

Company Registration No. 200802341E

Energy Eastern Pte. Ltd.

Annual Financial Statements
31 March 2019

Energy Eastern Pte. Ltd.

Index

	Page
Directors' statement	1
Independent auditor's report	3
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10

Energy Eastern Pte. Ltd.

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Energy Eastern Pte. Ltd. (the "Company") for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Kottamasu Venkateswara Rao
Sagi Satyanarayana Varma
Sanjay Dube

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Energy Eastern Pte. Ltd.

Directors' statement

Auditor

Ernst and Young LLP have expressed their willingness to accept appointment as auditor.

On behalf of the board of directors,

Kottamasu Venkateswara Rao
Director

Sagi Satyanarayana Varma
Director

Singapore
_____2019

Energy Eastern Pte. Ltd.

**Statement of comprehensive income
For the financial year ended 31 March 2019**

	Note	2019 US\$	2018 US\$
Vessel operating income	4	61,577,567	52,867,414
Vessel operating expenses	5	(57,939,986)	(50,171,233)
Other income	6	2,532	39,817
Exchange loss		(2,267)	2,901
Operating expenses	7	(783,746)	(585,244)
Finance costs	8	(926,277)	(635,368)
Profit before income tax		1,927,823	1,518,287
Income tax expense	9	(337)	(5,277)
Profit for the year, representing total comprehensive income for the year attributable to the owner of the Company		1,927,486	1,513,010

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Energy Eastern Pte. Ltd.**Balance sheet
As at 31 March 2019**

	Note	2019 US\$	2018 US\$
Assets			
Current assets			
Trade and other receivables	11	36,075,301	31,050,703
Cash and cash equivalents	12	154,077	443,201
Total assets		36,229,378	31,493,904
Equity and liabilities			
Current liabilities			
Trade payables	13	651,760	532,281
Other payables	14	28,276,886	25,588,379
Income tax payable			–
Total liabilities		28,928,646	26,120,660
Net current assets		7,300,732	5,373,244
Equity attributable to the owner of the Company			
Share capital	15	711,032	711,032
Accumulated profits		6,589,698	4,662,212
Total equity		7,300,732	5,373,244
Total equity and liabilities		36,229,378	31,493,904

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Energy Eastern Pte. Ltd.

**Statement of changes in equity
For the financial year ended 31 March 2019**

	Note	Share capital US\$ (Note 15)	Accumulated profits US\$	Total equity US\$
Balance at 1 April 2017		711,032	6,649,202	7,360,234
Profit for the year, representing total comprehensive income for the year		–	1,513,010	1,513,010
Dividend paid, representing transactions with owner recognised directly in equity	20	–	(3,500,000)	(3,500,000)
Closing balance at 31 March 2018 and 1 April 2018		711,032	4,662,212	5,373,244
Profit for the year, representing total comprehensive income for the year		–	1,927,486	1,927,486
Closing balance at 31 March 2019		711,032	6,589,698	7,300,730

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Energy Eastern Pte. Ltd.

Statement of cash flows
For the financial year ended 31 March 2019

	Note	2019 US\$	2018 US\$
Operating activities			
Profit before income tax		1,927,823	1,518,287
Adjustments for:			
Interest expense		926,277	635,368
Interest income		(2,532)	(39,533)
Total adjustments		923,744	595,835
Operating cash flows before changes in working capital		2,851,567	2,114,122
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(5,022,488)	(3,218,396)
Decrease in trade payables		(139,738)	(75,991)
Decrease in other payables		(172,283)	(140,458)
Total changes in working capital		(5,334,509)	(3,434,845)
Cash flows from operations		(2,482,942)	(1,320,723)
Interest paid		(656,565)	(631,681)
Interest received		423	
Income taxes paid		(41)	(5,281)
Net cash flows (used in)/generated from operating activities		(3,139,124)	(1,957,685)
Financing activities			
Repayment of borrowings		-	-
Proceeds from borrowings		-	-
Repayment of loan from immediate holding company		(31,550,000)	-
Proceeds of loan from immediate holding company		34,400,000	-
Repayment of loan from fellow subsidiary		-	(14,960,000)
Proceed of loan from fellow subsidiary		-	20,260,000
Dividends paid		-	(3,500,000)
Net cash flows generated from/(used in) financing activities		2,850,000	1,800,000
Net decrease in cash and cash equivalents		(289,124)	(157,685)
Cash and cash equivalents at beginning of the year		443,201	600,886
Cash and cash equivalents at end of the year	12	154,077	443,201

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Energy Eastern Pte. Ltd.

