

**Deloitte.**

**ENERGY EASTERN PTE. LTD  
(Incorporated in Singapore)  
(Company Registration No. 200802341E)**

**DIRECTORS' STATEMENT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2017**

**ENERGY EASTERN PTE. LTD.**

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS**

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## **ENERGY EASTERN PTE. LTD.**

### **DIRECTORS' STATEMENT**

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

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

#### **1 DIRECTORS**

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

Kottamasu Venkateswara Rao

Sagi Satyanarayana Varma

Krishna Kumar Sharma

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

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

#### **3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

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

**ENERGY EASTERN PTE. LTD.**

**DIRECTORS' STATEMENT**

**4 SHARE OPTIONS**

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under option

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

ON BEHALF OF THE DIRECTORS



.....  
Sagi Satyanarayana Varma



.....  
Kottamasu Venkateswara Rao

Date: **23 JUN 2017**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ENERGY EASTERN PTE. LTD.**

### **Report on the Financial Statements**

#### **Opinion**

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

In our opinion, the financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

#### **Basis for Opinion**

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

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

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 1 to 2.

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ENERGY EASTERN PTE. LTD.**

### **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
ENERGY EASTERN PTE. LTD.**

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

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



Public Accountants and  
Chartered Accountants  
Singapore

June 23, 2017

**ENERGY EASTERN PTE. LTD.****STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2017**

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash at bank	6	600,886	169,009
Trade and other receivables	7	27,792,774	30,412,058
Total current assets		<u>28,393,660</u>	<u>30,581,067</u>
<b>TOTAL ASSETS</b>		<u>28,393,660</u>	<u>30,581,067</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Bank loans	8	-	21,998,035
Trade payables	9	608,272	1,920,041
Other payables	10	20,425,150	1,381,668
Income tax payables	17	4	4
Total current liabilities		<u>21,033,426</u>	<u>25,299,748</u>
<b>Equity</b>			
Share capital	11	711,032	711,032
Accumulated profits		6,649,202	4,570,287
Total equity		<u>7,360,234</u>	<u>5,281,319</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>28,393,660</u>	<u>30,581,067</u>

See accompany notes to financial statements

**ENERGY EASTERN PTE. LTD.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
YEAR ENDED MARCH 31, 2017**

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
<b>Vessel operating income</b>	12	47,986,722	50,965,390
Vessel operating expenses	13	(44,758,475)	(47,629,743)
Exchange loss		(1,826)	(730)
Other income	14	65,652	345,686
Operating expenses	15	(735,060)	(1,116,262)
Finance costs	16	(469,530)	(612,304)
<b>Profit before income tax</b>		2,087,483	1,952,037
Income tax expense	17	(8,568)	(125,118)
<b>Total profit for the year representing total comprehensive income for the year</b>		<u>2,078,915</u>	<u>1,826,919</u>

See accompany notes to financial statements

**ENERGY EASTERN PTE. LTD.**

**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED MARCH 31, 2017**

	Share capital US\$	Accumulated profits US\$	Total US\$
Balance as at April 1, 2015	711,032	2,743,368	3,454,400
Profit for the year, representing total comprehensive income for the year	-	1,826,919	1,826,919
Balance as at March 31, 2016	711,032	4,570,287	5,281,319
Profit for the year, representing total comprehensive income for the year	-	2,078,915	2,078,915
Balance as at March 31, 2017	711,032	6,649,202	7,360,234

