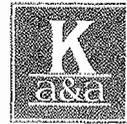




**Aashna Maritime Inc.
Panama City, Republic of Panama**

**Financial statements &
Auditor's report: 2015-16**



Aashna Maritime Inc.
Panama City, Republic of Panama

Financial statements: 2015-16
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Director's report

The director of the company has pleasure in submitting this report along with the financial statements of Aashna Maritime Inc., Panama City, Republic of Panama for the year ended 31st March 2016.

Legal status and shareholder:

Aashna Maritime Inc. is incorporated in Panama City, Republic of Panama under Microjacket no. 732253 and Documents no. 1953704 of the Mercantile Section of Public Registry office under Public Deed no. 7919 dated 7th April 2011.

Adani Shipping Pte. Ltd., a private company limited by shares registered in Singapore under ACRA (Accounting & Corporate Regulatory Authority) and having registration no. 200614235E is the sole shareholder of the company holding share capital of USD 1,000/- (50 shares of USD 20/- each). The registered address of M/s Adani Shipping Pte. Ltd is 88, Raffles Place, #33-20 UOB Plaza II, Level 33, Singapore 048624.

The company is a wholly owned subsidiary of Adani Shipping Pte. Ltd., incorporated in Singapore. The ultimate parent company is Adani Enterprise Limited, a company incorporated in India.

Operations of the company:

The company is incorporated to engage in any lawful act or activity which are not prohibited under the jurisdiction of Republic of Panama and that the company has been incorporated as a special purpose vehicle for providing shipping and logistics services primarily to its shareholder and the shareholder's group. The company is principally engaged in the activity of shipping agents, ship owner & ship charterer during the year under review.

The financial highlights of the company are as below:

	Amount in U.S. Dollars (USD)	
	<u>2015-16</u>	<u>2014-15</u>
Revenue	10,614,000/-	10,585,000/-
Gross profit	6,748,338/-	5,562,395/-
Net profit	3,273,202/-	1,407,905/-
Total liabilities	45,616,594/-	53,063,135/-
Equity & shareholder's funds	7,796,236/-	4,523,034/-

Results & dividend:

Net profit for the year amounted to USD 3,273,202/- (previous year earned net profit of USD 1,407,905/-).

Management's responsibilities & acknowledgements:

We confirm that management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs), local laws, rules and regulations of the country of incorporation and applicable provisions of the Charter of Incorporation of the company.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The company's management further states that there are no material uncertainties which would make the going concern assumption inappropriate.

Independent auditor's report to the shareholder of
Aashna Maritime Inc.
Panama City, Republic of Panama

Report on the financial statements:

We have audited the accompanying financial statements of Aashna Maritime Inc., Panama City, Republic of Panama ('the company') for the financial year ended 31st March 2016 comprising of statement of financial position as at 31st March 2016, related statements of comprehensive income, changes in equity & shareholder's funds and cash flows for the year then ended as set out on pages 5 to 8 and read along with notes and schedule to the financial statements on pages 9 to 20.

Management's responsibility for the financial statements:

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs), local laws, rules and regulations of the country of incorporation and applicable provisions of the Charter of Incorporation of the company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risk and material misstatements 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 and fair presentation of the financial statements 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 financial statements.

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

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aashna Maritime Inc., Panama City, Republic of Panama as at 31st March 2016, its financial performance, changes in equity & shareholder's funds and cash flows for the year then ended and were prepared, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) applied on consistent basis.

Emphasis of matter:

Without qualifying our opinion, we would like to state that:

- The current liabilities exceed current assets by USD 6,899,063/- & its total liabilities (USD 45,616,594/-) are approximately 5.85 times of its equity & shareholder's funds (USD 7,796,236/-) indicating a high leverage and liquidity crunch. Despite this, management has reviewed its group revenue, cost structures and cash flows and has concluded that liquid funds will be available and further, shareholder has confirmed that necessary financial assistance will be provided as and when required.

كوتاري لتطبيق الحسابات

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Events occurring after the reporting date:

There were no significant events occurring after the reporting date that would materially affect the working or the financial statements of the company.

