

**TATA CHEMICALS
INTERNATIONAL PTE. LTD.
(Registration No. 200719636Z)**

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2017

TATA CHEMICALS INTERNATIONAL PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

	<u>PAGE</u>
Directors' statement	1 - 2
Independent auditor's report	3 - 5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to financial statements	10 - 32

TATA CHEMICALS INTERNATIONAL PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended March 31, 2017.

In the opinion of the directors, the accompanying financial statements as set out on pages 6 to 32 are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2017 and the financial performance, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement, with the continuing financial support from the ultimate holding company, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Kottamasu Venkateswara Rao
Ramakrishnan Mukundan
John Mulhall

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, except as follows:

Name of director and company in which interests are held	Shareholdings registered in name of director	
	At beginning of year	At end of year
Ultimate holding company - Tata Chemicals Limited <i>Shares of Rs. 10/- each</i>		
Ramakrishnan Mukundan	500	500

TATA CHEMICALS INTERNATIONAL PTE. LTD.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the company were granted.

(b) Options exercised

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

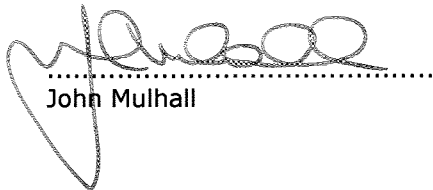
(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company under options.

ON BEHALF OF THE DIRECTORS



.....
Kottamasu Venkateswara Rao



.....
John Mulhall

19 MAY 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TATA CHEMICALS INTERNATIONAL PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tata Chemicals International Pte. Ltd. (the "company"), which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 32.

In our opinion, the accompanying financial statements of the company 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 March 31, 2017 and of 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TATA CHEMICALS INTERNATIONAL PTE. LTD.

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 FRSs, 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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
TATA CHEMICALS INTERNATIONAL PTE. LTD.**

- (e) 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 provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

May 19, 2017

TATA CHEMICALS INTERNATIONAL PTE. LTD.

STATEMENT OF FINANCIAL POSITION
March 31, 2017

	Note	2017 US\$	2016 US\$
<u>ASSETS</u>			
Current assets			
Cash at bank		2,093,764	2,015,571
Trade and other receivables	7	42,875,423	31,890,776
Derivative financial instruments	8	752,815	-
Total current assets		<u>45,722,002</u>	<u>33,906,347</u>
Non-current assets			
Property and equipment	9	14,772	31,470
Investment in joint venture	10	-	-
Investment in subsidiaries	11	701,336,880	701,336,880
Total non-current assets		<u>701,351,652</u>	<u>701,368,350</u>
Total assets		<u><u>747,073,654</u></u>	<u><u>735,274,697</u></u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Bank loans	12	221,249,189	18,000,000
Accruals		789,445	778,646
Derivative financial instruments	8	-	130,843
Trade and other payables	13	22,335,561	17,927,868
Provision for foreseeable loss on investment in joint venture	10	-	1,455,180
Total current liabilities		<u>244,374,195</u>	<u>38,292,537</u>
Non-current liability			
Bank loans	12	-	<u>196,833,724</u>
Capital and reserves			
Share capital and preference shares	14	596,737,700	596,737,700
Accumulated losses		(93,615,078)	(96,166,101)
Currency translation reserve	15	(423,163)	(423,163)
Net equity		<u>502,699,459</u>	<u>500,148,436</u>
Total liabilities and equity		<u><u>747,073,654</u></u>	<u><u>735,274,697</u></u>

See accompanying notes to financial statements.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2017

	Note	<u>2017</u>	<u>2016</u>
		US\$	US\$
Revenue	16	78,178,231	61,238,700
Cost of sales		<u>(76,798,212)</u>	<u>(60,283,222)</u>
Gross profit		1,380,019	955,478
Other operating income	17	12,038,943	18,769,190
Administrative expenses	18	(3,991,969)	(3,949,473)
Other operating expenses	19	(2,500,000)	(900,000)
Finance costs	20	<u>(4,375,970)</u>	<u>(4,984,537)</u>
Profit before income tax		2,551,023	9,890,658
Income tax	21	<u>-</u>	<u>-</u>
Profit for the year, representing total comprehensive income for the year	22	<u><u>2,551,023</u></u>	<u><u>9,890,658</u></u>

See accompanying notes to financial statements.