See accompany notes to financial statements

**ENERGY EASTERN PTE. LTD.**

**STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2017**

	2017	2016
	US\$	US\$
<b>Operating activities</b>		
Profit before income tax	2,087,483	1,952,037
Adjustments for:		
Interest expense	469,530	612,304
Interest income	(65,652)	(345,686)
<b>Operating cash flows before changes in working capital</b>	2,491,361	2,218,655
Trade and other receivables	2,683,698	17,572,410
Trade payables	(1,320,337)	168,815
Other payables	(580,653)	(1,211,705)
<b>Cash generated from operations</b>	3,274,069	18,748,175
Interest received	1,238	756
Interest paid	(445,395)	(536,961)
<b>Net cash from operating activities</b>	2,829,912	18,211,970
<b>Financing activities</b>		
Repayment of borrowings	(73,861,563)	(79,958,602)
Proceeds from borrowings	51,863,528	61,579,637
Repayment of loan from fellow subsidiary	(17,640,000)	-
Proceeds from loan from fellow subsidiary	37,240,000	-
<b>Net cash used in financing activities</b>	(2,398,035)	(18,378,965)
Net increase (decrease) in cash at bank	431,877	(166,995)
Cash at bank at the beginning of year	169,009	336,004
<b>Cash at bank at the end of year (Note 6)</b>	600,886	169,009

See accompany notes to financial statements

## **ENERGY EASTERN PTE. LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017**

#### **1. GENERAL INFORMATION**

The company (Registration No: 200802341E) is incorporated in Singapore with its principal place of business and registered office at 78 Shenton Way, #17-01/02, Singapore 079120. The financial statements are expressed in United States dollars.

The principal activity of the company is the chartering of cape size dry bulk carriers for the transportation of coal from Indonesia to Mundra in India for its immediate holding company.

As described in Note 4(b)(iii) and Note 4(b)(iv), the company has a major customer, Coastal Gujarat Power Limited ("CGPL") which is its immediate holding company. CGPL incurred losses, has net current liability position and also non-compliance of debt covenants during the financial year. These conditions has indicated the existence of a material uncertainty that may cast significant doubt about CGPL's ability to continue as a going concern. Notwithstanding the above, CGPL will be able to continue as a going concern with the support of its holding company, The Tata Power Company Limited who is also the company's ultimate holding company.

The financial statements of the company for the financial year ended March 31, 2017 were authorised for issue by the board of directors on June 23, 2017.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

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

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

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

## ENERGY EASTERN PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

At the date of authorization of these financial statements, the following FRSs and amendments to FRS that are relevant to the company was issued but not effective:

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

<sup>1</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

<sup>2</sup> Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

<sup>3</sup> Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

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

#### FRS 109 *Financial Instruments*

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

Key requirements of FRS 109 (relevant to the company):

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

FRS 115 Revenue from Contracts with Customers

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

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

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

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

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

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

FRS 116 Leases

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

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

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

Management anticipate that the initial application of the new FRS 116 will result in operating leases to be recognised as right-of-use assets with corresponding lease liabilities, unless they qualify for low value or short-term leases. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact to the amounts recognised in the company's financial statements and management is currently assessing its potential impact. It is not practical to provide a reasonably estimate impact to the company's financial statements until management completes its assessment.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial assets**

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past due beyond 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## **ENERGY EASTERN PTE. LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

##### Derecognition of financial assets

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

##### **Financial liabilities and equity instruments**

##### Classification as debt or equity

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

##### Equity instruments

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

##### Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

##### Bank loan

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

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Derecognition of financial liabilities

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

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

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

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

**REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Freight revenue

Revenue from the provision of voyage charter is recognised in accordance to the terms of the contracts of affreightment.

Charter revenue

Revenue from the time chartering of vessels is recognised on an accrual basis.

Compensation income

Compensation income relates to reimbursement of the loss of profit due to the counter-party's non-honouring of the terms of a contract of affreightment and is governed by the contract of affreightment. Compensation income is recognised on an accrual basis.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**BORROWING COSTS** - Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**INCOME TAX** - Income tax for the financial year comprises of current and deferred tax.

