

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
INDIA STEAMSHIP PTE. LTD.**8 Shenton Way
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www.crowehorwath.com.sg**Report on the Financial Statements**

We have audited the accompanying financial statements of India Steamship Pte. Ltd. (the "Company") set out on pages 5 to 29, which comprise the statement of financial position of the Company as at 31 March 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
INDIA STEAMSHIP PTE. LTD. (Continued)**

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Crowe Horwath First Trust LLP

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

27 April 2016

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016
(Amounts in United States dollars ("USD"))

	Note	2016 USD	2015 USD
EQUITY			
Capital and reserves attributable to equity holder of the Company			
Share capital	3	700,001	700,001
Retained earnings		636,568	2,896,034
TOTAL EQUITY		1,336,569	3,596,035
ASSETS			
Non-current assets			
Investment in subsidiary	4	-	6,806
Equipment	5	-	-
Current assets			
Inventories	6	-	824,760
Trade receivables	7	157,442	2,636,916
Other receivables	8	1,450	799,399
Cash and cash equivalents	9	1,703,968	1,017,231
		1,862,860	5,278,306
TOTAL ASSETS		1,862,860	5,285,112
LIABILITIES			
Current liabilities			
Other payables and accruals	10	12,242	1,206,435
Income tax payable		514,049	482,642
TOTAL LIABILITIES		526,291	1,689,077
NET ASSETS		1,336,569	3,596,035

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016
(Amounts in United States dollars ("USD"))

	Note	2016 USD	2015 USD
Revenue	11	18,929,318	12,344,601
Other income	12	28,185	2,326
Vessel hire		(8,648,435)	(3,922,161)
Voyage expenses		(7,076,310)	(5,225,292)
Staff cost	13	(19,449)	(19,449)
Depreciation		-	(14)
Operating lease expenses		(19,114)	(18,876)
Legal and professional fees		(27,497)	(16,710)
Foreign exchange gain / (loss), net		15,019	(4,258)
Advances to agents written off		(11,997)	-
Advances to a subsidiary written off		(88,800)	-
Other expenses		(11,124)	(3,079)
Finance cost – interest expenses		(32,000)	(74,583)
Profit before income tax		3,037,796	3,062,505
Income tax expense	14	(497,262)	(482,642)
Profit for the financial year, representing total comprehensive income for the financial year		2,540,534	2,579,863

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016
(Amounts in United States dollars ("USD"))

	Note	Share capital USD	Retained earnings USD	Total USD
Balance at 1 April 2014		700,001	316,171	1,016,172
Total comprehensive income for the financial year		-	2,579,863	2,579,863
Balance at 31 March 2015		700,001	2,896,034	3,596,035
Balance at 1 April 2015		700,001	2,896,034	3,596,035
Total comprehensive income for the financial year		-	2,540,534	2,540,534
Dividends paid	15	-	(4,800,000)	(4,800,000)
Balance at 31 March 2016		700,001	636,568	1,336,569

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016
(Amounts in United States dollars ("USD"))

	Note	2016 USD	2015 USD
Cash flows from operating activities			
Profit before income tax		3,037,796	3,062,505
Adjustments:			
Depreciation of equipment	5	-	14
Interest income		(2,523)	(744)
Interest expenses		32,000	74,583
Accrued expenses written off		(19,991)	-
Advances to agents written off		11,997	-
Advances to subsidiary written off		88,800	-
Loss on disposal of a subsidiary	4	2,206	-
Operating profit before working capital changes		3,150,285	3,136,358
Inventories		824,760	(824,760)
Trade and other receivables		3,176,626	(3,330,009)
Trade and other payables		(1,174,202)	1,176,796
Cash generated from operations		5,977,469	158,385
Income tax paid		(465,855)	-
Net cash from operating activities		5,511,614	158,385
Cash flows from investing activities			
Proceeds from disposal of a subsidiary, net of cash disposed off	4	4,600	-
Interest received		2,523	744
Net cash from investing activities		7,123	744
Cash flows from financing activities			
Interest paid		(32,000)	(74,583)
Dividends paid		(4,800,000)	-
Advances to a subsidiary		-	(29,000)
Loan from holding company		2,000,000	1,500,000
Repayment of loan from holding company		(2,000,000)	(1,500,000)
Net cash used in financing activities		(4,832,000)	(103,583)
Net increase in cash and cash equivalents		686,737	55,546
Cash and cash equivalents at beginning of the financial year		1,017,231	961,685
Cash and cash equivalents at end of the financial year	9	1,703,968	1,017,231

The accompanying notes are an integral part of the financial statements.

