

INTERNATIONAL SHIPPING AND LOGISTICS FZE

**Financial statements and independent auditor's report
Year ended 31 March 2015**

INTERNATIONAL SHIPPING AND LOGISTICS FZE

Financial statements and independent auditor's report
Year ended 31 March 2015

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INDEPENDENT AUDITOR'S REPORT

The Shareholder INTERNATIONAL SHIPPING AND LOGISTICS FZE

Report on the Financial Statements

We have audited the accompanying financial statements of **INTERNATIONAL SHIPPING AND LOGISTICS FZE** ("the establishment"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 6 to 24.

Management's Responsibility for the Financial Statements

The establishment's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the establishment in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the establishment and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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INDEPENDENT AUDITOR'S REPORT

(continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the establishment as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. on our opinion, proper books of accounts as required by law have been kept by the establishment so far as it appears from our examination of those books;
 - c. the Balance Sheet, and the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

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INDEPENDENT AUDITOR'S REPORT

(continued)

- d. on our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of the written representations received from the directors as on 31 March 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the establishment did not have any pending litigations;
 - ii. the establishment did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the establishment.

PKF

PKF
Dubai
United Arab Emirates
13 April 2015

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The establishment has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The establishment has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the establishment and the nature of its assets. No material discrepancies were noticed on verification.
- (ii) The establishment has no inventory. Accordingly, clauses 3(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the establishment.
- (iii) According to the books and records maintained by the establishment and the information and explanations given to us, the establishment has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the establishment and the nature of its business with regard to purchase of fixed assets. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion and according to the information and explanations given to us, the establishment has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, for the services of the establishment.
- (vii) (a) The establishment is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the records of the establishment, the dues outstanding of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (US\$)	Period to which the amount relate	Forum where dispute is pending
The Income Tax Act, 1961	Additional tax demand	2,564	2009-10	Income Tax Officer (Kolkata)
The Income Tax Act, 1961	Additional tax demand	1,370	2010-11	Income Tax Officer (Kolkata)

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Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made thereunder.

- viii. The establishment has no accumulated losses at the end of the financial year but it has incurred cash losses during the current financial year.

- ix. The establishment does not have any dues towards financial institution, bank or debenture holders.

- x. The establishment has not given any guarantees for loans taken by others from bank and financial institutions.

- xi. According to the information and explanations given to us, the establishment has not availed any term loans during the year under audit.

- xii. According to the information and explanations given to us, no fraud on or by the establishment has been noticed or reported during the course of our audit.

PKF

PKF
Dubai
United Arab Emirates
13 April 2015

INTERNATIONAL SHIPPING AND LOGISTICS FZE

BALANCE SHEET AS AT 31 MARCH 2015

	Note	2015 US\$	2014 US\$
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	3	273,748	273,748
(b) Reserves and surplus		<u>32,768,942</u>	<u>33,293,608</u>
		<u>33,042,690</u>	<u>33,567,356</u>
(2) Non-current liabilities			
Long-term provisions	4	<u>442,381</u>	<u>683,205</u>
(3) Current liabilities			
(a) Trade payables	6	945,078	4,517,832
(b) Other current liabilities	7	1,413,750	3,722,891
(c) Short-term provisions	8	436,408	273,594
		<u>2,795,236</u>	<u>8,514,317</u>
TOTAL EQUITY AND LIABILITIES		<u><u>36,280,307</u></u>	<u><u>42,764,878</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	9	979,462	1,080,475
Intangible assets	10	71,278	82,896
(b) Investment in associate	11	3,462,636	2,000,000
(c) Other non-current assets	12	8,949,704	7,187,407
		<u>13,463,080</u>	<u>10,350,778</u>
(2) Current assets			
(a) Trade receivables	13	3,516,282	7,256,688
(b) Cash and cash equivalents	14	16,751,373	19,856,192
(c) Short-term loans and advances	16	1,746,509	2,017,462
(d) Other current assets	17	803,063	3,283,758
		<u>22,817,227</u>	<u>32,414,100</u>
TOTAL ASSETS		<u><u>36,280,307</u></u>	<u><u>42,764,878</u></u>

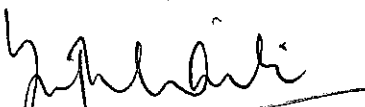
The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 5.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the Board of Directors on 13 April 2015.