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

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

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

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

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

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

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

**CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS** - Cash and cash equivalents in the statement of cash flows comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

a) Critical judgements in applying the company's accounting policies

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

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES  
OF ESTIMATION UNCERTAINTY (cont'd)**

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

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

b) Key sources of estimation uncertainty

Other than disclosed below, management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of trade and other receivables and provision for doubtful debts

At the end of each reporting period, management evaluates the collectability of trade and other receivables and records provisions for doubtful debts based on comparison of the relative age of trade receivables and credit history. As at March 31, 2017, management has reviewed the outstanding trade and other receivables amount and is satisfied that they are recoverable and has not provided for any doubtful debts (2016 : US\$Nil).

Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables and bad and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of trade and other receivables are stated in Note 7.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT**

a) *Categories of financial instruments*

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

	2017	2016
	US\$	US\$
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	27,649,466	30,478,426
<b>Financial liabilities</b>		
Amortised cost	20,947,874	25,129,150

b) *Financial risk management policies and objectives*

The company is exposed to various financial risks arising in the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks.

There has been no change to the company's exposure to these financial risks or the manners in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The company's has transactional currency exposures arising from expenses that are denominated in Singapore dollars.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in Singapore dollars are as follows:

	2017	2016
	US\$	US\$
<u>Assets</u>		
Cash at bank	14,747	2,965
<u>Liabilities</u>		
Other payables	19,438	35,300
Income tax payable	4	4

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)**

b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

*Foreign currency sensitivity*

If the Singapore dollar strengthens/weakens by 10% against the United States dollar, the company's profit for the financial year will decrease/increase by US\$469 (2016 : US\$3,234).

(ii) Interest rate risk management

Interest rate risk arises from the potential change in interest rates that may have an effect on the company in the current reporting period. The company is not exposed to significant interest rate risk as at the end of the reporting period.

*Interest rate sensitivity*

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit for the year ended March 31, 2017 would increase/decrease by US\$31,048 (2016 : US\$35,499). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings and variable rate receivables.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company deals mainly with related companies and reputable companies. All customers of the company are evaluated by the holding company, who in turn will advise the credit terms to be granted. Where appropriate, letters of credit are requested.

The company's principal financial assets are cash and cash equivalent, trade and other receivables.

Cash and cash equivalent is deposited with reputable financial institutions.

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)**

b) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk management (cont'd)

Significant concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

As at March 31, 2017, the balance due from a customer, Coastal Gujarat Power Limited which is the immediate holding company represented 96% (2016 : 98%) of the company's trade and other receivables balance.

Further details of credit risks on trade and other receivables is disclosed in Note 7.

(iv) Liquidity risk management

The company has sufficient funds to finance its working capital. Liquidity risk is managed by matching the payment and receipt cycle. The company's operations are financed mainly through equity and cash flows from its operations.

As at March 31, 2017, the company has a major customer, Coastal Gujarat Power Limited ("CGPL") which is its immediate holding company. CGPL incurred losses, has net current liability position and also non-compliance of debt covenants during the financial year. These conditions has indicated the existence of a material uncertainty that may cast significant doubt about CGPL's ability to continue as a going concern. Notwithstanding the above, CGPL will be able to continue as a going concern with the support of its holding company, The Tata Power Company Limited who is also the company's ultimate holding company. Management is confident that the continuing support from CGPL's holding company who is also the company's ultimate holding company will be forthcoming and the Company will be able to discharge its obligations as and when they fall due within the next financial year.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)**

b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

	Average effective interest rate %	On demand or within 1 year US\$	Adjustment US\$	Total US\$
<u>2017</u>				
Non-interest bearing	-	1,347,874	-	1,347,874
Variable interest rate Instruments	2.24	19,636,632	(36,632)	19,600,000
		<u>20,984,506</u>	<u>(36,632)</u>	<u>20,947,874</u>
<u>2016</u>				
Non-interest bearing	-	3,131,115	-	3,131,115
Variable interest rate instruments	1.76	22,017,191	(19,156)	21,998,035
		<u>25,148,306</u>	<u>(19,156)</u>	<u>25,129,150</u>