INDIA STEAMSHIP PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016
(Amounts in United States dollars ("USD"))

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

India Steamship Pte. Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The address of the Company's registered office is at 24 Raffles Place, #24-03 Clifford Centre, Singapore 048621. The address of its principal place of business is at 3791 Jalan Bukit Merah, #05-07, E-Centre @ Redhill, Singapore 159471.

The Company is a wholly owned subsidiary of Chambal Fertilisers and Chemicals Limited, a limited company domiciled in India and listed on the Bombay Stock Exchange.

The principal activities of the Company are to carry on the business of ship owning and chartering and to provide ship management services. There have been no significant changes in the nature of the principal activities during the financial year. The principal activities of the subsidiary is disclosed in Note 4 to the financial statements.

These financial statements are separate financial statements of the Company. The Company, being a wholly owned subsidiary of a India incorporated company, has elected not to prepare consolidated financial statements incorporating the financial statements of the Company and its subsidiary for the financial year ended 31 March 2016 as allowed under FRS 27 Consolidated and Separate Financial Statements. The holding company, Chambal Fertilisers and Chemicals Limited, which registered office is situated at Gadepan, District Kota, Rajasthan – 325 208, India will be publishing consolidated financial statements available for public use that incorporates the financial statements of the Company and its subsidiary.

The financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in United States dollars ("USD").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards

On 1 April 2015, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 16 and FRS 41: <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Improvements to FRSs (November 2014)	
- Amendment to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
- Amendment to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
- Amendment to FRS 19 <i>Employee Benefits</i>	1 January 2016
- Amendment to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for Amendments to FRS 1, Amendments to FRS 7, FRS 109 and FRS 115, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of Amendments to FRS 1, Amendments to FRS 7, FRS 109 and FRS 115 is described below.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Amendments to FRS 1 *Disclosure Initiative*

FRS 1 *Presentation of Financial Statements* is amended as part of the initiatives by the standard-setters to improve presentation and disclosure in financial reports. The amendments clarify materiality guidance in FRS 1 and clarify on aggregating and disaggregating line items on the statement of financial position and statement of profit or loss and other comprehensive income, including added guidance on presenting sub-totals. The amendments also give examples on systematic ordering or grouping of the structure of the notes to financial statements. In addition, following the amendments, the share of Other Comprehensive Income (OCI) of the equity-accounted investments shall be presented separately from the other OCI on the statement of changes in equity. The Company will apply these amendments in 2016.

Amendments to FRS 7: *Disclosure Initiative*

The amendments introduce additional disclosure requirement intended to enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. The Company will apply these amendments prospectively in 2017.

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement*, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of FRS 109 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities. FRS 109 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. FRS 109 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of FRS 109 or continue to apply the existing hedge accounting requirements in FRS 39 for all hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Company is in the process of assessing the impact of the new standard for the future periods.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective in 2018.

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. 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 customers.

The application of FRS 115 may have a material impact on the amounts reported and disclosures in the Company's financial statements. The Company is in the process of assessing the impact of the new standard for the future periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in United States dollars ("USD"), which is the functional currency of the Company.

(ii) Transactions and balances

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

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Equipment

All items of equipment are initially recorded at cost. The cost of an item of equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment (Continued)

Equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	<u>Useful lives</u> <u>(Years)</u>
Office equipment	8
Computers and peripherals	3

The estimated useful life and depreciation method are reviewed and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within other income / (expenses).

Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Company has no financial assets in the categories of financial assets except in the category of loans and receivables.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Inventories

Inventories comprise of bunkers which are consumable for operation of ships and are valued at the lower of cost or net realisable value. Cost is determined on weighted average basis.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at reporting date, the Company did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

A provision is recognised when the Company has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from charter hire is recognised on a straight line basis over the time duration stated in the charter hire agreements.

Revenue from completed voyages freight income is recognised in full while in the case of incomplete voyages, revenue from freight income is recognised based on time proportionate basis. Demurrage income is considered as part of freight income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Employees' benefits

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution retirement schemes.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

Income tax

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authority, using tax rates and tax laws that have been substantively enacted by the reporting date in the country where the Company operates and generates taxable income. Current income tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. 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 reporting 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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets 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 substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or 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.

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

Income tax

The Company has exposure to income taxes in Singapore and India. Significant judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

(ii) Critical judgements in applying the entity's accounting policies

In the opinion of management, there are no critical judgements made applying the Company's accounting policies, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

3. SHARE CAPITAL

	2016		2015	
	Number of shares	USD	Number of shares	USD
Issued and fully paid ordinary shares				
At the beginning and end of financial year	1,079,962	700,001	1,079,962	700,001

The holder of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

4. INVESTMENT IN SUBSIDIARY

	Company	
	2016 USD	2015 USD
Unquoted equity interest, at cost		
At the beginning and end of financial year	-	6,806

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. INVESTMENT IN SUBSIDIARY (Continued)

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
			2016 %	2015 %
India Steamship International FZE ⁽ⁱ⁾	Ship Chartering and ship management services	United Arab Emirates("UAE")	-	100

(i) Audited by PKF, a firm of Chartered Accountants in the UAE for local statutory reporting.