Notes to the financial statements For the financial year ended 31 March 2019

1. Corporation information

Energy Eastern Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore. The immediate holding company is Trust Energy Resources Pte Ltd, incorporated and domiciled in Singapore. The ultimate holding company is The Tata Power Company Ltd, incorporated in India.

The registered office and principal place of business of the Company is located at 78 Shenton Way, #17-01 Singapore 079120.

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US\$"), which is the functional currency of the Company.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2018. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	The effective date as yet to be determined. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company has performed impact assessment of the adoption of FRS 116 and expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA , Debt Equity ratio whereas reduce PAT and Asset Turnover Ratio. The same shall be effective from 1 April 2019.

2.4 Foreign currency

The Company's financial statements are presented in United States Dollars ("US\$"), which is also the Company's functional currency.

Transactions and balances

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

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

2. Summary of significant accounting policies (cont'd)

2.5 Impairment of non-financial assets

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

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

2.6 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Loan and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Impairment of financial assets

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.8 Cash and cash equivalents

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

2. Summary of significant accounting policies (cont'd)

2.9 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 Employee benefits

(a) Defined contribution plan

The Company makes contributions to the Central Provident Fund scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.12 Revenue

IFRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 115 is effective, however the Company sees no impact on the financials.

Revenue is recognised based on the consideration to which company expects to be entitled in exchange for transferring promised goods and services to customers. It is recognized to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made.

Revenue is measured at the fair value consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Freight revenue : Revenue from the provision of voyage charter is recognised in accordance to the terms of the contracts of affreightment

(b) Charter revenue : Revenue from the time chartering of vessels is recognised on an accrual basis .

(c) Compensation income : It 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 recognized on an accrual basis

(d) Commission income : Commission income is recognised when services are rendered

2.13 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.14 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.15 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company.'

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such allowances are adjusted periodically to reflect the actual and past experiences. The carrying amount of the Company's loans and receivables at the end of the reporting period is disclosed in Note 11 to the financial statements.

Energy Eastern Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2019**

4. Vessel operating income

	2019	2018
	US\$	US\$
Freight revenue	56,164,691	47,101,143
Charter revenue	5,358,945	3,337,286
Compensation income	-	2,428,985
Miscellaneous Revenue	53,930	-
	<u>61,577,566</u>	<u>52,867,414</u>

5. Vessel operating expenses

	2019	2018
	US\$	US\$
Freight expenses	48,279,742	40,559,070
Charter hire fees	9,660,244	9,612,163
	<u>57,939,986</u>	<u>50,171,233</u>

6. Other income

	2019	2018
	US\$	US\$
Interest income from immediate holding company	-	39,533
Interest income from fellow subsidiary	2,110	-
Others	423	284
	<u>2,533</u>	<u>39,817</u>

7. Operating expenses

	2019	2018
	US\$	US\$
Management fee	387,905	510,250
Legal and professional fees	44,719	20,208
Insurance premium expenses	34,014	13,990
Others	317,107	40,796
	<u>783,746</u>	<u>585,244</u>

Energy Eastern Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2019**

8. Finance costs

	2019	2018
	US\$	US\$
Interest on borrowings paid to banks	4,223	1,304
Interest on borrowings paid to immediate holding company	818,897	-
Interest on borrowings paid to fellow subsidiary	-	571,713
Interest on financial guarantees provided to banks by fellow subsidiary	57,000	-
Interest on financial guarantees provided to banks by immediate holding company	-	57,000
Interest on financial guarantees provided to banks by ultimate holding company	46,157	5,351
	<u>926,277</u>	<u>635,368</u>

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2019 and 2018 are as follows:

	2019	2018
	US\$	US\$
Statement of comprehensive income:		
Current income tax	56	-
Withholding tax	281	5,277
	<u>337</u>	<u>5,277</u>
Income tax expense recognised in profit or loss	<u>337</u>	<u>5,277</u>

Relationship between tax expense and profit before income tax

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 is as follows:

	2019	2018
	US\$	US\$
Profit before income tax	<u>1,927,261</u>	<u>1,513,029</u>
Tax at the applicable tax rate of 17% (2018: 17%)	327,634	257,215
Adjustments:		
Income not subject to taxation	(327,578)	(257,215)
Withholding tax	281	5,277
	<u>337</u>	<u>5,277</u>
Income tax expense recognised in profit or loss	<u>337</u>	<u>5,277</u>

Energy Eastern Pte. Ltd.

Notes to the financial statements For the financial year ended 31 March 2019

9. Income tax expense (cont'd)

Relationship between tax expense and profit before income tax (cont'd)

With effect from 1 August 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, which ends on 31 July 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.

10. Related party transactions

(a) *Sales and purchases of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties, took place on terms agreed between the parties during the financial year:

	2019	2018
	US\$	US\$
<i>Ultimate holding company</i>		
- Financial guarantee provided to banks	(46,157)	(5,351)
<i>Immediate holding company</i>		
- Freight income	-	47,101,143
- Compensation income	-	2,428,985
- Interest income	-	39,533
- Financial guarantee provided to banks	-	(57,000)
- Management fees paid/payable	(387,905)	-
- Interest expense	(818,897)	-
<i>Fellow Subsidiary</i>		
- Freight income	56,164,691	-
- Compensation income	-	-
- Interest income	2,110	-
- Financial guarantee provided to banks	(57,000)	-
- Management fees paid/payable	-	(510,250)
- Interest expense	-	(571,713)

(b) *Compensation of key management personnel*

The Company does not have employees. All services provide by the Company are managed by Trust Energy Resources Pte. Ltd., an immediate holding company of the Company, and the charges are included under the management fees by the related company. There is no staff cost or key management remuneration cost incurred by the Company.

Energy Eastern Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2019

11. Trade and other receivables

	2019	2018
	US\$	US\$
Trade receivables - immediate holding company	-	29,335,173
Trade receivables – fellow subsidiary	34,509,987	-
Interest receivable from immediate holding company	-	923,427
Interest receivable from fellow subsidiary	925,537	-
Other receivables	152,135	176,177
Prepayments of charter hire	487,642	615,926
	<hr/>	<hr/>
Total trade and other receivables	36,075,301	31,050,703
Add: Cash and cash equivalents (Note 12)	154,077	443,201
Less: Prepayments of charter hire	(487,642)	(615,926)
	<hr/>	<hr/>
Total loans and other receivables	35,741,736	30,877,978

Trade receivables

Average credit period for trade and other receivables is 180 days and interest is charged on the trade receivables which are beyond the credit period of 180 days from the date of invoice.

Trade receivables that are past due but not impaired

Included in the Company's trade receivable balance are debtors with a carrying amount of US\$1,071,364 (2018: US\$891,040) which are past due at the end of the reporting period for which 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. The Company does not hold any collateral over these balances. The aging profile of these receivables is as follows:

	2019	2018
	US\$	US\$
<i>Trade receivables past due but not impaired:</i>		
1 to 30 days	79,209	340,501
31 to 60 days	67,885	-
More than 180 days	924,270	550,539
	<hr/>	<hr/>
	1,071,364	891,040

Trade and other receivables are denominated in the functional currency of the Company.

Energy Eastern Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2019**

12. Cash and cash equivalents

	2019	2018
	US\$	US\$
Cash at bank	154,077	443,201

Cash and cash equivalents that are denominated in the foreign currency are as follows:

	2019	2018
	US\$	US\$
Singapore Dollars	16,343	34,219

13. Trade payables

	2019	2018
	US\$	US\$
Immediate holding company	-	320,300
Fellow subsidiary	272,766	-
Accrued expenses	107,638	78,112
Third parties	271,356	133,869
Total trade payables	651,760	532,281

Trade payables are denominated in the functional currency of the Company.