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)**

b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the company's liquidity risk management as the company's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Average effective interest rate	On demand or within 1 year	Adjustment	Total
	%	US\$	US\$	US\$
<u>2017</u>				
Non-interest bearing	-	1,839,959	-	1,839,959
Variable interest rate instruments	1.98%	26,191,647	(382,140)	25,809,507
		<u>28,031,606</u>	<u>(382,140)</u>	<u>27,649,466</u>
<u>2016</u>				
Non-interest bearing	-	1,380,656	-	1,380,656
Variable interest rate instruments	1.78	29,517,935	(420,165)	29,097,770
		<u>30,898,591</u>	<u>(420,165)</u>	<u>30,478,426</u>

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash at bank, trade and other receivables, bank loans, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)**

b) *Financial risk management policies and objectives (cont'd)*

(vi) Capital management

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises of loan from fellow subsidiary, issued capital and accumulated profits. The company's overall strategy remains unchanged from 2016.

**5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS**

The company's immediate holding company is Coastal Gujarat Power Limited (CGPL), incorporated in India, and its ultimate holding company is The Tata Power Company Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

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

	<u>2017</u>	<u>2016</u>
	US\$	US\$
<u>Ultimate holding company</u>		
Interest on financial guarantees provided to banks	<u>(54,083)</u>	<u>(79,902)</u>
<u>Immediate holding company</u>		
Freight income	36,132,396	38,990,873
Compensation income	7,099,105	4,901,897
Interest income	64,414	344,930
Interest on financial guarantees provided to banks	<u>(57,000)</u>	<u>(57,156)</u>
<u>Fellow subsidiary</u>		
Management fees paid/payable	(627,316)	(960,033)
Interest expense	<u>(191,622)</u>	<u>-</u>

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)**

***Compensation of directors and key management personnel***

The company does not have any employees. All services provide by the company are managed by Trust Energy Resources Pte Ltd, fellow subsidiary of the company, and the charges are included under the management fee charged by the related company. Hence, there is no staff cost or key management remuneration cost incurred by the company.

**6. CASH AT BANK**

	2017	2016
	US\$	US\$
Cash at bank	600,886	169,009

**7. TRADE AND OTHER RECEIVABLES**

	2017	2016
	US\$	US\$
Immediate holding company (Note 5)	25,809,507	29,097,770
Interest receivable from immediate holding company (Note 5)	883,894	819,479
Outside party	355,179	392,168
Prepayments of charter hire	744,194	102,641
	<u>27,792,774</u>	<u>30,412,058</u>

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**7. TRADE AND OTHER RECEIVABLES (cont'd)**

The average credit period is 180 days (2016 : 180 days). Interest is charged on the trade receivables at the weighted average rate of 1.98% per annum (2016 : 1.78% per annum) plus applicable variable interest to the immediate holding company on trade receivables beyond the credit period of 180 days from the date of invoice.

Before accepting any new customer, the company will assess the potential customer's credit quality. Limits are monitored periodically by management. The company makes specific allowances for receivables based on management assessment that majority of receivables that are past due beyond 120 days are generally not recoverable. In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no allowance required.

Included in the trade receivables balance is an amount which is past due but not impaired amounting to US\$0.84 million (2016 : US\$4.57 million) at the end of the reporting period. The Company does not hold any collateral over these balances. The average age of these receivables is between 89 day to 564 days (2016 : 18 day to 494 days ). The Company has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Management believes that trade receivables that are neither past due nor impaired are with creditworthy counterparties.

Outstanding balances with the immediate holding company are unsecured. There is no allowance for doubtful debt arising from the outstanding balances.

**8. BANK LOANS**

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Secured bank loan - at amortised cost	-	<u>21,998,035</u>

Bank loans of Nil (2016 : US\$21,998,035) are arranged at floating interest rates, thus exposing the company to interest rate risk. During the year, interest is charged at a weighted average rate of 1.65% (2016 : 1.76%) per annum. The bank loans were secured by corporate guarantees executed by the ultimate holding company.