For INTERNATIONAL SHIPPING AND LOGISTICS FZE


SOUMYA RANJAN PATNAIK
CEO & DIRECTOR

INTERNATIONAL SHIPPING AND LOGISTICS FZE

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 US\$	2014 US\$
I. REVENUE			
Revenue	18	66,132,150	98,877,280
Other income	19	821,247	1,373,789
TOTAL REVENUE		66,953,397	100,251,069
II. EXPENSES			
Direct costs	20	64,753,298	95,363,362
Employee benefit expenses	21	1,375,179	1,928,422
Depreciation and amortisation expenses	22	137,685	135,107
Other expenses	23	1,108,133	1,379,025
TOTAL EXPENSES		67,374,295	98,805,916
III. (Loss)/profit before tax		(420,898)	1,445,153
IV. Tax expense		103,768	187,689
V. (Loss)/profit for the year		(524,666)	1,257,464
VI. Earning per equity share:			
Basic		(524,666)	1,257,464

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 5.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital US\$	Reserves and surplus US\$	Total US\$
As at 31.3.2013	273,748	32,036,144	32,309,892
Profit for the year	--	1,257,464	1,257,464
As at 31.3.2014	273,748	33,293,608	33,567,356
Loss for the year	--	(524,666)	(524,666)
As at 31.3.2015	273,748	32,768,942	33,042,690

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 5.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
Cash flows from operating activities		
(Loss)/ profit for the year before tax	(420,898)	1,445,153
Adjustments for:		
Depreciation on tangible assets	112,626	117,108
Amortisation of intangible assets	25,059	17,999
Provision for bad and doubtful debts	561,798	707,968
Unrealised exchange loss	31,250	37,629
Credit balances written back	(288,484)	(810,519)
Loss on disposal of fixed tangible assets (net)	275	5,526
Interest income	(524,705)	(552,273)
Operating (loss) / profit before changes in operating assets and liabilities	(503,079)	968,591
Decrease/(increase) in trade receivables	3,147,358	(263,855)
Decrease/(increase) in short-term loans and advances	270,953	(1,134,995)
Increase in other non-current assets	(2,259)	(2,967)
Decrease in other current assets	2,326,875	5,400,668
Decrease in trade payables	(3,284,270)	(662,108)
(Decrease)/increase in long-term provisions	(240,824)	20,291
Decrease in other current liabilities	(2,309,141)	(6,674,313)
Increase in short-term provisions (net)	162,814	206,931
Cash used in operations	(431,573)	(2,141,757)
Taxes paid	(103,768)	(187,689)
Net cash used in operating activities	(535,341)	(2,329,446)
Cash flows from investing activities		
Payment for tangible assets	(12,846)	(61,452)
Payment for intangible assets	(13,441)	(95,081)
Payment for additional investments in associate	(1,462,636)	--
Proceeds from disposal of fixed tangible assets	958	4,654
Decrease in fixed deposits (net)	1,348,797	1,338,810
Interest received	418,486	714,664
Net cash from investing activities	279,318	1,901,595
Net decrease in cash and cash equivalents	(256,023)	(427,851)
Cash and cash equivalents at beginning of year	4,103,444	4,531,295
Cash and cash equivalents at end of year (note 14)	3,847,421	4,103,444

Note:

The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006.