TATA CHEMICALS INTERNATIONAL PTE. LTD.**STATEMENT OF CHANGES IN EQUITY**
Year ended March 31, 2017

	Share capital	Preference shares	Currency translation reserve	Accumulated losses	Total
	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2015	481,637,700	115,100,000	(423,163)	(106,056,759)	490,257,778
Profit for the year, representing total comprehensive income for the year	-	-	-	9,890,658	9,890,658
Balance at March 31, 2016	481,637,700	115,100,000	(423,163)	(96,166,101)	500,148,436
Profit for the year, representing total comprehensive income for the year	-	-	-	2,551,023	2,551,023
Balance at March 31, 2017	<u>481,637,700</u>	<u>115,100,000</u>	<u>(423,163)</u>	<u>(93,615,078)</u>	<u>502,699,459</u>

See accompanying notes to financial statements.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Operating activities		
Profit before income tax	2,551,023	9,890,658
Adjustments for:		
Dividend income	(10,725,349)	(18,430,136)
Depreciation	32,438	31,803
(Gain) Loss from derivative financial instruments	(883,658)	293,377
Amortisation of facility fees on long term borrowings	1,844,348	1,639,190
Reversal for foreseeable loss on investment in joint venture	(45,042)	(12,804)
Impairment loss on the investments in subsidiary	2,500,000	900,000
Interest income	(384,809)	(326,250)
Interest expense	4,375,970	4,984,537
Operating cash flows before movements in working capital	<u>(735,079)</u>	<u>(1,029,625)</u>
Trade and other receivables	(11,619,902)	(13,903,903)
Trade and other payables	4,411,719	8,382,159
Accruals	10,799	226,010
Net cash used in operating activities	<u>(7,932,463)</u>	<u>(6,325,359)</u>
Investing activities		
Purchase of property and equipment	(15,740)	(1,038)
Additional investment in joint venture	(1,410,138)	(1,442,377)
Additional investment in subsidiaries	(2,500,000)	(1,200,000)
Interest received	20,064	10,754
Dividend received	10,725,349	18,430,136
Repayment from subsidiary	1,000,000	3,285,313
Net cash from investing activities	<u>7,819,535</u>	<u>19,082,788</u>
Financing activities		
Interest paid	(4,379,996)	(5,579,764)
Proceeds from working capital facility	16,571,117	-
Repayment of working capital facility	(12,000,000)	(4,000,000)
Repayment of bank loans	-	(2,000,000)
Net cash from (used in) financing activities	<u>191,121</u>	<u>(11,579,764)</u>
Net increase in cash and cash equivalents	78,193	1,177,665
Cash and cash equivalents at beginning of year	<u>2,015,571</u>	<u>837,906</u>
Cash and cash equivalents at end of year	<u><u>2,093,764</u></u>	<u><u>2,015,571</u></u>

See accompanying notes to financial statements.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS March 31, 2017

1 GENERAL

The company (Registration No. 200719636Z) is incorporated in the Republic of Singapore with its principal place of business and registered office at 78 Shenton Way, #17-01/02, Singapore 079120 (previously at 80 Robinson Road, #14-02, Singapore 068898). The financial statements are expressed in United States dollars.

The principal activity of the company is that of general wholesaler trade and an investment holding company.

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

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on May 19, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS March 31, 2017

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, the company adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- FRS 109 *Financial Instruments* ²
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* ²
- FRS 116 *Leases* ³
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* ¹

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

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

³ Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted

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

The management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

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

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the application of FRS 109 in the future would result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management intends to adopt FRS 109 when it becomes effective in 2018. Additional disclosures will also be made.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

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

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

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

Management intends to adopt FRS 115 when it becomes effective in 2018. Management anticipates that the application of FRS 115 in the future may have a material impact on the amounts reported and disclosures made in the company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until management completes its assessment.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The management anticipates that the initial application of FRS 116 will result in certain lease commitments of the company to be recorded in the statement of financial position. FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in Note 23. The new FRS 116 requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the company's financial statements and the management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the management completes the review.