Auditors:

The company's auditors, M/s Kothari Auditors & Accountants, Dubai (U.A.E.) are retiring at the end of the annual general meeting of the shareholder and being eligible have expressed their willingness to be re-appointed. A resolution to re-appoint them for the year 2016-17 and to fix their remuneration would be put up before the shareholder at the annual general meeting.

For Aashna Maritime Inc.


Pranav Vora
Director



April 28, 2016
Dubai, United Arab Emirates

Independent auditor's report to the shareholder of
Aashna Maritime Inc.
Panama City, Republic of Panama

Report on the financial statements:

We have audited the accompanying financial statements of Aashna Maritime Inc., Panama City, Republic of Panama ('the company') for the financial year ended 31st March 2016 comprising of statement of financial position as at 31st March 2016, related statements of comprehensive income, changes in equity & shareholder's funds and cash flows for the year then ended as set out on pages 5 to 8 and read along with notes and schedule to the financial statements on pages 9 to 20.

Management's responsibility for the financial statements:

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs), local laws, rules and regulations of the country of incorporation and applicable provisions of the Charter of Incorporation of the company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risk and material misstatements 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 and fair presentation of the financial statements 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 financial statements.

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

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aashna Maritime Inc., Panama City, Republic of Panama as at 31st March 2016, its financial performance, changes in equity & shareholder's funds and cash flows for the year then ended and were prepared, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) applied on consistent basis.

Emphasis of matter:

Without qualifying our opinion, we would like to state that:

- The current liabilities exceed current assets by USD 6,899,063/- & its total liabilities (USD 45,616,594/-) are approximately 5.85 times of its equity & shareholder's funds (USD 7,796,236/-) indicating a high leverage and liquidity crunch. Despite this, management has reviewed its group revenue, cost structures and cash flows and has concluded that liquid funds will be available and further, shareholder has confirmed that necessary financial assistance will be provided as and when required.

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Member Firm of:



Report on other matters:

We confirm that, in our opinion

- we have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit,
- proper books of account have been maintained by the company as far as appears from our examination of those books,
- financial statements and the contents of the director's report are in agreement with the books of account, and
- to the best of our knowledge and belief, there were no violation of applicable provisions of the Charter of Incorporation of the company that would affect materially the working or the financial statements of the company.

VRBOMAW

Kothari Vipul R.

Ministry of Economy Registration No. 159

Kothari Auditors & Accountants

April 28, 2016

Dubai, United Arab Emirates



Aashna Maritime Inc.

Panama City, Republic of Panama

Statement of financial position as at 31st March 2016

Particulars	Note no.	Amount in U.S. Dollars (USD)	
		31.03.2016	31.03.2015
Assets:			
Current assets			
Cash & bank balances	5	69,201	302,957
Deposits, prepayments & advances	6	97,675	88,660
Amounts due from related party	7	0	1,741,409
Inventories	8	143,053	164,047
		<u>309,929</u>	<u>2,297,073</u>
Non-current assets			
Property, plant & equipment	Sch-1	53,102,901	55,289,096
		<u>53,102,901</u>	<u>55,289,096</u>
Total assets employed		<u>53,412,830</u>	<u>57,586,169</u>
Liabilities, equity & shareholder's funds:			
Current liabilities			
Finance lease (payable within one year)	9	5,530,282	5,129,341
Amounts due to related parties	10	0	1,981,326
Provisions, accruals & other liabilities	11	1,678,710	2,014,584
		<u>7,208,992</u>	<u>9,125,251</u>
Non-current liabilities			
Finance lease (payable after one year)	9	38,407,602	43,937,884
		<u>38,407,602</u>	<u>43,937,884</u>
Total liabilities		45,616,594	53,063,135
Equity & shareholder's funds			
Share capital	12	1,000	1,000
Reserves & surplus	13	7,795,236	4,522,034
Equity & shareholder's funds		<u>7,796,236</u>	<u>4,523,034</u>
Total liabilities, equity & shareholder's funds		<u>53,412,830</u>	<u>57,586,169</u>

The attached note nos. 1 to 21 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The shareholder has approved and authorised the director for the issuance of these financial statements on April 28, 2016.

For Aashna Maritime Inc.

Pranav Vora
Pranav Vora
Director



Aashna Maritime Inc.