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 5.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Type of asset	Estimated life
Freehold buildings	30 years
Furniture and fixtures	5 years
Office equipment	5 years
Computers	4 years
Vehicles	5 years

c) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The amount in respect of accounting software is amortised over a period of 4 years.

d) **Investment in associate**

Investment in associate is accounted at cost less provision, if any, for permanent diminution in the value of such investments in the separate financial statements of the investor as per Accounting Standard (AS) 13, 'Accounting for Investments'.

e) **Staff end-of-service gratuity**

The establishment provides gratuity and leave encashment benefits to its employees. Gratuity and leave encashment liabilities are not funded. The present value of these defined benefit obligations are ascertained by an independent actuarial valuation as per the requirement of Accounting Standards 15 (Revised)- Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the Balance Sheet date, together with adjustments for unrecognised past service costs. All actuarial gains and losses are recognised in the Statement of Profit and Loss in full in the period in which they occur.

f) **Revenue**

Time charter

Revenue under time charter is recognised based on the terms of the time charter agreement.

Voyage charter

Revenue and expenses relating to incomplete voyages are carried forward as voyage in progress and profits are recognised on completion of the voyages. Losses on contracts are assessed on an individual basis and provision is made for the full amount of the anticipated losses.

Demurrage income

Demurrage income, which is included in time/voyage chartering, represents payments by the customers to the establishment when loading or discharging time exceeds the stipulated time in the time/voyage charter, and is recognised when services have been performed and there exists no significant uncertainty as to its measurability and collectability.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Income from jointly controlled operations

Income from jointly controlled operations represents the net income from jointly controlled coastal container services and limestone and other dry cargoes as per the agreement entered with the co-venturers. Share of expenses are accounted separately. Losses on contracts are assessed on an individual basis and provision is made for the full amount of the anticipated losses. These revenues under profit/(loss) sharing arrangement, being jointly controlled operations, are recognised on the same basis as similar contracts independently executed by the establishment (see note 1(b)).

g) **Voyages-in-progress/Income received in advance**

Expenses relating to incomplete voyages are carried forward as voyages-in-progress. Revenue relating to voyages-in-progress is carried forward in the balance sheet as income received in advance.

h) **Foreign currency transactions**

Transactions in foreign currencies are translated into US\$ at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US\$ at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to the Statement of Profit and Loss.

i) **Provision**

Provision is recognised when the establishment has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

j) **Taxes on income**

Income tax is calculated on the taxable income for the period as applicable in respect of income from jointly controlled operations determined in accordance with the provision of the Indian Income Tax Act, 1961.

k) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables, short-term loans and other current and non-current assets are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in the Statement of Profit and Loss.

Current financial liabilities, which comprise trade payables, short-term provisions and other current liabilities are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

i) Significant judgments and key assumptions

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of tangible assets, intangible assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to the Statement of Profit and Loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amount being recovered.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of receivables owed to the establishment either from third parties (refer note 13) or from related parties (refer note 15) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Impairment

Assessments of net recoverable amounts of tangible assets, intangible assets and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

	2015 US\$	2014 US\$
3. SHARE CAPITAL		
Issued and paid up:		
1 share of AED 1,000,000 (translated to US\$ at the fixed exchange rate of AED 3.653 = US\$ 1.00)	<u>273,748</u>	<u>273,748</u>
4. LONG-TERM PROVISIONS		
Provision for employee benefits		
Post retirement benefits	240,428	211,139
Other long-term employee benefits	201,953	472,066
	<u>442,381</u>	<u>683,205</u>
5. POST RETIREMENT BENEFITS		
The establishment operates post retirement defined benefit plans as follows:		
<i>Unfunded</i>		
Post Retirement Gratuity		
Details of the gratuity plan are as follows:		
1. Reconciliation of opening and closing balances of obligation		
a. Obligation as at 1 April	214,345	151,656
b. Current service cost	54,613	39,203
c. Interest cost	9,639	7,767
d. Actuarial loss	8,449	25,927
e. Benefits paid	(43,137)	(10,208)
f. Obligation as at 31 March	<u>243,909</u>	<u>214,345</u>
2. Expense recognised during the year		
a. Current service cost	54,613	39,203
b. Interest cost	9,639	7,767
c. Expected return on plan assets	--	--
d. Actuarial loss	8,449	25,927
e. Expense recognised in the year	<u>72,701</u>	<u>72,897</u>