The carrying amounts of trade payables approximate their fair values. The average credit period of trade payable is 30 days (2018: 30 days). No interest is charged on trade payables.

14. Other payables

	2019	2018
	US\$	US\$
Accrued expenses	15,751	24,701
Deferred revenue	66,317	84,083
Loan from fellow subsidiary	-	24,900,000
Loan from immediate holding company	27,750,000	-
Fellow subsidiary	28,422	545,968
Immediate holding company	415,058	28,422
Ultimate holding company	1,338	5,205
Total other payables	28,276,886	25,588,379
Add: Trade payables (Note 13)	651,760	532,281
Less: Deferred revenue	(66,317)	(84,083)

Energy Eastern Pte. Ltd.

Notes to the financial statements For the financial year ended 31 March 2019

Total financial liabilities carried at amortised cost	28,862,329	26,036,577
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14. Other payables (cont'd)

Other payables that are denominated in the foreign currency are as follows:

	2019 US\$	2018 US\$
Singapore Dollars	15,737	24,701

The Company's other payables are non-trade in nature, unsecured, interest-free and are repayable within the next twelve months.

Loan from an immediate holding company is unsecured and bears interest of LIBOR plus 1.2% with 5% mark up (2018: LIBOR plus 1.2% with 5% mark up). The loan is renewable on a monthly basis..

15. Share capital

	2019 US\$	2018 US\$
Issued and fully paid ordinary shares:		
At beginning and end of the year		
711,032 ordinary shares	711,032	711,032

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value. On 28 March 2019, 711,032 ordinary shares have transferred to Trust Energy Resources Pte Ltd from Coastal Gujarat Power Ltd.

16. Operating lease arrangements

	2019 US\$	2018 US\$
Charter hire of marine vessel	9,489,648	9,463,720

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:

Within one year	9,489,648	9,463,720
Within two years to five years	37,880,808	37,880,808
More than five years	70,939,008	80,428,656
	118,309,464	127,773,184

Energy Eastern Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2019**

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

17. Fair value of assets and liabilities

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, based on their notional amounts, reasonably approximate their fair values because there are mostly short term in nature.

18. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives for speculative purposes shall be undertaken. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

18. Financial risk management objectives and policies (cont'd)

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Excessive risk concentration

The Company has significant concentration of credit risk with one (2018: one) customer which made up 100% (2018: 100%) of its total trade receivables as at 31 March 2019.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (Trade and other receivables).

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As part of its overall liquidity management, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The expected contractual undiscounted cash inflows and outflows of financial assets and liabilities approximate the carrying value and are due within one year.

18. Financial risk management objectives and policies (cont'd)

(c) **Foreign currency risk**

Foreign currency risk refers to the risk that arises from the movements in the foreign currency exchange rate against United States Dollars that will affect the Company's financial results and its cash flows. The Company's foreign currency exposures arise mainly from the exchange rate movements of Singapore Dollars.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

	Assets		Liabilities	
	2019 US\$	2018 US\$	2019 US\$	2018 US\$
Singapore Dollars	16,343	34,219	15,737	24,701

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the United States Dollars, profit before income tax will (decrease)/increase by:

	2019	2018
	US\$	US\$
Singapore Dollars	(61)	(952)

The opposite applies if the relevant foreign currency weaken by 10% against the functional currency of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

18. Financial risk management objectives and policies (cont'd)

(d) *Interest rate risk*

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

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the currency reporting period or in future years.

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 31 March 2019 would increase/decrease by US\$ 33,799 (2018: US\$22,176). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and variable rate receivables.

19. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 2018.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owner of the Company.

	Note	2019 US\$	2018 US\$
Trade payables	13	651,760	532,281
Other payables	14	28,276,886	25,588,379
Less: Cash and cash equivalents	12	(154,077)	(443,201)
Net debt		28,774,569	25,677,459
Equity attributable to the owner of the Company		7,300,732	5,373,244
Capital and net debt		36,075,301	31,050,703
Gearing ratio		0.80	0.83

Energy Eastern Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2019**

20. Dividends

	2019	2018
	US\$	US\$
<i>Declared and paid during the financial year:</i>		
<i>Dividends on ordinary shares:</i>		
- Interim dividend, net of tax out of retained earnings: Nil (2018: US\$4.92) per ordinary share	-	3,500,000

21. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on _____2019.