Panama City, Republic of Panama

Statement of comprehensive income for the year ended 31st March 2016

Particulars	Note no.	Amount in U.S. Dollars (USD)	
		01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015
Revenue	14	10,614,000	10,585,000
Direct costs	15	(3,865,662)	(5,022,605)
Gross profit		6,748,338	5,562,395
Other income	16	363,745	13,952
Marketing costs	17	(400,569)	(396,938)
Administrative costs	18	(72,582)	(80,128)
Finance costs	19	(3,365,730)	(3,691,376)
Net profit		3,273,202	1,407,905

The attached note nos. 1 to 21 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The shareholder has approved and authorised the director for the issuance of these financial statements on April 28, 2016.

For Aashna Maritime Inc.

Pranav Vora

Pranav Vora
Director



Aashna Maritime Inc.
Panama City, Republic of Panama

Statement of changes in equity & shareholder's funds for the year ended 31st March 2016

Particulars	Amount in U.S. Dollars (USD)		
	Share capital	Retained earnings	Total
As at 31.03.2014	1,000	3,114,129	3,115,129
Net profit	0	1,407,905	1,407,905
Net movements	0	0	0
As at 31.03.2015	1,000	4,522,034	4,523,034
As at 31.03.2015	1,000	4,522,034	4,523,034
Net profit	0	3,273,202	3,273,202
Net movements	0	0	0
As at 31.03.2016	1,000	7,795,236	7,796,236

The attached note nos. 1 to 21 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4.

Aashna Maritime Inc.

Panama City, Republic of Panama

Statement of cash flows for the year ended 31st March 2016

Particulars	Note no.	Amount in U.S. Dollars (USD)	
		01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015
Cash flow from operating activities:			
Net profit		3,273,202	1,407,905
Adjustments for:			
Depreciation on property, plant & equipment		2,186,195	2,186,195
Finance costs		3,365,730	3,691,376
Cash generated from operations		8,825,127	7,285,476
Net changes in operating assets & liabilities:			
(Increase)decrease in deposits, prepayments & advances		(9,015)	117,229
Decrease in accounts receivables		0	4,988
Decrease in inventories		20,994	47,356
(Decrease)increase in provisions, accruals & other liabilities		(335,874)	1,252,119
Net cash generated from operations		8,501,232	8,707,168
Cash flow from investing activities:			
Decrease in amounts due from related party		1,741,409	248,010
Net cash generated from investing		1,741,409	248,010
Cash flow from financing activities:			
(Decrease) in finance lease		(5,129,341)	(4,810,193)
(Decrease) in amounts due to related parties		(1,981,326)	(157,546)
(Outflow) of finance costs		(3,365,730)	(3,691,376)
Net cash (used in) financing		(10,476,397)	(8,659,115)
(Deficit)/surplus for the year		(233,756)	296,063
Cash & cash equivalents at beginning of year		302,957	6,894
Cash & cash equivalents at end of year	5	69,201	302,957

The attached note nos. 1 to 21 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4.

Aashna Maritime Inc.

Panama City, Republic of Panama

Notes to the financial statements for the year ended 31st March 2016

1 Legal status and activity:

1.1 Aashna Maritime Inc. is incorporated in Panama City, Republic of Panama under Microjacket no. 732253 and Documents no. 1953704 of the Mercantile Section of Public Registry office under Public Deed no. 7919 dated 7th April 2011.

1.2 Adani Shipping Pte. Ltd., a private company limited by shares registered in Singapore under ACRA (Accounting & Corporate Regulatory Authority) and having registration no. 200614235E is the sole shareholder of the company holding share capital of USD 1,000/- (50 shares of USD 20/- each). The registered address of M/s Adani Shipping Pte. Ltd is 88, Raffles Place, #33-20 UOB Plaza II, Level 33, Singapore 048624.

The company is a wholly owned subsidiary of Adani Shipping Pte. Ltd., incorporated in Singapore. The ultimate parent company is Adani Enterprise Limited, a company incorporated in India.

1.3 The principal place of business is Aquilino de la Guardia Street no. 8, OGRA Building, Republic of Panama and registered address of the company is Post Box 0823-02435.