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3. Assumptions		
a. Discount rate	4.50%	5.00%
b. Rate of escalation in salary (per annum)	5.00%	5.00%
	2015	2014
	US\$	US\$
4. Information for current and previous financial year		
a. Present value of defined benefit obligation	(243,909)	(214,345)
b. Plan Assets at the end of the year	NA	NA
c. Funded status	(243,909)	(214,345)
d. Experience gain/(loss) adjustment on plan liabilities	7,428	(16,346)
e. Experience gain/(loss) adjustment on plan assets	NA	NA
f. Actuarial gain/(loss) due to change on assumptions	(15,877)	(9,581)
6. TRADE PAYABLES		
Creditors for services	423,895	3,204,419
Provision for operating expenses	521,183	1,313,413
	945,078	4,517,832
7. OTHER CURRENT LIABILITIES		
Income received in advance	881,827	2,985,651
Provision for bonus	378,861	588,027
Accruals	153,062	149,213
	1,413,750	3,722,891
8. SHORT-TERM PROVISIONS		
Provision for employee benefits:		
Post retirement benefits	3,481	3,206
Other short-term employee benefits	308	412
	3,789	3,618
Provision for tax	432,619	269,976
	436,408	273,594

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

9. TANGIBLE ASSETS

	Freehold buildings	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
As at 1 April 2013	957,239	207,648	58,355	70,687	99,864	1,393,793
Additions	--	11,121	12,853	6,204	31,274	61,452
Disposals	--	--	--	--	(20,956)	(20,956)
As at 31 March 2014	957,239	218,769	71,208	76,891	110,182	1,434,289
Additions	--	2,187	9,099	1,560	--	12,846
Disposals	--	--	(5,802)	--	--	(5,802)
As at 31 March 2015	<u>957,239</u>	<u>220,956</u>	<u>74,505</u>	<u>78,451</u>	<u>110,182</u>	<u>1,441,333</u>
Accumulated depreciation and impairment losses						
As at 1 April 2013	53,293	65,190	32,191	40,630	66,358	257,662
Depreciation	31,876	41,061	10,248	16,498	17,425	117,108
Adjustment for disposals	--	--	--	--	(20,956)	(20,956)
As at 31 March 2014	85,169	106,251	42,439	57,128	62,827	353,814
Depreciation	31,877	38,426	9,678	13,788	18,857	112,626
Adjustment for disposals	--	--	(4,569)	--	--	(4,569)
As at 31 March 2015	<u>117,046</u>	<u>144,677</u>	<u>47,548</u>	<u>70,916</u>	<u>81,684</u>	<u>461,871</u>
Carrying amount						
As at 1 April 2013	903,946	142,458	26,164	30,057	33,506	1,136,131
As at 31 March 2014	872,070	112,518	28,769	19,763	47,355	1,080,475
As at 31 March 2015	<u>840,193</u>	<u>76,279</u>	<u>26,957</u>	<u>7,535</u>	<u>28,498</u>	<u>979,462</u>

10. INTANGIBLE ASSETS

	Capital work- in-progress	Software	Total
	US\$	US\$	US\$
Cost			
At 1 April 2013	--	23,258	23,258
Additions	11,559	83,522	95,081
Written off	--	(23,258)	(23,258)
At 31 March 2014	11,559	83,522	95,081
Additions	13,441	25,000	38,441
Transfers	(25,000)	--	(25,000)
At 31 March 2015	<u>--</u>	<u>108,522</u>	<u>108,522</u>
Accumulated amortisation			
At 1 April 2013	--	7,264	7,264
Amortisation	--	17,999	17,999
Adjustments relating to write off	--	(13,078)	(13,078)
At 31 March 2014	--	12,185	12,185
Amortisation	--	25,059	25,059
At 31 March 2015	<u>--</u>	<u>37,244</u>	<u>37,244</u>
Carrying amount			
At 1 April 2013	--	15,994	15,994
At 31 March 2014	11,559	71,337	82,896
At 31 March 2015	<u>--</u>	<u>71,278</u>	<u>71,278</u>

