

SEAMEC INTERNATIONAL FZE
P.O.BOX: 293689,
DUBAI, UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
31ST MARCH, 2019

1.	Establishment Information	Page 1
2.	Director's Report	Page 2
3.	Independent Auditors' Report	Page 3 to 5
4.	Statement of Financial Position	Page 6
5.	Statement of Comprehensive Income	Page 7
6.	Statement of Cash flow	Page 8
7.	Statement of Changes in Equity	Page 9
8.	Notes on Accounts	Page 10 to 32

**FINANCIAL STATEMENTS & AUDITOR'S REPORT
FOR THE HALF YEAR ENDED 31ST MARCH, 2019**

Seamec International FZE

ESTABLISHMENT INFORMATION

Shareholder

Seamec Limited, Mumbai, India

Directors

Mr. Sanjeev Agrawal

Mr. S N Mohanty

Mr. Rajeev Goel

Manager

Mr. Rone Anand Manapuzha

Principal activities

The principal activities of the Establishment is "Ship Charter, Ship Management & Operation, Shipping Lines of Freight & Passengers Transportation".

License

1884

Business address

Unit no-4E A 102

Dubai Airport Free Zone, P O Box 293689

Dubai, United Arab Emirates

Tel : +971- 04- 2989699

Bankers

Bank of Baroda

Sharjah, United Arab Emirates

Auditors

Coast Accounting and Auditing

Suite No.203, Mostafawi Business Centre

Besides Al Fahidi Metro, Khalid Bin Walid Road

Bur Dubai, P O Box 45341, Dubai

Tel : +971- 04- 3888438

Email : caa202@emirates.net.ae

Seamec International FZE

DIRECTOR'S REPORT

The management is pleased to present their report together with audited financial statements of the Establishment for the year ended March 31, 2019.

Principal activities

The principal activities of the Establishment is "Ship Charter, Ship Management & Operation, Shipping Lines of Freight & Passengers Transportation".

Performance review

For the year, the Establishment has recorded a revenue of USD 1.45 million as compared to the previous year revenue of USD 0.07 million. The net profit of the Establishment for the year is USD 0.74 million as compared to the net profit of USD 0.11 million for the previous year.

Events subsequent to the balance sheet date

There were no major events, which occurred since the year end that materially affect the financial position of the Establishment.

Auditors

The Establishment's auditors, Coast Accounting and Auditing, now retire and being eligible, offer themselves for re-appointment.

Acknowledgement

Directors take this opportunity to place on record their gratitude to the various government departments, bank, professionals and business associates for their continued assistance and support extended to the Establishment. The management also wish to express their appreciation to the employees at all levels for their hard work, dedication and commitment.

For SEAMEC INTERNATIONAL FZE



S N Mohanty
Director
Dubai
May 12, 2019



Rajeev Goel
Director
Dubai
May 12, 2019

INDEPENDENT AUDITOR'S REPORT

The Shareholder

**Seamec International FZE
United Arab Emirates**

Report on the audit of the financial statements of Seamec International FZE for the year ended March 31, 2019

Opinion

We have audited the accompanying financial statements of Seamec International FZE, Dubai, UAE ("the Establishment"), which comprises the statement of financial position as at March 31, 2019, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the auditors responsibilities for the audit of the financial statements of our report. We are independent of the Company in accordance with the 'International Ethics Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other Ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Dubai Airport Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT**Seamec International FZE**

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

Auditors responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism through out the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT**Seamec International FZE**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

We also confirm that, in our opinion, proper books of account have been kept by the Establishment in accordance with the provisions of the Implementing Regulations issued pursuant to Law No. (25) of 2009 concerning the formation of legal establishments in the Dubai Airport Free Zone. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Implementing Regulations have occurred during the year ended March 31, 2019 which would have had a material effect on the business of the Establishment or on its financial position.