1.4 The company is incorporated to engage in any lawful act or activity which are not prohibited under the jurisdiction of Republic of Panama and that the company has been incorporated as a special purpose vehicle for providing shipping and logistics services primarily to its shareholder and the shareholder's group. The company is principally engaged in the activity of shipping agents, ship owner & ship charterer during the year under review.

2 Basis of preparation:

2.1 Statement of compliance:

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB).

2.2 Basis of measurement:

These financial statements have been prepared under going concern assumption and historical cost convention.

2.3 Basis of accounting & coverage:

The company follows the accrual basis of accounting, except for statement of cash flows which is presented on cash basis. Under accrual basis, the transactions and events are recognized as and when they occur and are recorded in the financial statements for the year to which they relate to.

The financial statements enclosed cover the period 1st April 2015 to 31st March 2016. Previous year figures are for the period 1st April 2014 to 31st March 2015 and have been regrouped wherever necessary.

2.4 Functional & presentation currency:

The financial statements are presented in United States Dollars (USD), which is also the company's functional currency. All financial information presented in USD has been rounded off to the nearest US Dollar.

2.5 Use of estimates & judgments:

The preparation of financial statements in conformity with IFRS for SMEs requires management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Aashna Maritime Inc.

Panama City, Republic of Panama

Notes to the financial statements for the year ended 31st March 2016

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected & same are mentioned under respective accounting policy note.

The following accounting estimates and management judgments have been considered, which are material in nature, in preparation of financial statements.

- **Useful lives of property, plant & equipment:**

Company's management estimates the useful life of property, plant & equipment & residual value for calculating depreciation. It reviews the estimated life & residual value on annual basis & future depreciation expense would be adjusted where the management believes that useful life differs from the previous estimates.

The useful life of the vessel is as determined by the management of the company. The management has estimated the useful life of the vessel as at reporting date as 25 years.

The company's management has estimated the residual value of USD 6,072,763/- being 10% of the original cost of its vessel at the end of its estimated useful life. Any changes in residual value estimation would have effect in depreciation expense. During the year under review, the company's has not made any revision on the residual value and hence would not effect on current year depreciation.

- **Impairment of accounts receivables:**

Accounts receivables are subjected to recoverability test on a periodical basis when collection of full amount is no longer probable. Accounts receivables balances which are individually significant, are verified for ageing, subsequent receipts & balance confirmations. Accounts receivable balances which are individually not material, are assessed collectively & estimated reserve for impairment of accounts receivables is created if same is outstanding for beyond normal credit terms & doubtful.

- **Obsolescence of inventories:**

Inventories are subjected to ageing & obsolescence test on a periodical basis by management on damaged, obsolete and slow moving inventories. These reviews require judgments and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. Management estimates that no reserve for obsolescence of inventories is required to be created against the inventories.

3 Summary of significant accounting policies:

The following accounting policies have been consistently applied by the management in preparation of the financial statements except where stated here under:

3.1 Inventories:

Inventories are carried at lower of cost and net realizable value (estimated selling price less cost to complete and selling expenses). Cost includes cost of inventory, including applicable cost to bring the inventory to the present condition, valued at 'first-in-first-out' method

Any excess of carrying amount, over the net realizable value is charged immediately as obsolescence through statement of comprehensive income. Inventory items, are netted off after giving effect of losses arising out of consumption.

Aashna Maritime Inc.

Panama City, Republic of Panama

Notes to the financial statements for the year ended 31st March 2016

3.2 Property, plant & equipment:

Property, plant & equipment (Vessel), is carried at their cost of acquisition including any incidental expenses related to acquisition or installation, less accumulated depreciation and accumulated impairment loss. Depreciation has been provided on straight line method over the estimated useful lives after reducing the residual value from the cost of acquisition, as determined by the management.

Property, plant & equipment is, at the reporting date, subject to impairment. Where any indication of impairment exists, the carrying amount is written down to its recoverable amount.

The management's estimate of useful life is as below:

Vessel 25 years

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in these financial statements. Management assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

3.3 Financial instruments:

The company recognizes a financial instrument (being a financial asset or financial liability) only when the company becomes a part of the contractual provisions of the instrument.

Accounting policy relevant to each type of financial instrument is as follows:

- Cash & cash equivalents:

Cash & cash equivalents for the purpose of cash flow statement comprises of balance with bank in current accounts.