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
11. INVESTMENT IN ASSOCIATE		
Investment in 14,893,334 (as at 31 March 2014 8,936,000) unquoted shares of TM Harbour Services Private Limited (a company registered in the State of West Bengal, India), and representing 25.82% (as at 31 March 2014 25.82%) in the share capital ^(a)	3,462,636	2,000,000

- (a) The investee company was incorporated on 2 September 2009. The establishment became an associate of the investee company on 18 June 2010.

On 5 December 2014, the establishment has made an additional investment in 5,957,334 shares in M/s. TM Harbour Services Pvt. Ltd at Rs 15 per share.

Investment in associate is accounted at cost less provision, if any, for permanent diminution in the value of such investments in the separate financial statements of the investor as per Accounting Standard (AS) 13, 'Accounting for Investments'.

12. OTHER NON-CURRENT ASSETS		
Employee security deposits*	40,068	36,167
Other deposits	11,213	12,855
Bank deposits more than 12 months maturity	8,548,666	7,048,667
Interest accrued on fixed deposits	349,757	89,718
	8,949,704	7,187,407

*These deposits are held with Jebel Ali Free Zone Authority.

13. TRADE RECEIVABLES		
Current trade receivables:		
Less than six months	1,104,499	6,333,421
More than six months	4,704,807	2,457,115
Gross current trade receivables	5,809,306	8,790,536
Less: Provision for bad and doubtful debts	(2,293,024)	(1,731,226)
	3,516,282	7,059,310
Amount due from a co-venturer	--	197,378
	3,516,282	7,256,688
Classification of current trade receivables:		
Unsecured, considered good	3,516,282	7,059,310
Doubtful	2,293,024	1,731,226
Total current trade receivables	5,809,306	8,790,536

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
14. CASH AND CASH EQUIVALENTS		
Cash on hand	1,665	2,429
Balances with banks: In current accounts	1,345,756	827,267
Bank deposit less than 3 months maturity	2,500,000	3,273,748
Cash and cash equivalents as per cash flow statement	<u>3,847,421</u>	<u>4,103,444</u>
Bank deposits (with 3-12 months maturity)	<u>12,903,952</u>	<u>15,752,748</u>
	<u><u>16,751,373</u></u>	<u><u>19,856,192</u></u>

15. RELATED PARTIES

The establishment enters into transactions with entities that fall within the definition of a related party as contained in Indian Accounting Standard 18. The management considers such transactions to be in the normal course of business.

Related parties with whom transactions were entered and balances appeared comprise the parent company, the ultimate parent company, joint ventures of the parent company, directors, companies under common ownership/management control, associate, fellow subsidiaries and key management personnel.

Parent company	TM International Logistics Limited, India
Ultimate parent company	Tata Steel Limited, India
Directors	Mr. R.N. Murthy (Chairman) Mr. Guenther Hahn Mr. Dipak Banerjee Mr. Jayant Chakraborty Mr. Sabyasachi Hajara Capt. S.R. Patnaik
Companies under common ownership/management control	Martrade Gulf Logistics FZC, Dubai Martrade Shipping & Logistics GmbH, Germany Tata Steel Asia (Hongkong) Limited, Hong Kong
Associate	T.M Harbour Services Pvt. Ltd., India
Fellow subsidiaries	TKM Global GmbH, Germany TKM Global Logistic Ltd. TKM Global China Limited, China

