

# Singhi & Co.

## Chartered Accountants

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To  
The Board of Directors  
Chambal Fertilizers & Chemicals Limited  
Corporate One, First Floor  
5, Commercial Centre, Jasola  
New Delhi- 110025

Sub: Conversion of Financial Statements of India Steamship International FZE - UAE as per Indian GAAP

1. In accordance with our engagement letter dated April 14<sup>th</sup>, 2015, we have verified the accompanying financial statements of India Steamship International FZE - UAE ("the Company"), expressed in INR, which comprises of Balance Sheet as on 31<sup>st</sup> March 2015 and the Statement of Profit & Loss for the year ended that date (as prepared under The International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of Implementing Rules and Regulations issued by the Hamriyah Free Zone Authority and audited by other auditors) duly converted into Indian GAAP as per the requirements of The Companies Act 2013 and in compliance the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and we have signed under reference to this certificate.
2. The conversion has been done by the management of the Company in accordance with generally accepted accounting practice in India and other recognized accounting practices and policies followed by its holding company, Chambal Fertilizers & Chemicals Limited (CFCL), to enable its incorporation in the consolidated financial statements of the holding company in pursuant to Accounting Standard 21 - 'Consolidated Financial Statements' - as specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
3. The conversion of these financial statements into the relevant formats is the responsibility of the management of the company. Our responsibility is to certify whether these financial statements prepared for the purpose outlined above are in accordance with the generally accepted auditing standards in India.
4. The management of the holding company has considered the operation of its subsidiary as "Non Integral Foreign Operation" and accounting treatment for the conversion of subsidiary's financial statements has been done as set out in the accounting standard -11 "The effects of changes in the Foreign Exchange Rates" as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



5. We conducted our examination, on a test basis, in accordance with the "Guidance Note on Audit Reports and Certificates for the Special Purposes" as issued by the Institute of Chartered Accountants of India (ICAI), to obtain reasonable assurance as to whether these financial statements have been converted as per the requirements of generally accepted accounting principles in India and the guidelines of accounting standard - 11. In this regard, we have gone through the books of account and other relevant records of the Company as produced before us. We have not performed any audit of the financial statements of the Company and its related books and records and accordingly we do not express any audit opinion.
6. Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the subsidiary read with notes thereon and attached thereto have been converted as per the requirements of Accounting standard -11 and are in conformity with generally accounting principles and other recognized accounting practices and policies in India.
7. This certificate is intended solely for the information and use of the holding company and its statutory auditors in connection with their audit of consolidated financial statements of the holding company. We do not accept or assume any liability or duty of care for any other purposes or to any third parties to whom this certificate is shown, or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For Singhi & Co.  
Chartered Accountants  
Firm Registration No. 302049E



*ASinghi*  
(ADITYA SINGHI)  
Partner  
Membership No. 305161

Place: Kolkata

Date: 20th the day of April, 2015.

**India Steamship International FZE  
Balance Sheet as at 31st March 2015**

In Rupees

	Note No.	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2.1	4,25,409	4,07,816
Reserves and surplus	2.2	(51,44,470)	(37,94,854)
		(47,19,061)	(33,87,038)
<b>Current Liabilities</b>			
Trade Payables		-	-
Other current liabilities	2.3	50,62,905	35,23,656
		50,62,905	35,23,656
<b>TOTAL</b>		<b>3,43,844</b>	<b>1,36,618</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Short term loans and advances	2.4	3,43,844	1,36,618
		3,43,844	1,36,618
<b>TOTAL</b>		<b>3,43,844</b>	<b>1,36,618</b>

Significant accounting policies

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The notes and accounting policies are an integral part of the financial statements

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E  
*Aditya Singh*  
**ADITYA SINGHI**  
Partner  
Membership No. 305161

*K. Satishchandra*  
**K. SATISHCHANDRA**  
(Director)

*Lee Kuan Jen Sebastian*  
**LEE KUAN JEN SEBASTIAN**  
(Director)