COAST ACCOUNTING & AUDITING
Chartered Accountants



R.I. Bhatia
Reg. No. 174, United Arab Emirates
Ministry of Economy (Audit Division)
Dubai
May 12, 2019

Seamec International FZE


Statement of financial position as on March 31, 2019

(Figures in USD)


	Notes	As on Mar 31, 2019	As on Mar 31, 2018
ASSETS EMPLOYED			
Non current assets			
Property, plant and equipment (Net)	3	11,415,618	-
		11,415,618	-
Current assets			
Investments	4	3,207,319	2,967,000
Deposits, prepayments and other receivable	5	139,552	31,730
Cash and bank balances	6	8,779,710	8,571,656
Account receivable	7	11,146	-
Due from related parties	8	6,812	30,450
		12,144,539	11,600,836
TOTAL ASSETS		23,560,157	11,600,836
FUNDS EMPLOYED			
Equity			
Share capital		544,960	544,960
Retained earnings		11,733,887	10,998,578
		12,278,847	11,543,538
Non current liabilities			
Term loans - more than one year	9	5,485,720	-
Other payable	10	1,175,000	-
Employee terminal benefits	11	12,578	10,486
		6,673,298	10,486
Current liabilities			
Term loans - within one year	9	1,028,568	-
Bank borrowings - short term	12	3,429,058	-
Accounts and other payable	13	114,836	46,812
Due to related parties	14	35,550	-
		4,608,012	46,812
TOTAL LIABILITIES		23,560,157	11,600,836

Annexed notes form an integral part of these financial statements. These financial statements are approved by Board of Directors.

For SEAMEC INTERNATIONAL FZE


S N Mohanty
Director
Dubai
May 12, 2019




Rajeev Goel
Director
Dubai
May 12, 2019

Seamec International FZE

Statement of comprehensive income for the year ended March 31, 2019

		(Figures in USD)	
	Notes	Year ended Mar 31, 2019	Year ended Mar 31, 2018
INCOME			
Service income		1,454,544	71,309
Less : Direct costs	15	(680,265)	-
Gross profit		<u>774,279</u>	<u>71,309</u>
Other income	16	285,322	188,724
Administrative and general expenses	17	(127,698)	(116,537)
Finance cost		(436,913)	-
		<u>(279,289)</u>	<u>72,187</u>
Operating income		<u>494,990</u>	<u>143,496</u>
Other comprehensive income		-	-
Net change in fair value of investment	4	240,319	(33,000)
Net comprehensive income for the year		<u><u>735,309</u></u>	<u><u>110,496</u></u>

Annexed notes form an integral part of these financial statements. These financial statements are approved by Board of Directors.

For SEAMEC INTERNATIONAL FZE


S N Mohanty
Director
Dubai
May 12, 2019


Rajeev Goel
Director
Dubai
May 12, 2019



Seamec International FZE

Cash flow statement for the year ended March 31, 2019

(Figures in USD)


	Year ended Mar 31, 2019	Year ended Mar 31, 2018
I. FROM OPERATING ACTIVITIES		
Net comprehensive income for the year	735,309	110,496
Adjustments:		
Depreciation	535,169	1,231
End of service benefits	2,092	2,159
Change in fair value of investments	(240,319)	33,000
Operating cash flow before working capital changes	1,032,251	146,886
<i>Working capital changes</i>		
(Increase)/decrease in deposits, prepayments and other receivable	(107,822)	42,364
(Increase)/decrease in accounts receivable	(11,146)	(30,450)
(Increase)/decrease in due from related parties	23,638	(1,696)
Increase/(decrease) in other payable	1,175,000	-
Increase/(decrease) in accounts payable and accruals	68,024	26,084
Increase/(decrease) in due to related parties	35,550	-
Net cash flow generated from operating activities (A)	2,215,495	183,189
II. FROM INVESTING ACTIVITIES		
Investment in fund	-	(3,000,000)
Investment in fixed deposits	(182,089)	2,830,778
Purchase of property, plant and equipment	(11,950,787)	-
Net cash flows used in investing activities (B)	(12,132,876)	(169,222)
III. FROM FINANCING ACTIVITIES		
Net proceeds from term loans	6,514,288	-
Proceeds from short term borrowings	3,429,058	-
Net cash generated from financing activities (C)	9,943,346	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	25,965	13,967
Cash and cash equivalents, beginning of the year	19,444	5,477
Cash and cash equivalents, end of the year	45,409	19,444
CASH AND CASH EQUIVALENTS		
Cash at bank	230	12
Cash in hand	45,179	19,432
Cash & cash equivalents as per cash flow statement	45,409	19,444