## ENERGY EASTERN PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017

#### 8. BANK LOANS (cont'd)

The company has the following borrowing arrangements:

- a) A short term loan facility with Australia and New Zealand Banking Group Ltd of up to US\$25 million to assist with working capital requirements. The facility is granted on an uncommitted basis and is secured by a corporate guarantee issued by the ultimate holding company for an amount of US\$27.5 million. The amounts utilised under the facility are repayable on demand and within six months from the utilisation date. The interest on the outstanding loan amount is to be paid on the same repayment dates along with the principal and the interest is computed for the actual number of days. The bank loans bear annual interest rate at 1.75% plus the applicable period's London Interbank Offered Rate ("LIBOR"). As at March 31, 2016, the amount outstanding under this facility was US\$1.4 million. The loan was fully repaid during the financial year.
- b) A short term loan facility with the Bank of America Merrill Lynch of up to US\$15 million (2016 : US\$25 million) to assist with working capital requirements. The facility is granted on an uncommitted basis and is secured by a corporate guarantee issued by the ultimate holding company for an amount of US\$27.5 million (2016 : US\$27.5 million). The amounts utilised under the facility are repayable on demand and within six months from the utilisation date. The interest on the outstanding loan amount is to be paid on the same repayment dates along with the principal and the interest is computed for the actual number of days. The bank loans bear annual interest rate at 1.20% plus the applicable period's LIBOR. As at March 31, 2016, the amount outstanding under this facility was US\$20.6 million. The loan was fully repaid during financial year ended March 31, 2017.
- c) A short term loan facility with DBS Bank of up to US\$15 million (2016: Nil) to assist with working capital requirements. The facility is granted on an uncommitted basis and is secured by a corporate guarantee issued by the ultimate holding company for an amount of US\$31.5 million (2016 : Nil). The amounts utilised under the facility are repayable on demand and within six months from the utilisation date. The interest on the outstanding loan amount is to be paid on the same repayment dates along with the principal and the interest is computed for the actual number of days. The bank loans bear annual interest rate at 1.20% plus the applicable period's LIBOR. As at March 31, 2017, the amount outstanding under this facility is US\$Nil.

#### 9. TRADE PAYABLES

	2017	2016
	US\$	US\$
Accrued expenses	32,126	230,511
Immediate holding company (Note 5)	456,665	399,008
Outside parties	119,481	1,290,522
	<u>608,272</u>	<u>1,920,041</u>

The average credit period on purchases of services is 5 days (2016 : 5 days). No interest is charged on trade payables.

**ENERGY EASTERN PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

**10. OTHER PAYABLES**

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Accrued expenses	24,938	35,300
Accrued interest	-	14,296
Deferred income	85,548	170,594
Loan from fellow subsidiary (Note 5)	19,600,000	-
Fellow subsidiary (Note 5)	671,228	1,027,235
Immediate holding company (Note 5)	42,677	114,156
Ultimate holding company (Note 5)	759	20,087
	<u>20,425,150</u>	<u>1,381,668</u>

The company's other payables repayment terms pertaining to related company, fellow subsidiaries and ultimate holding company ranges from repayable on demand to 90 days (2016 : repayable on demand to 90 days).

Loan from a fellow subsidiary is unsecured and bears interest of London Interbank Offered Rate ("LIBOR") plus 1.2% with 5% mark up. The loan renewable on a monthly basis. In 2017, the average effective interest rate was 2.2%.