CONSOLIDATED FINANCIAL STATEMENTS - The financial statements of the subsidiaries and joint venture have not been consolidated and equity accounted for with the company's financial statements as the company itself is a wholly-owned subsidiary of Tata Chemicals Limited incorporated in India, which prepares consolidated financial statements. Such financial statements are publicly available.

The registered address of the ultimate holding company presenting the group financial statements is Tata Chemicals Limited, Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001 (India).

Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Investments in subsidiaries and joint venture in the financial statements of the company are stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Trade and other receivables

Trade and other receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term balances when effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise of cash on hand and cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

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

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

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

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Trade and other payables

Trade and other payables (including accruals) are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method except for short-term balances when the recognition of interest would be immaterial.

Bank loans

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

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

Derecognition of financial liabilities

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

DERIVATIVE FINANCIAL INSTRUMENTS – The company enters into derivative financial instruments to manage its exposure to interest rate through interest rate swaps. Further details to derivative financial instruments are disclosed in Note 8 of the financial statements.

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

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

PROPERTY AND EQUIPMENT – All items of property and equipment are initially recorded at cost. The cost of an item of property 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.

Subsequent to recognition, property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Computer	-	3 years
Office equipment	-	3 years
Leasehold improvements	-	Over the period of the lease (3 years)

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

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.

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

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

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

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

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessee

Rentals payable under operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS March 31, 2017

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods – Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The company transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income - Dividend income from investments is recognised when the shareholder's rights to receive the payment have been established.

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

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

INCOME TAX – Income tax for the financial year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) Critical judgements in applying the company's accounting policies

The directors are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management has not made any significant assumptions concerning the future that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below.

Impairment of investments in subsidiaries and joint venture

The investments in subsidiaries and joint venture are reviewed by management at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the carrying amounts of the investments are determined on the basis of the latest financial performance including budget forecasts and business plans of the subsidiaries and joint venture to determine the extent of the impairment loss.

Management has reviewed the above information of the subsidiaries and joint venture, and appropriate allowance for impairment loss on the investments in the subsidiaries and joint venture have been recorded as at the end of the reporting period. The carrying amounts of investments in subsidiaries and joint venture at the end of the reporting period are disclosed in Notes 11 and 10 respectively. If the financial performance of the subsidiaries and joint venture were to deteriorate, this may result in a reduction in the net recoverable value of the subsidiaries and joint venture and the potential recording of further impairment loss.

Allowance for doubtful debts

The company's allowance for doubtful debts is based on management's 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, 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, additional allowance may be required.

As at March 31, 2017, the company's trade and other receivables amounted to US\$42,875,423 (2016 : US\$31,890,776).

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

Categories of financial instruments

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

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Financial assets		
Loans and receivables (including cash and cash equivalents)	44,969,187	33,906,347
Derivative financial instruments	<u>752,815</u>	<u>-</u>
Financial liabilities		
Amortised cost	244,374,195	233,540,238
Derivative financial instruments	<u>-</u>	<u>130,843</u>

Financial risk management policies and objectives

The company operates internationally and is exposed to a variety of financial risks, comprising credit risk, market risk (including interest rate risk and foreign currency risk) and liquidity risk.

The company uses a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps to mitigate the risk of rising interest rates.

The company does not hold or issue derivative financial instruments for speculative purposes.

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

a) Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The credit risk on liquid funds and derivative assets is limited because the counterparties are financial institutions with high credit ratings. The company has policies in place to ensure that invoices for goods provided to customers are collected within an appropriate time period and that loss to the company is minimised in the event of default. The collateral held for trade receivables include letter of credit from reputable banks recommended by the company.