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

At the reporting date, significant balances with related parties were as follows:

	Parent company	Ultimate parent company	Companies under common ownership/ management control	Associates	Fellow subsidiaries	Directors/Key management personnel	Total 2015	Total 2014
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Included in trade receivables	--	68,305	--	--	--	--	68,305	--
	994	68,035	341,849	--	--	--	--	410,878
Included in trade payables	3,605	--	--	--	--	--	3,605	--
	--	--	--	--	514	286,326	--	286,840
Investment in associates	--	--	--	3,462,636	--	--	3,462,636	--
	--	--	--	2,000,000	--	--	--	2,000,000
Included in staff loans and advances	--	--	--	--	--	--	--	--
	--	--	--	--	--	313	--	313

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 11 and 24.

Significant transactions with related parties during the year were as follows:

	Parent company	Ultimate parent company	Companies under common ownership/ management control	Fellow subsidiaries	Directors/ Key management personnel	Total 2015	Total 2014
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Revenue (services rendered)	--	--	2,499,995	--	--	2,499,995	--
	--	68,035	4,252,556	515,200	--	--	4,835,791
Direct costs (services received)	2,142	--	--	53,917	--	56,059	--
	11,351	--	--	--	--	--	11,351
Reimbursement of services received	151,911	--	--	1,130	--	153,041	--
	323,142	--	--	13,149	--	--	336,291
Directors' fees, remuneration and benefits	--	--	--	--	292,136	292,136	--
	--	--	--	--	542,315	--	542,315

The establishment has entered into transactions and contracts with related parties on an arm's length price basis.

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
16. SHORT-TERM LOANS AND ADVANCES		
Advance to agents/ suppliers	529,218	430,275
Staff loans and advances	20,325	15,986
Prepaid expenses	50,953	51,400
Deposits (other than employee security deposits)	10,084	75,865
Advances against hire charges/container leases	32,283	1,027,931
Advance tax	418,652	231,340
Other receivables	684,994	184,665
	<u>1,746,509</u>	<u>2,017,462</u>
17. OTHER CURRENT ASSETS		
Voyages-in-progress	719,260	3,046,135
Interest accrued on fixed deposits	83,803	237,623
	<u>803,063</u>	<u>3,283,758</u>
18. REVENUE		
Time chartering	51,946,848	86,936,185
Voyage chartering	11,850,222	8,169,859
Income from jointly controlled operations	2,335,080	3,771,236
	<u>66,132,150</u>	<u>98,877,280</u>
19. OTHER INCOME		
Interest income on fixed deposits	524,705	552,273
Credit balances written back	288,484	810,519
Profit on sale of assets	--	4,654
Foreign exchange gain	7,690	--
Miscellaneous income	368	6,343
	<u>821,247</u>	<u>1,373,789</u>
20. DIRECT COSTS		
Vessel hire charges	24,082,780	44,512,568
Bunkering costs	17,118,782	28,970,307
Expenses of jointly controlled operations*	2,297,327	4,388,000
Other direct costs	21,254,409	17,492,487
	<u>64,753,298</u>	<u>95,363,362</u>

*Include unrealised exchange loss of US\$ 31,250 (previous year US\$ 37,629).

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	US\$	US\$
21. EMPLOYEE BENEFIT EXPENSES		
Directors' fees, remuneration and benefits	292,136	542,315
Staff salaries and benefits	1,010,342	1,313,210
Staff end-of-service gratuity	72,701	72,897
	<u>1,375,179</u>	<u>1,928,422</u>
22. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation on tangible assets	112,626	117,108
Amortisation of intangible assets	25,059	17,999
	<u>137,685</u>	<u>135,107</u>
23. OTHER EXPENSES		
Rent	20,578	29,646
Loss on assets written off	275	10,180
Provision for bad and doubtful debts	561,798	707,968
Other expenses	525,482	631,231
	<u>1,108,133</u>	<u>1,379,025</u>

24. FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

The establishment avails and renders services in local and foreign currencies. Exposure to foreign currency transaction is minimised where possible by denominating such transactions in UAE Dirhams, which has a fixed parity with US Dollars.