**11. SHARE CAPITAL**

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Number of ordinary shares		US\$	US\$
<u>Issued and fully paid:</u>				
At the beginning and end of year	<u>711,032</u>	<u>711,032</u>	<u>711,032</u>	<u>711,032</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

**12. VESSEL OPERATING INCOME**

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Freight revenue (Note 5)	<u>36,132,396</u>	<u>38,990,873</u>
Charter revenue	4,755,221	7,072,620
Compensation income (Note 5)	7,099,105	4,901,897
Others vessel operating income	<u>11,854,326</u>	<u>11,974,517</u>
	<u>47,986,722</u>	<u>50,965,390</u>

**ENERGY EASTERN PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017****13. VESSEL OPERATING EXPENSES**

	2017	2016
	US\$	US\$
Freight expenses	35,066,917	37,792,633
Charter hire fees	9,691,558	9,837,110
	<u>44,758,475</u>	<u>47,629,743</u>

**14. OTHER INCOME**

	2017	2016
	US\$	US\$
Interest income from immediate holding company (Note 5)	64,414	344,930
Others	1,238	756
	<u>65,652</u>	<u>345,686</u>

**15. OPERATING EXPENSES**

	2017	2016
	US\$	US\$
Management fee (Note 5)	627,316	960,033
Legal and professional fees	9,822	2,497
Insurance premium expenses	49,346	56,705
Others	48,576	97,027
	<u>735,060</u>	<u>1,116,262</u>

**16. FINANCE COSTS**

	2017	2016
	US\$	US\$
Interest on borrowings paid to banks	166,825	475,246
Interest on borrowings paid to fellow subsidiary (Note 5)	191,622	-
Interest on financial guarantees provided to banks by immediate holding company (Note 5)	57,000	57,156
Interest on financial guarantees provided to banks by ultimate holding company (Note 5)	54,083	79,902
	<u>469,530</u>	<u>612,304</u>

**17. INCOME TAX EXPENSE**

	2017	2016
	US\$	US\$
Tax expense comprises:		
Withholding tax	8,568	125,114
Adjustments recognised in the current year in relation to the current tax of prior years	-	4
	<u>8,568</u>	<u>125,118</u>

**ENERGY EASTERN PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017**

Income tax expense is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2017	2016
	US\$	US\$
Profit before tax	2,087,483	1,952,037
Tax expense calculated at 17% (2016 : 17%)	354,872	331,846
Items not subject to tax	(354,872)	(331,846)
Withholding tax	8,568	125,114
Adjustments recognised in the current year in relation to the current tax of prior years	-	4
	<u>8,568</u>	<u>125,118</u>

With effect from August 1, 2011, the company has been awarded the status of Approved International Shipping Enterprise (AIS) pursuant to the Maritime Sector Incentive Scheme of Maritime and Port Authority of Singapore (MPA) for a period of 10 years. This status entitles the company to claim tax exemption under Section 13F of Singapore Income tax act for all the incomes arising out of qualifying shipping operations.

The award of the Maritime Sector Incentive - Approved International Shipping Enterprise (MSI-AIS) status to Energy Eastern Pte Ltd is pegged to the MSI-AIS status of Trust Energy Resources Pte Ltd, a related company, which ends on July 31, 2021. Once the MSI-AIS status of Trust Energy Resources Pte Ltd is withdrawn, revoked or expires without renewal, the MSI-AIS sister status for Energy Eastern Pte Ltd would also be withdrawn with effect from that same date of expiry, withdrawal or revocation.

**18. OPERATING LEASE ARRANGEMENTS**

	2017	2016
	\$	\$
Charter hire of marine vessel	9,463,720	9,489,648

At the end of the reporting period, the company has outstanding commitments under non-cancellable contracts for charter hire of marine vessel, which fall due as follows:

	2017	2016
	US\$	US\$
Within one year	9,463,720	9,463,720
In the second to fifth year inclusive	37,880,808	37,880,808
After five years	89,892,376	99,356,096
	<u>137,236,904</u>	<u>146,700,624</u>

The charter hire rates are fixed over the period of the charter for an average term of twenty years.