Further information on trade and other receivables is disclosed in Note 7.

b) Interest rate risk management

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

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS March 31, 2017

The interest rate and terms of repayment of bank loans of the company are disclosed in Note 12 to the financial statements.

No sensitivity analysis is prepared as the company does not expect any material effect on the company's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

c) Foreign currency risk management

The company's foreign currency exposures arise mainly from the exchange rate movements of Singapore dollar against United States dollar.

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:

	<u>Assets</u>		<u>Liabilities</u>	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Singapore dollars	47,315	75,813	154,872	93,594

Foreign currency sensitivity

No sensitivity analysis is prepared as the company does not expect any material effect on the company's results arising from the effects of reasonable possible changes to foreign currency exchange rates on the financial statements of the company.

d) Liquidity risk management

Liquidity risk reflects the risk that company will have inadequate resources to meet its financial liabilities as they fall due. Liquidity risk is managed by matching the payment and receipt cycle. The company's operations are financed mainly through share capital and preference shares. The ultimate holding company (Note 5) has provided a guarantee to repay the bank loans of the company in case of any default.

As at March 31, 2017, the company has current liabilities in excess of current assets by US\$198,652,193 (2016 : US\$4,386,190). Management has assessed and are satisfied that financial support from the ultimate holding company is available when required.

Management is currently evaluating the offers from various financial institutions to refinance its existing bank loans (Note 12) that is due within 1 year. Management has assessed and are satisfied that the company will be able to satisfy the conditions required by the financial institutions to refinance the existing bank loans based on these offers.

As at the end of the reporting period, all the non-derivative financial assets and liabilities of the company are either repayable on demand or due within 1 year.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS March 31, 2017

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, short-term bank loans and accruals approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair value of the long-term borrowings are disclosed in Note 12 to the financial statements.

Derivative financial instruments (Note 8)

Financial asset (liability)	Fair value as at		Fair value hierarchy	Valuation technique
	2017	2016		
	US\$	US\$	US\$	US\$
Interest rate swap	752,815	(130,843)	Level 2	Discounted cash flow ⁽¹⁾

(1) Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Capital management policies and objectives

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises only of issued share capital and preference shares. The company's overall strategy remains unchanged from 2016.

5 HOLDING COMPANY AND RELATED COMPANIES

The company is a wholly-owned subsidiary of Bio Energy Venture – 1 (Mauritius) Pvt. Ltd., incorporated in Mauritius. The company's ultimate holding company is Tata Chemicals Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

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

Significant transactions with related companies, other than as disclosed elsewhere in the financial statements, are as follows:

	2017	2016
	US\$	US\$
Sales of goods to ultimate holding company	7,005,519	-
Purchase of goods from related companies	67,298,399	58,254,327
Reimbursement of expenses from ultimate holding company	16,605	23,905
Interest income from subsidiary	364,745	315,496
Dividend income from subsidiary	10,725,349	18,430,136
Guarantee commission expense from ultimate holding company	1,236,833	1,240,221

TATA CHEMICALS INTERNATIONAL PTE. LTD.**NOTES TO FINANCIAL STATEMENTS**
March 31, 2017

6 OTHER RELATED PARTIES

There have been no significant related party transactions other than the transactions with the related companies as disclosed above.

There are no key management personnel apart from the company's directors. No remuneration is paid to directors for the financial years ended March 31, 2017 and 2016. The directors are paid remuneration by related companies in their capacity as directors and/or executives of those related companies.

7 TRADE AND OTHER RECEIVABLES

	2017	2016
	US\$	US\$
Trade receivables:		
Outside parties	31,655,212	24,054,871
Ultimate holding company (Note 5)	4,049,452	-
	<u>35,704,664</u>	<u>24,054,871</u>
Other receivables:		
Deposits	2,489	34,752
Accrued interest due from subsidiary (Notes 5 and 11)	886,918	522,173
Advance due from subsidiary (Note 5)	6,277,135	7,277,135
Others	4,217	1,845
Total	<u>42,875,423</u>	<u>31,890,776</u>

The company is exposed to concentration of credit risk as 42% (2016 : 46%) of its trade receivables are due from two customers (2016 : two customers) and 26% of its total trade and other receivables are due from ultimate holding company and a subsidiary (2016 : 24%).