Exposures to the aforementioned risks are detailed below:

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Credit risk

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The establishment's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance of doubtful recoveries. At the reporting date, the establishment's maximum exposure to credit risk from such receivables outside UAE is as follows:

	Bank balance (fixed deposits including accrued interest)		Trade and other receivables	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Indian sub-continent	--	--	663,729	1,988,214
Middle East countries	24,386,178	26,402,504	2,050,000	3,087,185
Other Asian countries	--	--	2,470,473	3,466,297
Europe	--	--	60,397	248,840

At the balance sheet date, 75% of trade receivables comprise receivable from two customers (previous year 67% of trade receivables was due from three customers).

Significant concentration of credit risk by industry are as follows:

	2015 US\$	2014 US\$
Minerals	2,793,885	4,125,823
Construction	2,955,024	4,624,188
Agriculture	60,397	40,525

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirham which has fixed parity with the US Dollars except for the following:

Indian Rupees

Trade receivables	265,990	1,226,139
Short-term loans and advances	458,471	415,033
Other current assets	--	165,036
Trade payables	7,036	647,682
Other current liabilities	955	19,387
Short-term provisions	432,619	269,976
Amount due from a co-venturer	--	197,378

INTERNATIONAL SHIPPING AND LOGISTICS FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Interest rate risk

Fixed deposit accounts are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

Fair values

The 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. The fair values of the establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

	2015 US\$	2014 US\$
25. AUDITOR'S REMUNERATION		
Audit fees	<u>26,006</u>	<u>23,270</u>
26. VESSEL HIRE COMMITMENTS		
The establishment has entered into non-cancellable vessel charter agreement for which the future minimum hire payments are as follows:		
Not later than one year	<u>130,424</u>	<u>2,010,298</u>
27. VESSEL HIRE INCOME		
The establishment has entered into non-cancellable operating hire agreements for chartering vessels. The total minimum hire income to be received is as follows:		
Not later than one year	<u>1,022,970</u>	<u>9,495,378</u>
28. OTHER CONTRACTED COMMITMENTS		
For development of computer software	<u>--</u>	<u>13,440</u>
29. CONTINGENT LIABILITIES		
Income-tax demand	<u>3,934</u>	<u>18,403</u>

Income tax demand comprises demand from the Indian income tax authorities for payment of additional tax of US\$ 3,934 pertaining to financial years 2009-10 and 2010-11.

30. JOINTLY CONTROLLED OPERATIONS

Following assets and liabilities are held by the establishment in respect of jointly controlled operations which the establishment has entered into on a 50% profit/(loss) sharing basis [see note 1(b)].

INTERNATIONAL SHIPPING AND LOGISTICS FZE

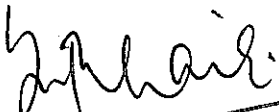
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
Included in creditor for services (note 6)	7,036	647,682
Included in provision for operating expenses (note 6)	--	162,912
Included in other current liabilities (note 7)	955	19,387
Included in short-term provisions (note 8)	301,124	164,334
Amount due from a co-venturer (note 13)	--	197,378
Included in trade receivables (note 13)	265,990	1,226,139
Included in advance tax (note 16)	301,961	125,697
Included in deposits (note 16)	5,261	70,953
Included in other receivables (note 16)	67,943	70,547
Included in advance to agents (note 16)	83,306	147,999
Included in voyages-in-progress (note 17)	--	165,036
31. EARNINGS PER SHARE (BASIC)	(524,666)	1,257,464

32. COMPARATIVE FIGURES

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of current year.

For INTERNATIONAL SHIPPING AND LOGISTICS FZE


SOUMYA RANJAN PATNAIK
CEO & DIRECTOR