ENERGY EASTERN PTE. LTD.
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

CHECKED
CHANGES

	As at March, 2019	Exchange Rate	Amount ₹	As at March, 2018	Exchange Rate	Amount ₹
	USD			USD		
ASSETS						
Current Assets						
Cash at bank	1,54,077	69.16	1,06,56,150	4,43,201	65.18	2,88,86,733
Trade and other receivables	3,60,75,301	69.16	2,49,50,11,108	3,10,50,703	65.18	2,02,38,07,195
Total current assets	3,62,29,378	69.16	2,50,56,67,258	3,14,93,904	65.18	2,05,26,93,928
TOTAL ASSETS	3,62,29,378	69.16	2,50,56,67,258	3,14,93,904	65.18	2,05,26,93,928
LIABILITIES AND EQUITY						
Current Liabilities						
Bank Loans	-	69.16	-	-	65.18	-
Trade Payables	6,51,760	69.16	4,50,76,504	5,32,281	65.18	3,46,92,745
Other payables	2,82,76,886	69.16	1,95,56,63,368	2,55,88,379	65.18	1,66,77,86,572
Income tax payables	-	69.16	-	-	65.18	-
Total current liabilities	2,89,28,646	69.16	2,00,07,39,872	2,61,20,660	65.18	1,70,24,79,317
EQUITY						
Share capital	7,11,032	47.86	3,40,29,123	7,11,032	47.86	3,40,29,123
Accumulated profits	65,89,698	67.92	44,75,91,670	66,49,202	47.05	31,28,71,578
Exchange fluctuation reserve	2		2,33,06,593	(19,86,990)		33,13,910
Total equity	73,00,732	69.16	50,49,27,386	53,73,244	65.18	35,02,14,611
TOTAL LIABILITIES AND EQUITY	3,62,29,378	69.16	2,50,56,67,258	3,14,93,904	65.18	2,05,26,93,928

ENERGY EASTERN PTE. LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2019

	Year ended March, 2019	Exchange Rate	Amount	Year ended March, 2018	Exchange Rate	Amount
	USD		₹	USD		₹
Vessel operating income	6,15,77,567	69.89	4,30,39,14,783	5,28,67,414	64.45	3,40,71,67,377
Vessel operating expenses	(5,79,39,986)	69.89	(4,04,96,68,969)	(5,01,71,233)	64.45	(3,23,34,05,522)
Exchange (loss) / gain	(2,267)	69.89	(1,58,450)	2,901	64.45	1,86,962
Other income	2,532	69.89	1,76,972	39,817	64.45	25,66,102
Operating expenses	(7,83,746)	69.89	(5,47,79,300)	(5,85,244)	64.45	(3,77,17,454)
Finance costs	(9,26,277)	69.89	(6,47,41,390)	(6,35,368)	64.45	(4,09,47,816)
Profit before income tax	19,27,823	69.89	13,47,43,646	15,18,287	64.45	9,78,49,649
Income tax expense	(337)	69.89	(23,554)	(5,277)	64.45	(3,40,089)
Total profit for the year representing total comprehensive income for the year	19,27,486	69.89	13,47,20,092	15,13,010	64.45	9,75,09,560