The company manages its credit risk by transacting with established companies. The company's credit terms are generally 30 to 180 days (2016 : 30 to 180 days). No interest is charged on the outstanding balance.

In respect of the advance due from subsidiary, the amount is unsecured, repayable within the next 12 months and interest is charged at 3.2% to 5% per annum (2016 : 3.2% to 5%).

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and the past collection history of each customer. Based on management's assessment, no allowance for doubtful debts was required as there has been no significant change in credit quality and the amounts are still considered recoverable.

Trade receivables are not past due as at end of the reporting period.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

8 DERIVATIVE FINANCIAL INSTRUMENTS

	<u>2017</u>		<u>2016</u>	
	Assets	Liabilities	Assets	Liabilities
	US\$	US\$	US\$	US\$
Interest rate swaps, not designated in hedge accounting relationships	752,815	-	-	(130,843)

The company uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings (Note 12) by swapping the borrowings from floating rates to fixed rates.

All the company's interest rate swaps are not designated as hedging instruments. The fair value of these interest rate swaps as at year end amounts to a derivative financial asset of US\$752,815 (2016 : derivative financial liability of US\$130,843), and the change in the fair value has been recognised in profit or loss.

The interest rate swaps settle on a half yearly basis. The floating rate on the interest swaps is the Singapore interbank offered rate. The company will settle the difference between the fixed and the floating interest rate on a net basis.

9 PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer	Office equipment	Total
	US\$	US\$	US\$	US\$
Cost:				
At April 1, 2015	61,069	5,712	27,779	94,560
Additions	-	1,038	-	1,038
At March 31, 2016	61,069	6,750	27,779	95,598
Additions	13,419	2,321	-	15,740
Disposal	(48,972)	-	-	(48,972)
At March 31, 2017	25,516	9,071	27,779	62,366
Accumulated depreciation:				
At April 1, 2015	20,356	2,709	9,260	32,325
Depreciation during the year	20,357	2,188	9,258	31,803
At March 31, 2016	40,713	4,897	18,518	64,128
Depreciation during the year	21,474	1,703	9,261	32,438
Disposal	(48,972)	-	-	(48,972)
At March 31, 2017	13,215	6,600	27,779	47,594
Carrying amount:				
At March 31, 2017	12,301	2,471	-	14,772
At March 31, 2016	20,356	1,853	9,261	31,470

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

10 INVESTMENT IN JOINT VENTURE

	2017	2016
	US\$	US\$
Unquoted equity shares, at cost	19,571,307	18,161,169
Impairment loss	<u>(19,571,307)</u>	<u>(18,161,169)</u>
	<u>-</u>	<u>-</u>

Movement in impairment loss is as follows:

	2017	2016
	US\$	US\$
Balance at the beginning of the year	(18,161,169)	(16,718,792)
Impairment loss for the year	<u>(1,410,138)</u>	<u>(1,442,377)</u>
Balance at the end of the year	<u>(19,571,307)</u>	<u>(18,161,169)</u>

Details of joint venture of the company is as follow:

Name of joint venture (place of incorporation)	Principal activities	Percentage of interest held in 2016 and 2017
JOil (S) Pte Ltd (incorporated in Singapore)	Research and development	33.78%

Management has considered and assessed the recoverable value of its investment as of March 31, 2017 and 2016. Arising from the assessment, investment in JOil (S) Pte Ltd ("JOil") has been fully impaired. The aim of JOil was to develop and market a Jatropha based bio-fuel product. In 2015, following a review of the business and product development plans, project delays and other external factors, including the significant reduction in the price of oil, and the financial performance of the joint venture, the company has determined that, at present, the investment will not achieve its initial aims and recoverable amount and this continues to be the situation for 2016 and 2017. As such, since prior years, the company had fully impaired the value of its investment which had been loss making, and included a provision for the final two tranches of shares it is obligated to invest in under the 2008 share subscription agreement.