Place: Kolkata  
Date: 20th April 2015



**India Steamship International FZE**  
**Statement of Profit & Loss for year ended 31st March 2015**

	Note No.	For The Year ended March 31, 2015	For The Year ended March 31, 2014
In Rupees			
<b>INCOME</b>			
Revenue from operations		-	
Total Revenue		-	-
<b>EXPENSES</b>			
Rent		4,16,220	4,11,351
Legal and Professional Fees		58,200	57,599
Director's Fee		4,99,481	4,93,670
Bank Charges		7,338	6,165
Miscellaneous Expenses		12,487	23,994
Auditors' Remuneration		1,66,488	1,64,577
Total Expenses		11,60,214	11,57,356
Profit/(Loss) for the period		(11,60,214)	(11,57,356)

**Significant accounting policies**

The notes and accounting policies are an integral part of the financial statements

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For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E  
  
**ADITYA SINGHI**  
Partner  
Membership No. 305161

  
**K. SATISHCHANDRA**  
(Director)

  
**LEE KUAN JEN SEBASTIAN**  
(Director)

Place: Kolkata  
Date: 20th April 2015



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) NATURE OF OPERATIONS

India Steamship International FZE – A wholly owned subsidiary of India Steamship Pte Ltd is engaged in the business of operating ships. The company is yet to commence the commercial operations

#### b) BASIS OF PREPARATION

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared this financial statements to comply in all material respects with the Accounting Standard notified under Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### c) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### d) FIXED ASSETS

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In respect of accounting period commencing on or after December 7, 2006, exchange differences arising on reporting of the long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the depreciable asset and are depreciated over the balance life of the



same asset, if these monetary items pertain to the acquisition of the depreciable fixed asset.

**e) REVENUE RECOGNITION**

Revenue earnings and direct operating expenses are recognized in respect of all voyages irrespective of completion of voyages.

In case of voyage charter, revenue, brokerage and port expenses are recognized on proportionate number of days of respective voyage. Bunker, is recognized on actual quantity consumed. In case of time charter (including cost plus charter) revenue is recognized on time basis. Dispatch money/demurrage is considered as part of freight.

Insurance claims receivable are accounted for on the basis of claims lodged with the underwriters where recoveries are reasonably certain.

**f) FOREIGN CURRENCY TRANSLATION**

**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in term of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences**

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2020.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially



recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contract

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognized in the statement of profit and loss in the year in which the exchange rate changes. Any Profit or Loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expenses for the year.

(V) Translation of non-integral foreign operation

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in the classification.

**g) TAXATION**

Income tax expense represents the sum of the tax currently payable as per Singapore Income Tax Act 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 and loss 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 balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and



the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the statement of profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

## **h) PROVISIONS**

A Provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.





**India Steamship International FZE**  
**Notes to financial statement for Year ended 31st March 2015**

In Rupees

	As at March 31, 2015	As at March 31, 2014
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**Note 2.1: Shareholders' funds**

**Authorised:**

1 Ordinary Shares of AED 25,000 each (March 31, 2014: 1)	4,25,409	4,07,816
	<u>4,25,409</u>	<u>4,07,816</u>

**Issued, Subscribed and Paid up:**

1 Ordinary Shares of AED 25,000 each (March 31, 2014: 1)	4,25,409	4,07,816
	<u>4,25,409</u>	<u>4,07,816</u>

**Additional Notes**

**(A) Right, Preferences and restrictions attached to Share**

The Company has one class of issued share i.e. ordinary shares having par value of AED 25000 each.

(B) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period.

	As at March 31, 2015	As at March 31, 2014
<b>(C) Shares held by holding company</b>		
1 Ordinary Shares of AED 25000 each (March 31, 2014 : 1 Ordinary Share) held by India Steamship Pte Ltd, holding company	4,25,409	4,07,816

**(D) Details of share held by holding company more than 5 % of the aggregate shares in the company**

	As at March 31, 2015	
	No. of Shares	% Holding
Ordinary Share of AED 25000 each fully paid		
India Steamship Pte Ltd	1	100

(E) No shares have been reserved for issue under options and contracts/ commitments for the sale of shares/disinvestments.