- Accounts receivables:

Accounts receivables are amounts due from customers towards sale of goods or providing of services in the ordinary course of business. Accounts receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less reserve for impairment of accounts receivables. A reserve for impairment of accounts receivables is recognised when it is probable that the company will not be able to collect all amounts due according to original terms of the accounts receivables.

- Other financial assets:

Other financial assets are recognized initially at transaction value and subsequently measured at amortized cost using the effective interest method less impairment. However, all other financial assets have a value on realization in the ordinary course of the company's business, which is at least equal to the amount at which they are stated in the statement of financial position.

- Other financial liabilities:

Other financial liabilities, including borrowings, are initially measured at transaction value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Aashna Maritime Inc.

Panama City, Republic of Panama

Notes to the financial statements for the year ended 31st March 2016

A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is de-recognised either when:

- the rights to receive cash flows from the asset have expired or
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or 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 statement of comprehensive income.

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis.

3.4 Impairment of non-financial assets:

At each reporting date, the company reviews the carrying amounts of its non-financial 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 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.

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 as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3.5 Impairment of financial assets:

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

Aashna Maritime Inc.

Panama City, Republic of Panama

Notes to the financial statements for the year ended 31st March 2016

If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- For assets carried at cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Reversal of impairment losses is recognised in prior years and is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised.

3.6 Leases:

Leases are classified as finance lease, when substantially all the risk and reward of ownership are transferred to lessee. All other leases are operating lease.

- **Finance lease:**

The vessel taken on finance lease is capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Assets held under finance lease are included in property, plant & equipment, depreciated and are subject to impairment.

3.7 Employee benefits:

Employee benefits have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of applicable labour law requirements.

3.8 Provisions & contingencies:

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits would be required to settle these obligations and a reliable estimate of the same can be made.

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When likelihood of outflow is remote, no provision or disclosure is made.

3.9 Revenue recognition:

Revenue is recognized when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable, excluding discounts, rebates and duties.

Revenue represents income from ship charter, demurrage and other related services income. Chartering revenue is recognised evenly over the lives of the time charter agreements and demurrage and other related service income is recognised when the right to receive is established.

Other income is recognised when right to receive is established or received, whichever is earlier.

Aashna Maritime Inc.

Panama City, Republic of Panama

Notes to the financial statements for the year ended 31st March 2016

3.10 Expenditure:

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Expenses are presented in the statement of comprehensive income, classified according to the function of expense.

3.11 Foreign currency transactions:

- a. Transactions in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transactions are entered into.
- b. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost or fair value, are translated into functional currency at the exchange rates prevailing on the date of such transaction or the date of determination of fair value respectively.
- c. Resultant loss or gain has been recognized in the statement of comprehensive income, in the year in which such assets are realized or liabilities are discharged.

4 Other significant disclosures:

4.1 Related party transactions:

The company enters into transactions with another company and person that fall within the definition of a related party as per the International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs).

The terms of trade with such related party is based on commercial terms & conditions agreed upon with them by the management.

Related parties with whom the company has entered into transactions during the year under review comprise of the shareholder, co-subsidiary company and group companies as stated hereunder:

<u>Name of related parties</u>	<u>Control</u>	<u>Relationship</u>
Adani Shipping Pte. Ltd., Singapore	100% control	Parent company
Adani Global FZE, Dubai (U.A.E.)	Common control	Group company
Aanya Maritime Inc., Panama	Common control	Co-subsidiary
Rahi Shipping Pte Ltd., Panama	Common control	Co-subsidiary
Vanshi Shipping Pte. Ltd., Panama	Common control	Co-subsidiary
Adani Shipping (India) Pvt. Ltd., India	Common control	Group company

During the year under review, following transactions were entered into with related parties:

<u>Nature of transactions</u>	Amount in U.S. Dollars (USD)	
	<u>2015-16</u>	<u>2014-15</u>
Revenue:		
- Revenue from parent company	10,614,000/-	10,585,000/-
Direct cost:		
- Brokerage & commission expenses charged by parent company	398,025/-	396,938/-
- Direct costs charged by group company	5,663/-	3,582/-
Other transactions:		
- Vessel management fees charged by group company	120,000/-	120,000/-
- Administrative expenses charged by group company	3,989/-	13,159/-
- Marketing expenses charged by group company	2,544/-	Nil/-

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Notes to the financial statements for the year ended 31st March 2016

Amounts due to related parties:

Amounts due to related parties were free of interest.