During the year, a provision of US\$1,410,138 (2016 : US\$1,442,377) was transferred to impairment loss balance subsequent to an additional cash call by the joint venture on one of the tranches.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

11 INVESTMENT IN SUBSIDIARIES

	2017	2016
	US\$	US\$
Unquoted equity shares, at cost	796,497,013	793,997,013
Impairment loss	<u>(95,160,133)</u>	<u>(92,660,133)</u>
	<u>701,336,880</u>	<u>701,336,880</u>

Movement in impairment loss is as follows:

	2017	2016
	US\$	US\$
Balance at the beginning of the year	(92,660,133)	(91,760,133)
Impairment loss for the year	<u>(2,500,000)</u>	<u>(900,000)</u>
Balance at the end of the year	<u>(95,160,133)</u>	<u>(92,660,133)</u>

Details of the company's subsidiaries at March 31, 2017 are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2017	2016	2017	2016	
		%	%	%	%	
Homefield Pvt. UK Ltd	England	100	100	100	100	Investments holding
Gusiute Holdings (UK) Limited	England	100	100	100	100	Investments holding

Management had assessed and made an allowance for impairment loss of US\$2,500,000 (2016 : US\$900,000) on its investment in Homefield Pvt. UK Ltd, which had been recognised in profit or loss for the year. The company had fully impaired the value of its investment which continues to be in significant capital deficiency and continues to be loss making.

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

12 BANK LOANS

	2017	2016
	US\$	US\$
Working capital facility ⁽¹⁾	22,571,117	18,000,000
Bank loans ⁽²⁾	198,678,072	196,833,724
	<u>221,249,189</u>	<u>214,833,724</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(221,249,189)</u>	<u>(18,000,000)</u>
Amount due for settlement after 12 months	<u>-</u>	<u>196,833,724</u>

(1) The unsecured working capital facility is provided by Credit Agricole Corporate & Investment Bank and DBS Bank and is repayable within 90 days (2016 : 90 days). Interest is charged at 1.20% to 1.35% (2016 : 1.25%) per annum over US\$ London Interbank Offered Rate ("LIBOR").

(2) The bank loans are guaranteed by the ultimate holding company (Note 5) and bears effective interest rate of 2.59% and 2.43% (2016 : 2.32% and 2.33%) per annum. The bank loans are denominated in United States dollars and are repayable on December 12, 2017 and December 21, 2017. The management estimates the fair value of the company's borrowings, by discounting their future cash flows at the swap interest rate to be US\$200,000,000 (2016 : US\$200,000,000).

Management is currently evaluating the offers from various financial institutions to refinance its existing bank loans (Note 4) that is due within 1 year. Management has assessed and are satisfied that the company will be able to satisfy the conditions required by the financial institutions to refinance the existing bank loans based on these offers.

13 TRADE AND OTHER PAYABLES

	2017	2016
	US\$	US\$
Trade payables - related companies (Note 5)	13,114,667	8,702,948
Advances received from immediate holding company (Note 5)	8,203,000	8,203,000
Accrued interest	1,017,894	1,021,920
Total	<u>22,335,561</u>	<u>17,927,868</u>

Payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods is 90 days (2016 : 90 days). No interest is charged on trade payables.

TATA CHEMICALS INTERNATIONAL PTE. LTD.**NOTES TO FINANCIAL STATEMENTS
March 31, 2017**

14 SHARE CAPITAL AND PREFERENCE SHARES

	2017	2016	2017	2016
	Number of ordinary shares		US\$	US\$
Issued and fully paid:				
At beginning of year and at end of year	485,307,852	485,307,852	481,637,700	481,637,700
	2017	2016	2017	2016
	Number of		US\$	US\$
	redeemable preference shares			
Issued and fully paid:				
At beginning of year and at end of year	16,100,000	16,100,000	115,100,000	115,100,000

The company has one class of ordinary shares with no par value which carry no right to fixed income.