ENERGY EASTERN PTE. LTD.  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
YEAR ENDED MARCH 31, 2017

	Year ended March, 2017	Exchange Rate	Amount	Year ended March, 2016	Exchange Rate	Amount
	USD		₹	USD		₹
Vessel operating income	479,86,722	67.09	32194,09,984	509,65,390	65.46	33362,50,491
Vessel operating expenses	(447,58,475)	67.09	(30028,28,184)	(476,29,743)	65.46	(31178,95,369)
Exchange (loss) / gain	(1,826)	67.09	(1,22,506)	(730)	65.46	(47,787)
Other income	65,652	67.09	44,04,566	3,45,686	65.46	226,28,986
Operating expenses	(7,35,060)	67.09	(493,14,881)	(11,16,262)	65.46	(730,71,738)
Finance costs	<u>(4,69,530)</u>	67.09	<u>(315,00,580)</u>	<u>(6,12,304)</u>	65.46	<u>(400,82,093)</u>
Profit before income tax	20,87,483	67.09	1400,48,399	19,52,037	65.46	1277,82,490
Income tax expense	<u>(8,568)</u>	67.09	<u>(5,74,824)</u>	<u>(1,25,118)</u>	65.46	<u>(81,90,362)</u>
<b>Total profit for the year representing total comprehensive income for the year</b>	<b><u>20,78,915</u></b>	<b>67.09</b>	<b><u>1394,73,575</u></b>	<b><u>18,26,919</u></b>	<b>65.46</b>	<b><u>1195,92,128</u></b>

**ENERGY EASTERN PTE. LTD.**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017**

	As at March, 2017	Exchange Rate	Amount ₹	As at March, 2016	Exchange Rate	Amount ₹
	USD			USD		
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash at bank	6,00,886	64.85	389,67,457	1,69,009	66.25	111,96,424
Trade and other receivables	<u>277,92,774</u>	64.85	<u>18023,61,394</u>	<u>304,12,058</u>	66.25	<u>20147,22,812</u>
<b>Total current assets</b>	<u>283,93,660</u>	64.85	<u>18413,28,851</u>	<u>305,81,067</u>	66.25	<u>20259,19,236</u>
<b>TOTAL ASSETS</b>	<u><b>283,93,660</b></u>	<b>64.85</b>	<u><b>18413,28,851</b></u>	<u><b>305,81,067</b></u>	66.25	<u><b>20259,19,236</b></u>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Bank Loans	-	64.85	-	219,98,035	66.25	14573,14,824
Trade Payables	6,08,272	64.85	394,46,439	19,20,041	66.25	1271,97,916
Other payables	204,25,150	64.85	13245,70,978	13,81,668	66.25	915,32,051
Income tax payables	4	64.85	259	4	66.25	265
<b>Total current liabilities</b>	<u>210,33,426</u>	64.85	<u>13640,17,676</u>	<u>252,99,748</u>	66.25	<u>16760,45,056</u>
<b>EQUITY</b>						
Share capital	7,11,032	47.86	340,29,123	7,11,032	47.86	340,29,123
Accumulated profits	66,49,202	64.12	4263,72,416	45,70,287	62.77	2868,98,841
Exchange fluctuation reserve	-		169,09,636	-		289,46,216
<b>Total equity</b>	<u>73,60,234</u>	64.85	<u>4773,11,175</u>	<u>52,81,319</u>	66.25	<u>3498,74,180</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>283,93,660</b></u>	<b>64.85</b>	<u><b>18413,28,851</b></u>	<u><b>305,81,067</b></u>	66.25	<u><b>20259,19,236</b></u>

ENERGY EASTERN PTE. LTD.  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED MARCH 31, 2017