Annexed notes form an integral part of these financial statements. These financial statements are approved by Board of Directors.

For SEAMEC INTERNATIONAL FZE


S N Mohanty
Director
Dubai
May 12, 2019




Rajeev Goel
Director
Dubai
May 12, 2019

Seamec International FZE

Statement of changes in equity for the year ended March 31, 2019

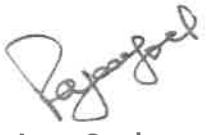
(Figures in USD)

Particulars	Share capital	Retained earnings	Total
As on April 01, 2017	544,960	10,888,082	11,433,042
Net comprehensive income for the year	-	110,496	110,496
As on March 31, 2018	544,960	10,998,578	11,543,538
Net comprehensive income for the year	-	735,309	735,309
As on March 31, 2019	544,960	11,733,887	12,278,847

Annexed notes form an integral part of these financial statements. These financial statements are approved by Board of Directors.

For SEAMEC INTERNATIONAL FZE


S N Mohanty
Director
Dubai
May 12, 2019


Rajeev Goel
Director
Dubai
May 12, 2019



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

These financial statements have been prepared for the year ended March 31, 2019

1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT

1.1 Legal status

Seamec International FZE was registered on 14 March 2010 as a Free Zone Establishment with limited liability under license No. 1884 issued by Dubai Airport Free Zone Authority, Government of Dubai. The registered office of the Establishment is located in the Emirate of Dubai. The Establishment is a wholly owned subsidiary of Seamac Limited (the "Parent Establishment") registered in Mumbai, India. The ultimate parent Establishment is Hal Offshore Limited (the Ultimate Parent Establishment), registered in New Delhi, India.

As per the Memorandum of Association: the issued, subscribed and paid up capital of the Establishment as on March 31, 2019 is AED 2,000,000 (AED Two Millions Only) (Equivalent USD 544,960) divided into 2 shares of AED 1,000,000 each held by Seamac Limited, India.

1.2 Activities

The principal activities of the Establishment is "Ship Charter, Ship Management & Operation, Shipping Lines of Freight & Passengers Transportation".

1.3 Fundamental accounting concept

The Establishment has generated a profit of USD 735,309 (2018 : Profit of USD 110,496) during the year ended March, 31 2019. As on the year end, the Establishment has sufficient current assets to meet its current liabilities as and when they fall due.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRSs Interpretations Committee (IFRS IC).

The financial statements are prepared under the historical cost convention.

2.2 Adoption of new and revised international financial reporting standards (IFRS)

(a) New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

- i IFRS 14 Regulatory Deferral Accounts;
- ii Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative;
- iii Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations;
- iv Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization;
- v Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements;
- vi Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities;
- vii Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities;
- viii Annual Improvements to IFRS Standards 2012 - 2016 Cycle amending IFRS 5, IFRS 7, IAS 19, IAS 34, IFRS 1 and IAS 28.;
- ix Amendments to IAS 40 Investment Property: The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence;
- x The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled;
- xi IFRS 9 Financial Instruments (2009), initial and subsequent measurement, classification of financial assets and liabilities. Impairment of financial assets and derecognition of financial assets and liabilities with affect from 01 January 2018;
- xii IFRIC 22 Foreign Currency Transactions and Advance Consideration: The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts;