Amounts due from related party:

Amounts due from related party was free of interest.

4.2 Financial, capital risk management & fair value information:

4.2.1 Credit, liquidity & market rate risk:

Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

The company's cash is placed with banks of repute.

The exposures to credit risk on accounts receivable and amount due from related parties are monitored on an ongoing basis by the management and these are considered recoverable by the company's management. However the company has no concentration of accounts receivables and consequent risk.

Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when it falls due.

The company's current liabilities exceed its current assets as at the reporting date indicating negative working capital.

The table below summarizes the maturity profile of the company's financial liabilities on contractual undiscounted payments:

	Amount in U.S. Dollars (USD)			
	Less than 6 months	6 months to 1 year	More than 1 year	Total
As on 31st March 2016				
Finance lease	2,716,796	2,813,486	38,407,602	43,937,884
Provisions, accruals & other liabilities	1,678,710	-	-	1,678,710
Total	4,395,506	2,813,486	38,407,602	45,616,594
As on 31st March 2015				
Finance lease	1,241,972	3,887,369	43,937,884	49,067,225
Amounts due to related parties	-	1,981,326	-	1,981,326
Provisions, accruals & other liabilities	2,014,584	-	-	2,014,584
Total	3,256,556	5,868,695	43,937,884	53,063,135

Market risk:

Market risk is the risk that changes in market prices, such as investment prices, interest rates and currency rates will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

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- **Interest rate risk:**

Interest rate risk is the risk of variability in profit due to change in interest rates on interest bearing assets and interest bearing liabilities.

Finance lease carries effective rate of interest @ 7.20% p.a. (previous year @ 7.20% p.a.).

- **Currency risk:**

Currency risk faced by the company is minimal as there are minimal foreign currency transactions. Most of the monetary assets and liabilities are denominated in United States Dollar (USD) only.

However, the company is exposed to following foreign currency risk:

	<u>2015-16</u>	<u>2014-15</u>
Assets denominated in SGD	69,382/-	8,023/-

Any fluctuation in the above currency would affect the profitability and consequently the equity & shareholders' funds to that extent.

4.2.2 Capital management:

The company's policy is to maintain a strong capital base so as to maintain lender and creditor confidence and to sustain future development of the business. The company is not subject to externally imposed capital restrictions except maintaining paid up share capital.

4.2.3 Fair value information:

Fair value represents the amount at which an asset could be exchanged or a liability settled in an arm's length transaction, between willing & knowledgeable parties. In respect of all the company's financial assets viz cash & bank balances, receivables, advances, deposits, accrued income and liabilities viz dues to banks, payables, accruals and other non-current liabilities, in the opinion of the management, the book value approximates to their carrying value.

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Notes to the financial statements for the year ended 31st March 2016

		Amount in U.S. Dollars (USD)	
		31.03.2016	31.03.2015
5	Cash & bank balances/Cash & cash equivalents:		
	Balance with bank in current accounts	69,201	302,957
		<u>69,201</u>	<u>302,957</u>
6	Deposits, prepayments & advances:		
	Prepayments	38,706	63,593
	Other current assets	58,969	25,067
		<u>97,675</u>	<u>88,660</u>
7	Amounts due from related party:		
	Due from group company	0	1,741,409
		<u>0</u>	<u>1,741,409</u>
	Amounts due from related party was free of interest.		
8	Inventories:		
	Stores & consumables	143,053	164,047
		<u>143,053</u>	<u>164,047</u>
	Inventory comprising of lubricants & other consumable items, is based on the declaration of vessel's master and the management certifies that the same is net of any loss arising out of obsolescence.		
9	Finance lease:		
	Minimum lease payments		
	Due in next 1 year	8,486,250	8,463,000
	Due in after 1 year but before 5 years	33,991,500	33,991,500
	Due after 5 years	12,717,750	21,204,000
		<u>55,195,500</u>	<u>63,658,500</u>
	Less: Future finance charges	(11,257,616)	(14,591,275)
	Present value of lease obligations	<u>43,937,884</u>	<u>49,067,225</u>
	Due within one year	5,530,282	5,129,341
	Due after one year	38,407,602	43,937,884
		<u>43,937,884</u>	<u>49,067,225</u>
	The company entered into "Barecon 2001" Standard Bareboat Charter in respect of the motor vessel for a period of ten years starting from June 2012.		
10	Amounts due to related parties:		
	Due to co-subsidiary companies	0	1,981,326
		<u>0</u>	<u>1,981,326</u>
	Amounts due to related parties were free of interest.		

