursement) of loan to Joint Ventures	10,000,000	70.88	708,846,000	(10,000,000)	69.89	(698,942,000)
Dividend received	2,598,708	70.88	184,208,377	17,940,000	69.89	1,253,901,949
Purchase of Property, plant & Equipment	(910)	70.88	(64,505)	(1,136)	69.89	(79,400)
Net cash from (used in) investing activities	(51,200,402)	70.88	(3,629,320,113)	5,995,055	69.89	419,299,150
Financing activities						
Proceeds from borrowings	66,132,000	70.88	4,687,740,365	94,100,000	69.89	6,577,044,223
Repayment of borrowings	(14,200,000)	70.88	(1,006,561,319)			
Payment of principal portion of lease liabilities	(13,017)	70.88	(922,705)			
Net cash from (used in) financing activities	51,918,983	70.88	3,680,256,341	94,100,000	69.89	6,577,044,223
Net increase in cash and cash equivalents	(263,652)	70.88	(18,688,866)	(604,369)	69.89	(42,241,889)
Cash and cash equivalents at the beginning of financial year	1,324,593	69.16	91,610,441	1,928,962	64.85	125,093,186
Effect of exchange fluctuation on cash and cash equivalents			7,224,560			8,759,145
Cash and cash equivalents at the end of the financial year	1,060,941	75.54	80,146,135	1,324,593	69.16	91,610,441

TATA POWER INTERNATIONAL PTE. LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2020

	Share capital USD	Exchange Rate	Amount	Capital reserve USD	Exchange Rate	Amount	Accumulated loss USD	Exchange Rate	Amount	Total USD	Exchange Rate	Amount
Balance as at April 1, 2018	85,940,000	65.61	5,638,192,654	5,248,006	36.73	192,772,434	(112,797,433)	67.05	(7,562,529,279)	(21,609,427)	80.13	(1,731,564,191)
Loss for the year, representing total comprehensive income for the year						339,390,439	22,041,148	69.89	1,540,548,407	22,041,148	85.29	1,879,938,846
Fair value adjustment arising from interest free loan				4,855,774	69.89	339,390,439				4,855,774	69.89	339,390,439
Balance at March 31, 2019	<u>85,940,000</u>	<u>65.61</u>	<u>5,638,192,654</u>	<u>10,103,780</u>	<u>86.26</u>	<u>871,553,312</u>	<u>(90,756,285)</u>	<u>66.35</u>	<u>(6,021,980,872)</u>	<u>5,287,495</u>	<u>92.25</u>	<u>487,765,094</u>
Profit for the year, representing total comprehensive income for the financial year							4,795,076	70.88	339,897,044	4,795,076	70.88	339,897,044
Fair value adjustment arising from interest free loan				10,712,380	70.88	759,342,771	-			10,712,380	70.88	759,342,771
Balance at March 31, 2020	<u>85,940,000</u>	<u>65.61</u>	<u>5,638,192,654</u>	<u>20,816,160</u>	<u>78.35</u>	<u>1,630,896,083</u>	<u>(85,961,209)</u>	<u>66.10</u>	<u>(5,682,083,828)</u>	<u>20,794,951</u>	<u>76.32</u>	<u>1,587,004,909</u>