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

(b) New and revised IFRSs in issue but not yet effective

New standards and significant amendments to standards applicable to the Establishment

- i IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet with effect from 1 January 2019, with earlier adoption permitted if IFRS 15 Revenue from Contracts with Customers has also been applied;
- ii IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities if there is uncertainty over a tax treatment and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted;
- iii IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts and has an effective date of 1 January 2021;
- iv Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 with effect from 01 January 2019;
- v Annual Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23 with effect on 01 January 2019;
- vi The amendments to IAS 19 with effect from 01 January 2019 which clarify the accounting for defined benefit plan amendments, curtailments and settlements;

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the Establishment in the period of their initial application.

2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements).

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. Revenue is recognized . Revenue is recognized when the performance obligations are met as per the requirement of IFRS 15. The following specific recognition criteria must also be met before revenue is recognised:

Charter hire revenue

Charter hire revenues represent time charters and are recorded over the term of the charter as the services are provided. Revenue in progress at year end is calculated using the daily charter hire rate multiplied by the number of voyage days on-hire through year end. Respective vessel operating expenses are accounted for on an accrual basis.

Interest income

Interest income is recognised using the effective interest method.

2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

Asset	Useful life of asset
Vessel	25 years
Vehicle	4 years
Furniture and fixtures	4 years
Computer and office equipment	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted prospectively, if appropriate.

2.6 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate credit loss calculated using the simplified approach as per the requirements of IFRS 9. Bad debts are written off when there is no possibility of recovery.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

2.8 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2.9 Provisions

Provisions are recognized when the Establishment 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 a reliable estimate can be made of the amount of the obligation. Where the Establishment expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

2.10 Employees' end of service benefits

The Establishment provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.11 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In the book of lease operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Where significant risk and reward transferred to the lease the assets is recognized as finance lease in the books of the lease.

2.12 Foreign currencies

Transactions in foreign currencies are initially recorded by the Establishment at the currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. 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.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

2.13 Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Establishment has applied the practical expedient, the Establishment initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Establishment has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a). Financial assets at amortized cost (debt instruments);
- b). Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c). Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) ;and
- d). Financial assets at fair value through profit or loss.

(a) Financial assets at fair value through OCI (debt instruments)

The Establishment measures debt instruments at fair value through OCI if both of the following conditions are met:

- a). The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding .

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Establishment's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Establishment can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Establishment benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

(d) Financial assets at amortized cost (debt instruments)

The Establishment measures financial assets at amortized cost if both of the following conditions are met:

- a). The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

(e) Derecognition of financial assets

A financial asset is primarily derecognized when:

I).The rights to receive cash flows from the asset have expired; Or

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

When the Establishment has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Establishment continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Establishment also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Establishment has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Establishment could be required to repay.

(f) Impairment of financial assets

The Establishment recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

For trade receivables and contract assets, the Establishment applies a simplified approach in calculating ECLs. Therefore, the Establishment does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Establishment applies the low credit risk simplification. At every reporting date, the Establishment evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Establishment reassesses the internal credit rating of the debt instrument.

2.14 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Establishment's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Establishment that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Establishment has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Establishment. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognized 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.16 Share capital

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

2.17 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 Establishment; or



Seamec International FZE

Significant accounting policies for the year ended March 31, 2019

(b) a present obligation that arises from past events but is not recognized 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 Establishment.

Contingent liabilities and assets are not recognized on the balance sheet of the Establishment, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

The preparation of the Establishment'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 date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.