	Share Capital USD	Exchange Rate	Amount ₹	Accumulated Profits / (Losses) USD	Exchange Rate	Amount ₹	Total USD	Exchange Rate	Amount ₹
<b>At 1 April 2015</b>	7,11,032	47.86	340,29,123	27,43,368	60.99	1673,06,713	34,54,400	58.28	2013,35,836
Total profit for the year representing total comprehensive income for the year				18,26,919	65.46	1195,92,128	18,26,919	65.46	1195,92,127
<b>At 31 March 2016</b>	<u>7,11,032</u>	47.86	<u>340,29,123</u>	<u>45,70,287</u>	62.77	<u>2868,98,841</u>	<u>52,81,319</u>	60.77	<u>3209,27,963</u>
Total profit for the year representing total comprehensive income for the year				20,78,915	67.09	1394,73,575	20,78,915	67.09	1394,73,575
<b>At 31 March 2017</b>	<u>7,11,032</u>	47.86	<u>340,29,123</u>	<u>66,49,202</u>	64.12	<u>4263,72,416</u>	<u>73,60,234</u>	62.55	<u>4604,01,538</u>

**ENERGY EASTERN PTE. LTD.**  
**STATEMENT CASH FLOWS**  
**YEAR ENDED MARCH 31, 2017**

	Year ended March, 2017	Exchange Rate	Amount ₹	Year ended March, 2016	Exchange Rate	Amount ₹
	USD			USD		
<b>Operating activities</b>						
Profit before income tax	20,87,483	67.09	1400,48,399	19,52,037	65.46	1277,82,490
Adjustment for :						
Interest expenses	4,69,530	67.09	315,00,580	6,12,304	65.46	400,82,094
Interest income	<u>(65,652)</u>	67.09	<u>(44,04,566)</u>	<u>(3,45,686)</u>	65.46	<u>(226,28,986)</u>
<b>Operating cash flows before changes in working capital</b>	24,91,361	67.09	1671,44,413	22,18,655	65.46	1452,35,598
Trade and other receivables	26,83,698	67.09	1800,48,225	175,72,410	65.46	11503,09,295
Trade payables	(13,20,337)	67.09	(885,80,881)	1,68,815	65.46	110,50,816
Other payables	<u>(5,80,653)</u>	67.09	<u>(389,55,777)</u>	<u>(12,11,705)</u>	65.46	<u>(793,19,543)</u>
<b>Cash generated from operations</b>	32,74,069	67.09	2196,55,980	187,48,175	65.46	12272,76,166
Interest received	1,238	67.09	83,057	756	65.46	49,489
Interest paid	<u>(4,45,395)</u>	67.09	<u>(298,81,372)</u>	<u>(5,36,961)</u>	65.46	<u>(351,50,058)</u>
<b>Net cash used in operating activities</b>	<u>28,29,912</u>	67.09	<u>1898,57,665</u>	<u>182,11,970</u>	65.46	<u>11921,75,597</u>
<b>Financing activities</b>						
Repayment of borrowings	(738,61,563)	67.09	(49553,42,700)	(799,58,602)	65.46	(52341,78,072)
Proceeds from borrowings	518,63,528	67.09	34795,03,336	615,79,637	65.46	40310,70,799
Repayment of loan from fellow subsidiary	(176,40,000)	67.09	(11834,60,540)	-	65.46	-
Proceeds from loan from fellow subsidiary	<u>372,40,000</u>	67.09	<u>24984,16,695</u>	<u>-</u>	65.46	<u>-</u>
<b>Net cash used in financing activities</b>	<u>(23,98,035)</u>		<u>(1608,83,209)</u>	<u>(183,78,965)</u>	65.46	<u>(12031,07,273)</u>
<b>Net increase / (decrease) in cash at bank</b>	<b>4,31,877</b>	<b>67.09</b>	<b>289,74,456</b>	<b>(1,66,995)</b>	<b>65.46</b>	<b>(109,31,676)</b>
Cash at bank at the beginning of year	1,69,009	66.25	111,96,424	3,36,004	62.50	209,99,410
Effect of exchange fluctuation on cash at bank			(12,03,423)			11,28,690
<b>Cash at bank at the end of year</b>	<u><b>6,00,886</b></u>	<b>64.85</b>	<u><b>389,67,457</b></u>	<u><b>1,69,009</b></u>	<b>66.25</b>	<u><b>111,96,424</b></u>