(F) No shares have been allotted or has been bought back by the company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.

(G) No convertible securities has been issued by the company during the year.

(H) No calls are unpaid by any Director and Officer of the Company during the year.

**Note 2.2: Reserve and Surplus**

**Foreign Currency Translation Reserve**

As per last financial statements	(4,22,013)	(1,83,210)
Addition on Account of conversion of opening balance	(1,63,715)	(2,48,751)
Movement during the year	(25,687)	9,948
	<u>(6,11,415)</u>	<u>(4,22,013)</u>

**Surplus**

As per last financial statements	(33,72,841)	(22,15,485)
Add: Profit / (Loss) for the year	(11,60,214)	(11,57,356)
	<u>(45,33,055)</u>	<u>(33,72,841)</u>
	<u>(51,44,470)</u>	<u>(37,94,854)</u>

**Note 2.3: Other current liabilities**

Advance from Holding company	50,62,905	31,15,840
Others	-	4,07,816
	<u>50,62,905</u>	<u>35,23,656</u>

**Note 2.4: Short-term loans and advances**

Advance recoverable in cash or in kind or for value to be received (Considered good)	2,87,635	82,750
Prepaid expenses	56,209	53,868
	<u>3,43,844</u>	<u>1,36,618</u>



## 2.5. Related Party Disclosures-

During the year, the division entered into transactions with the related parties. Those transactions along with related balances as at 31<sup>st</sup> March 2015 and for the year then ended are given below;

Particulars	In Rupees	
	2014-15	2013-14
Advanced Taken -India Steamship Pte Ltd	18,12,645	570,798
Outstanding balances as at year end Advance Payable -India Steamship Pte Ltd	(50,62,905)	(3,115,840)

## 2.6. Details of foreign currency exposures those are not hedged by a derivative instrument or otherwise.

Nature of exposure and amount			
Sl. No.	Exposure In Foreign Currency	Trade & Other payables	Trade & Other receivables
1.	USD	81,000 (52,000)	NIL (NIL)
	Exposure – Rupee	50,62,905 (3,115,840)	NIL (NIL)

## 2.7. (a) Value of Imports calculated on CIF Basis\*

Particulars	In Rupees	
	2014-15	2013-14
Components and spare parts	-	-

\*Represents procurement routed through Customs clearance.

## (b) Imported and Indigenous spare parts & components consumed –

Particulars	In Rupees			
	2014-15	%	2013-14	%
Indigenous	-	-	-	-
Imported	-	-	-	-
<b>Total Spare parts &amp; Components consumed</b>	-	-	-	-



**(c) Expenditure in foreign currency (on accrual basis)\*\***

Particulars	In Rupees	
	2014-15	2013-14
Other	-	-
<b>Total</b>	-	-

\*\* Includes expenditure in foreign currency not included in (a) and (b) above.

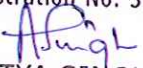
**(d) Earnings in foreign exchange (on accrual basis)**

Particulars	In Rupees	
	2014-15	2013-14
Freight & Charter Hire	-	-
Interest	-	-
<b>Total</b>	-	-

Note: The foreign currency expenditure and exposure in note no. 2.6 & 2.7 are considered according to the domestic currency of the operating country i.e AED. Also the foreign currency expenditure has not been disclosed separately in the audited accounts hence the bifurcation done according to the currency in which payments / receipts are made.

2.8. Previous year figure have been rearranged / regrouped wherever necessary.

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No. 302049E

  
ADITYA SINGHI  
Partner  
Membership No. 305161

  
K SATISHCHANDRA  
Director

  
LEE KUAN JEN SEBASTIAN  
Director



Place: Kolkata  
Date: 20<sup>th</sup> April 2015