Notes to the financial statements for the year ended March 31, 2019

3. PROPERTY, PLANT AND EQUIPMENT

(Figures in USD)

Particulars	Vessel	Vehicle	Furniture & fixtures	Computers & office equipment	Total
Cost					
As at April 01, 2017	-	13,624	22,922	14,636	51,182
Additions	-	-	-	-	-
Sales/transfer	-	-	-	-	-
As at March 31, 2018	-	13,624	22,922	14,636	51,182
Additions	11,950,000	-	-	787	11,950,787
Sales/transfer	-	-	-	-	-
As at March 31, 2019	11,950,000	13,624	22,922	15,423	12,001,969
Depreciation					
As at April 01, 2017	-	13,624	22,922	13,405	49,951
Charge for the year	-	-	-	1,231	1,231
Relating to disposals	-	-	-	-	-
As at March 31, 2018	-	13,624	22,922	14,636	51,182
Charge for the year	535,065	-	-	104	535,169
Relating to disposals	-	-	-	-	-
As at March 31, 2019	535,065	13,624	22,922	14,740	586,351
Net carrying amount					
As at March 31, 2019	11,414,935	-	-	683	11,415,618
As at March 31, 2018	-	-	-	-	-



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

The depreciation charge has been allocated in the statement of comprehensive income as follows:

	<i>(Figures in USD)</i>	
	Year ended Mar 31, 2019	Year ended Mar 31, 2018
Direct expenses	535,065	-
Administrative and general expenses	104	1,231
	535,169	1,231

The vessel is mortgaged as security towards the term loan obtained from the bank. The Establishment has chartered the vessel on Bare Boat Charter Agreement to charterer and has given the option of purchase of the vessel after the completion of 8 quarters and till the completion of seven years of the Charter agreement.

	<i>(Figures in USD)</i>	
	As on Mar 31, 2019	As on Mar 31, 2018
4. INVESTMENTS		
Investment in fund	2,967,000	3,000,000
Increase/(decrease) in fair value change in shares	240,319	(33,000)
	3,207,319	2,967,000

The Establishment has invested in 3,000,000 shares of USD 1 each of Varanium India Focus Fund. The Establishment had realised the profit of USD 240,319 (2018: loss USD 33,000) towards the fair value of shares as on 31 March 2019.

5. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

Deposits	5.1	12,978	13,624
Prepayments	5.2	65,848	3,610
Accrued Interest	5.3	60,726	14,496
		139,552	31,730

5.1 Deposits includes rent security and DAFZA commercial deposits.

5.2 Prepayments relates to rent, insurance and loan processing fee.

5.3 Accrued interest is interest receivable on fixed deposit kept with bank.



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

(Figures in USD)

	As on Mar 31, 2019	As on Mar 31, 2018
6. CASH AND BANK BALANCES		
Cash in hand	230	12
Cash at bank	45,179	19,432
Term deposits (term deposits over 3 months)	8,734,301	8,552,212
	8,779,710	8,571,656
Less : Term deposits (maturity over 3 months)	(8,734,301)	(8,552,212)
Cash and cash equivalents	45,409	19,444

Term deposits of USD 8,734,301 (2018:USD 8,552,212) are held with commercial banks in United Arab Emirates. These are denominated in USD with an effective interest rate of 2.10% (2018 : 1.72%). The term deposits are pledged against the overdraft facilities obtained from the banks.

7. ACCOUNT RECEIVABLE

Trade receivable	11,146	-
	11,146	-

In determining the recoverability of trade receivables, the Establishment considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the date of adoption of the accounts. Management has taken the current market conditions and payment received subsequent to the reporting date when assessing the credit quality of trade receivables. Accordingly, taking all of the above into account, no provision is required on account of doubtful trade receivables.

Ageing of trade receivables as on March 31, 2019 is as follows:-

Less than 180 days	11,146	-
More than 180 days	-	-
	11,146	-

8. DUE FROM RELATED PARTIES

Due from the parent Establishment	6,812	30,450
	6,812	30,450

Due from related parties are routine in nature and repayable on demand.



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

9. TERM LOANS

Term loans - within one year	1,028,568	
Term loans - more than one year	5,485,720	-
	<u>6,514,288</u>	<u>-</u>

Term loan is obtained from Bank of Baroda, Sharjah, UAE and is repayable over the period of 84 months and the last repayment is due till July 2025. Term loan is denominated in USD with an effective interest rate of 400 BPS above 6 months LIBOR with minimum 6.25% p.a. and 2.00% extra on overdue instalments/interest is any.