ENERGY EASTERN PTE. LTD.
STATEMENT CASH FLOWS
YEAR ENDED MARCH 31, 2019

	Year ended March, 2019	Exchange Rate	Amount	Year ended March, 2018	Exchange Rate	Amount
	USD		₹	USD		₹
Operating activities						
Profit before income tax	19,27,823	69.89	13,47,43,646	15,18,287	64.45	9,78,49,649
Adjustment for :						
Interest expenses	9,26,277	69.89	6,47,41,390	6,35,368	64.45	4,09,47,815
Other Finance Charges	-	69.89	-	-	64.45	-
Interest income	(2,532)	69.89	(1,76,972)	(39,533)	64.45	(25,47,799)
Operating cash flows before changes in working capital	<u>28,51,568</u>	69.89	<u>19,93,08,064</u>	<u>21,14,122</u>	64.45	<u>13,62,49,665</u>
Trade and other receivables	(50,22,488)	69.89	(35,10,42,780)	(32,18,396)	64.45	(20,74,17,253)
Trade payables	(1,39,738)	69.89	(97,66,876)	(75,991)	64.45	(48,97,422)
Other current Assets	-	69.89	-	-	64.45	-
Other payables	(1,72,283)	69.89	(1,20,41,582)	(1,40,458)	64.45	(90,52,153)
Cash generated from operations	<u>(24,82,941)</u>	69.89	<u>(17,35,43,174)</u>	<u>(13,20,723)</u>	64.45	<u>(8,51,17,163)</u>
Income taxes paid	(41)	69.89	(2,866)	(5,281)	64.45	(3,40,347)
Interest received	423	69.89	29,565	-	-	-
Interest paid	(6,56,565)	69.89	(4,58,90,085)	(6,31,681)	64.45	(4,07,10,198)
Net Cash from Operating Activities	<u>(31,39,124)</u>	69.90	<u>(21,94,33,259)</u>	<u>(19,57,685)</u>	64.27	<u>(12,58,27,361)</u>
Investing Activities						
Interest received	-	69.89	-	-	64.45	-
Net cash used in investing activities	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>
Financing activities						
Repayment of borrowings	(3,15,50,000)	69.89	(2,20,51,62,005)	-	64.45	-
Proceeds from borrowings	3,44,00,000	69.89	2,40,43,60,474	-	64.45	-
Repayment of loan from fellow subsidiary	-	69.89	-	(1,49,60,000)	64.45	(96,41,33,098)
Interest paid	-	69.89	-	-	64.45	-
Other Finance Charges	-	69.89	-	-	64.45	-
Dividend	-	69.89	-	(35,00,000)	64.45	(22,55,65,899)
Proceeds from loan from fellow subsidiary	-	69.89	-	2,02,60,000	64.45	1,30,57,04,316
Net cash used in financing activities	<u>28,50,000</u>	69.89	<u>19,91,98,469</u>	<u>18,00,000</u>	64.45	<u>11,60,05,319</u>
Net increase / (decrease) in cash at bank	<u>(2,89,124)</u>	69.99	<u>(2,02,34,790)</u>	<u>(1,57,685)</u>	62.29	<u>(98,22,042)</u>
Cash at bank at the beginning of year	4,43,201	65.18	2,88,86,733	6,00,886	64.85	3,89,67,457
Effect of exchange fluctuation on cash at bank			20,04,207			(2,58,682)
Cash at bank at the end of year	<u>1,54,077</u>	69.16	<u>1,06,56,150</u>	<u>4,43,201</u>	65.18	<u>2,88,86,733</u>

ENERGY EASTERN PTE. LTD.
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2019

	Share Capital USD	Exchange Rate	Amount ₹	Accumulated Profits / (Losses) USD	Exchange Rate	Amount ₹	Total USD	Exchange Rate	Amount ₹
At 1 April 2017	7,11,032	47.86	3,40,29,123	66,49,202	66.31	44,09,27,944	73,60,234	64.53	47,49,57,067
Total profit for the year representing total comprehensive income for the year				15,13,010	64.45	9,75,09,560	15,13,010	64.45	9,75,09,561
Proposed Dividend				(35,00,000)	65.96	(22,55,65,926)	(35,00,000)	65.96	(23,08,58,650)
At 31 March 2018	<u>7,11,032</u>	47.86	<u>3,40,29,123</u>	<u>46,62,212</u>	67.11	<u>31,28,71,578</u>	<u>53,73,244</u>	63.58	<u>34,16,07,977</u>
Total profit for the year representing total comprehensive income for the year				19,27,486	69.89	13,47,20,092	19,27,486	69.89	13,47,20,092
At 31 March 2019	<u>7,11,032</u>	47.86	<u>3,40,29,123</u>	<u>65,89,698</u>	67.92	<u>44,75,91,670</u>	<u>73,00,730</u>	65.24	<u>47,63,28,069</u>