On 18 August 2015, the Company has disposed its entire shareholdings in its subsidiary to Chambal Fertilisers and Chemicals Limited ("Holding Company") for a total consideration of USD 4,600, which resulted in a loss of disposal amounting to USD 2,206. The disposal was completed on 12 October 2015.

Assets and liabilities of the subsidiary as at the date on which control was lost were as follows:

	2015 USD
Total assets	4,600
Total liabilities	-
Net assets disposed of, representing net cash inflow on disposal	4,600

5. EQUIPMENT

	Computer and peripherals USD	Office equipment USD	Total USD
Cost			
Balance as at 31.3.2015 and 31.3.2016	2,739	187	2,926
Accumulated depreciation			
Balance as at 31.3.2015 and 31.3.2016	2,739	187	2,926
Net carrying amount			
As at 31.3.2016	-	-	-
As at 31.3.2015	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVENTORIES

	2016 USD	2015 USD
Bunkers	-	824,760

7. TRADE RECEIVABLES

	2016 USD	2015 USD
Trade receivables:		
- Holding company	-	255,459
- Third parties	157,442	2,381,457
	<u>157,442</u>	<u>2,636,916</u>

8. OTHER RECEIVABLES

	2016 USD	2015 USD
Other receivables	1,450	28,808
Advances to agents	-	197,935
Charter hire paid in advance	-	491,656
Advances to subsidiary	-	81,000
	<u>1,450</u>	<u>799,399</u>

9. CASH AND CASH EQUIVALENTS

	2016 USD	2015 USD
Fixed deposits	1,500,000	900,000
Cash and bank balances	203,968	117,231
	<u>1,703,968</u>	<u>1,017,231</u>

Fixed deposits earn interest income at effective interest rate of 0.6% (2015: 0.2%) per annum and have an average maturity period of 184 days (2015: 31 days to 92 days).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER PAYABLES AND ACCRUALS

	2016 USD	2015 USD
Other payables	-	915,312
Accruals	12,242	291,123
	<u>12,242</u>	<u>1,206,435</u>

11. REVENUE

	2016 USD	2015 USD
Freight income	17,260,146	12,245,153
Demurrage income	1,669,172	99,448
	<u>18,929,318</u>	<u>12,344,601</u>

12. OTHER INCOME

	2016 USD	2015 USD
Jobs credit scheme	5,671	1,582
Accrued expenses written off	19,991	-
Interest income on fixed deposits	2,523	744
	<u>28,185</u>	<u>2,326</u>

13. STAFF COST

	2016 USD	2015 USD
Salaries and bonus	17,863	17,641
Defined contribution plans	1,586	1,808
	<u>19,449</u>	<u>19,449</u>

Staff cost relates to a director's remuneration of USD19,449 (2015: USD19,449) is also disclosed in Note 16 to the financial statement as key management personnel compensation

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. INCOME TAX EXPENSE

	2016 USD	2015 USD
Current tax expense	497,262	482,642

The reconciliation of the income tax expense and the product of accounting profit multiplied by the applicable rate is as follows:

	2016 USD	2015 USD
Accounting profit	3,037,796	3,062,505
Tax at statutory rate of 17% (2015: 17%)	516,425	520,625
Expenses not deductible for tax purposes	15,471	-
Income not subject to tax	(2,553)	-
Tax exemption	(33,991)	(18,864)
Utilisation of prior year tax losses	-	(19,119)
Others	1,910	-
	497,262	482,642

15. DIVIDENDS

	2016 USD	2015 USD
First and final tax exempt (one-tier) dividends of USD 2.59 per share (2015: Nil) paid in respect of previous financial year	2,800,000	-
Interim tax exempt (one-tier) dividends of USD 1.85 average per share (2015: Nil) paid in respect of current financial year	2,000,000	-
	4,800,000	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RELATED PARTY INFORMATION

Some of the arrangements with related parties (as defined in Note 2 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Company and other related companies are disclosed below.

	2016 USD	2015 USD
Holding company		
Loan from holding company	2,000,000	1,500,000
Repayment of loan from holding company	(2,000,000)	(1,500,000)
Sales to division of the holding company	5,181,301	5,580,630
Interest expenses on loan	32,000	74,583
	<hr/>	<hr/>
Subsidiary		
Advances to subsidiary	7,800	29,000
Advances to subsidiary written off	(88,800)	-
	<hr/>	<hr/>
Key management personnel compensation (Note 13)	19,449	19,449
	<hr/>	<hr/>

There are no key management personnel except for the directors. Certain directors of the Company did not receive any remuneration from the Company but received their remuneration from the related companies in their capacity as directors of those related companies.

17. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risk arising from the Company's financial instruments are market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Board of directors reviews and agrees policies and procedures for the management of each of these risks are summarised below.

It is the Company's policy not to trade in derivative contracts.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk

(a) Foreign exchange risk

As the Company's transactions are primarily denominated in United States dollars ("USD"), it is subject to minimal foreign exchange exposure. The Company has cash and bank balances denominated in Singapore dollars ("SGD") and the USD accordingly. The Company's statement of financial position can be affected by movements in these exchange rates.

2016	Singapore dollars USD	United States dollars USD	Total USD
<u>Financial assets</u>			
Trade receivables	-	157,442	157,442
Other receivables	-	1,450	1,450
Cash and cash equivalents	15,552	1,688,416	1,703,968
	15,552	1,847,308	1,862,860
<u>Financial liabilities</u>			
Other payables and accruals	-	12,242	12,242
Net financial assets	15,552	1,835,066	1,850,618
Less: Net financial assets denominated in the Company's functional currency	-	(1,835,066)	(1,835,066)
Foreign currency exposure	15,552	-	15,552

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

2015	Singapore dollars	United States dollars	Total
	USD	USD	USD
<u>Financial assets</u>			
Trade receivables	-	2,636,916	2,636,916
Other receivables	-	799,399	799,399
Cash and cash equivalents	1,449	1,015,782	1,017,231
	<u>1,449</u>	<u>4,452,097</u>	<u>4,453,546</u>
<u>Financial liabilities</u>			
Other payables and accruals	-	1,206,435	1,206,435
Net financial assets	1,449	3,245,662	3,247,111
Less: Net financial assets denominated in the Company's functional currency	-	(3,245,662)	(3,245,662)
Foreign currency exposure	<u>1,449</u>	<u>-</u>	<u>1,449</u>

Foreign exchange risk sensitivity

As the Company transacted mainly in USD, the Company has minimum insignificant exposure in SGD for the overhead expenses incurred in the office located in Singapore. Consequently, sensitivity analysis in foreign exchange risk is not necessary.

(b) Interest rate risk

The Company's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Company constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2016, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding. The Company does not use derivative financial instruments to hedge its interest risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk (Continued)

The following table sets out the carrying amount, by maturity, of the Company's financial instruments, that are exposed to interest rate risk:

	2016 USD	2015 USD
<i>Within one year – fixed rates</i>		
Fixed deposits (Note 9)	1,500,000	900,000

Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Company that are not included in the above table are not subject to interest rate risks.

(ii) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The financial liabilities of the Company as at 31 March 2016 are repayable on demand or done within 1 year from the reporting date.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. In addition, receivable balances are monitored on an ongoing basis such that the Company's exposure to bad debts is not significant.

The Company's major classes of financial assets are cash and cash equivalents which represent the Company's maximum exposure to credit risk in relation to financial assets. Cash and cash equivalents are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of the financial institution to make payment when due.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. No other financial assets carry a significant exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The Company's trade receivables comprise 2 (2015: 2 debtor) that represents 100% (2015: 99%) of the trade receivables as at reporting date.

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

The age analysis of trade receivables is as follows:

	2016 USD	2015 USD
Not past due and not impaired	-	2,603,745
Past due but not impaired		
- Past due 3 to 6 months	157,442	33,171
	<u>157,442</u>	<u>2,636,916</u>

The carrying amount of USD157,442 (2015: USD 33,171) which is past due as at reporting date, for which the Company has not provided for impairment loss as there has not been a significant change in the credit quality and the balances are considered recoverable. The Company does not hold any collateral over these balances.

(iv) Financial instruments by category

The carrying amount of the different categories of financial instruments as at 31 March is as follows:

	2016 USD	2015 USD
Loans and receivables (including cash and cash equivalents)	<u>1,862,860</u>	<u>4,453,546</u>
Financial liabilities at amortised cost	<u>12,242</u>	<u>1,206,435</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL INSTRUMENTS (Continued)

Capital risk management policies and objectives

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash at bank and equity comprising issued capital and reserves.

The Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company will balance its overall capital structure, where feasible, through the payment of dividends and new share as well as the issue of new debt.

The Company's overall strategy remains unchanged from 2015.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

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

At reporting date, there are no financial instruments in this category.

The carrying amounts of cash and cash equivalents, trade and other receivables, other payables and accruals are reasonable approximation of fair values due to the relatively short-term maturity of these financial instruments.