The holder of redeemable preference shares has the right to a preferential dividend which is payable as and when determined by the company's board of directors in such amount as determined by the board. The company may at any time redeem any or all of the non-convertible and non-cumulative redeemable preference share by giving not less than seven days prior notice in writing to the holders of non-convertible and non-cumulative redeemable preference shares.

15 CURRENCY TRANSLATION RESERVE

The currency translation reserve arises from the company's change in functional / presentation currency to the United States Dollar in prior years.

16 REVENUE

	2017	2016
	US\$	US\$
Sale of goods	78,178,231	61,238,700

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

17 OTHER OPERATING INCOME

	2017	2016
	US\$	US\$
Dividend income (Note 5)	10,725,349	18,430,136
Interest income:		
Subsidiary (Note 5)	364,745	315,496
Fixed deposit	20,064	10,754
Reversal of foreseeable loss on investment in joint venture	45,042	12,804
Gain from derivative financial instruments not designated as hedge accounting	883,658	-
Other income	85	-
	<u>12,038,943</u>	<u>18,769,190</u>

18 ADMINISTRATIVE EXPENSES

	2017	2016
	US\$	US\$
Bank charges	94,136	89,326
Amortisation of facility fees on bank loans	1,844,348	1,639,190
Guarantee commission (Note 5)	1,236,833	1,240,221
Loss from derivative financial instruments not designated as hedge accounting	-	293,377
Professional fees	140,955	124,314
Hedging cost	101,895	-
Rental expense	134,913	133,427
Depreciation	32,438	31,803
Salary and wages	256,525	220,922
Others	149,926	176,893
	<u>3,991,969</u>	<u>3,949,473</u>

19 OTHER OPERATING EXPENSES

	2017	2016
	US\$	US\$
Impairment loss on the investments in subsidiary (Note 11)	<u>2,500,000</u>	<u>900,000</u>

20 FINANCE COSTS

	2017	2016
	US\$	US\$
Interest on bank loans	<u>4,375,970</u>	<u>4,984,537</u>

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

21 INCOME TAX

	2017	2016
	US\$	US\$
Current tax	-	-

The income tax expense varied from the amount of income tax expense determined by applying the Singapore tax rate of 17% (2016 : 17%) to profit before income tax as a result of the following differences:

	2017	2016
	US\$	US\$
Profit before income tax	2,551,023	9,890,658
Income tax expense at statutory rate	433,674	1,681,412
Effect of expenses that are not deductible in determining taxable profit	1,455,636	1,458,262
Tax effect on revenue that is exempt from taxation	(1,700,000)	(3,133,123)
Utilisation of deferred tax benefits previously not recognised	(189,310)	-
Others	-	(6,551)

Subject to the agreement by the tax authorities, the company has unutilised tax losses of US\$6,048,341 (2016 : US\$7,161,929) available to offset future profits. At the end of the reporting period, no deferred tax asset had been recognised due to the unpredictability of future profit streams.

22 PROFIT FOR THE YEAR

Profit for the year has been arrived after charging (crediting):

	2017	2016
	US\$	US\$
Depreciation of property and equipment	32,438	31,803
Employee benefits expense	256,525	220,922
Cost of defined contribution plans included in employee benefits expense	18,855	16,934
Amortisation of facility fees on bank loans	1,844,348	1,639,190
(Gain) Loss from derivative financial instruments designated as hedge accounting	(883,658)	293,377

TATA CHEMICALS INTERNATIONAL PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

23 OPERATING LEASE ARRANGEMENTS

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Payment recognised as an expense during the year	<u>134,913</u>	<u>133,427</u>

At the end of the reporting period, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Within one year	82,692	131,412
In the second to fifth year inclusive	<u>91,281</u>	<u>1,041</u>
	<u>173,973</u>	<u>132,453</u>

Operating lease payments represent rentals payable by the company mainly for its office premise and staff accommodation. Leases are negotiated for an average term of 1 to 3 years with fixed monthly rental.