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Notes to the financial statements for the year ended 31st March 2016

		Amount in U.S. Dollars (USD)	
		31.03.2016	31.03.2015
11	Provisions, accruals & other liabilities:		
	Accrued expenses	166,966	739,217
	Accrued staff salaries & benefits	52,182	59,479
	Advance from customer	1,459,562	1,215,410
	Other liabilities	0	478
		1,678,710	2,014,584
	Accrued expenses includes 4,898/- (previous year 99,418/-) payable to related parties.		
	Advance from customer represents advance received from parent company.		
12	Share capital:		
	Share capital	1,000	1,000
		1,000	1,000
	Share capital comprises of 50 fully paid up equity shares of 20/- each (previous year 50 fully paid up equity shares of 20/- each).		
13	Reserves & surplus:		
	Retained earnings	7,795,236	4,522,034
		7,795,236	4,522,034
		01.04.2015 to	01.04.2014 to
		31.03.2016	31.03.2015
14	Revenue:		
	Charter hire income	10,614,000	10,585,000
		10,614,000	10,585,000
15	Direct costs:		
	Crew charges & other benefits	890,615	889,371
	Repairs & maintenance	36,027	524,086
	Insurance expenses	214,743	203,215
	Consumables	334,574	926,771
	Vessel management fees	120,000	120,000
	Other direct expenses	83,508	172,967
	Depreciation on property, plant & equipment	2,186,195	2,186,195
		3,865,662	5,022,605
16	Other income:		
	Foreign exchange gain - net	4,700	6,547
	Other miscellaneous income	359,045	7,405
		363,745	13,952

Other income includes 298,638/- (previous year Nil/-) received from ACE Insurance Brokers for claims against rudder horn repairs for MV Aashna.

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Notes to the financial statements for the year ended 31st March 2016

		Amount in U.S. Dollars (USD)	
		01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015
17	Marketing costs:		
	Brokerage & commission expenses	398,025	396,938
	Advertisement & business promotion expenses	2,544	0
		400,569	396,938
18	Administrative costs:		
	Communication expenses	16,953	13,262
	Fees & charges	4,211	1,650
	Travelling & conveyance expenses	31,160	37,874
	Office & other expenses	20,258	27,342
		72,582	80,128
19	Finance costs:		
	Bank charges	8,825	8,846
	Interest on finance lease	3,356,905	3,682,530
		3,365,730	3,691,376

20 Contingent liabilities:

Except for the ongoing business commitments against which the company expects no losses, there were no liabilities of contingent nature or on capital account, outstanding as at reporting date.

21 Events occurring after the reporting date:

There were no significant events occurring after the reporting date that would materially affect the working or the financial statements of the company.

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Schedule to the financial statements for the year ended 31st March 2016

Amount in U.S. Dollars (USD)

Schedule 1 - Property, plant & equipment:

Particulars	Vessel	Total
Cost:		
As at 31.03.2015	60,727,630	60,727,630
Additions	0	0
As at 31.03.2016	60,727,630	60,727,630
Accumulated depreciation:		
As at 31.03.2015	5,438,534	5,438,534
For the year	2,186,195	2,186,195
As at 31.03.2016	7,624,729	7,624,729
Net value - 31.03.2016	53,102,901	53,102,901
Net value - 31.03.2015	55,289,096	55,289,096

The company, under finance lease from 'Amigo Maritime Inc.', operates one 180,000 DWT (93,693 gross tonnage) bulk carrier vessel hull no. PN-074, built by HHIC-PHIL INC., Philippines and registered under 'Aashna' (MV) with Republic of Panama having IMO no. 9592458.