Term loan is secured by the following:

- Term loan agreement;
- Letter of instalment with acceleration clause;
- Mortgage of vessels;
- Assignment of freight earnings/charter hire revenue of vessel;
- Pledge over present and future stocks of the Establishment and assignment of present and future receivable of the Establishment;
- Undated security cheque of USD 7.20 million;
- Assignment of insurance policy in bank's favour;
- Corporate guarantee of M/s. Seamec India Limited.

10. OTHER PAYABLE

Charterer's deposit	1,175,000	-
---------------------	-----------	---

Charterer's deposit is a interest free security deposit received from Charterer as per terms and conditions defined in the Charterers' Deposit Agreement. The deposit shall be repaid falling due on the final repayment date. The Establishment shall be entitled to require the deposit is set off against the purchase price payable by the Charterer in respect of their purchase of the vessel under the options and purchase obligations as agreed between the Establishment and the Charterer.

11. EMPLOYEES' END OF SERVICE BENEFITS

Balance at the beginning of the year	10,486	10,023
Provided during the year	2,092	2,159
Paid during the year	-	(1,696)
Balance at the end of the year	<u>12,578</u>	<u>10,486</u>



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

12. BANK BORROWINGS - SHORT TERM

Bank overdraft	3,429,058	-
	3,429,058	-

Establishment has secured overdraft facility of USD 4.80 million from Bank of Baroda, Sharjah UAE. The interest rate is 0.75% above deposit rate.

Overdraft facility is secured by the following:

- The local fixed deposits of USD 5.80 million are pledged to Bank and held under lien till the overdraft facility is fully settled.
- The local fixed deposits will be automatically renewed from time to time at prevailing rate of interest and continue to be held as security by way of pledge/lien to secure the overdraft facility.

13. ACCOUNTS AND OTHER PAYABLE

Trade payable	11,513	4,596
Expense payable	51,221	42,215
VAT Payable	102	-
Unearned Income	52,000	-
	114,836	46,812

Unearned income received from the customer is relating to the month of April 2019.

14. DUE TO RELATED PARTIES

Seamec Ltd. India	35,550	-
	35,550	-

Due to related parties are interest free and related to finance guarantee provided by parent to the bank.

(Figures in USD)

15. DIRECT COSTS

	Year ended Mar 31, 2019	Year ended Mar 31, 2018
Management fee	145,200	-
Vessel depreciation	535,065	-
	680,265	-

16. OTHER INCOME

Interest income	228,319	185,742
Service charge	57,000	-
Miscellaneous income	3	2,982
	285,322	188,724



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

(Figures in USD)

	Year ended Mar 31, 2019	Year ended Mar 31, 2018
17. ADMINISTRATIVE AND GENERAL EXPENSES		
Employee cost	41,476	45,822
Professional and legal expenses	29,054	-
Office administration	31,317	31,620
Rent	16,784	34,038
Audit fees	4,496	3,406
Bank charges	2,530	420
Trade license and registration	1,820	-
Foreign exchange loss	117	-
Depreciation	104	1,231
	127,698	116,537



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

18. FINANCIAL INSTRUMENTS

Financial instruments mean financial assets, financial liabilities and equity Instruments. Financial assets of the Establishment include investments, deposits, prepayments, due from related parties, other receivable, cash and bank balances. Financial liabilities include bank borrowings, accounts payable and accruals.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at reporting date.

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, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

a. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Establishment's functional currency. The Establishment does not have any significant currency risk as the Establishment's transactions are mainly in United State Dollars (USD) and United Arab Emirates Dirhams (AED) that is pegged to AED.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Establishment's bank accounts are placed with high credit quality financial institutions. The Establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting year was:

	<i>(Figures in USD)</i>	
	As on Mar 31, 2019	As on Mar 31, 2018
Deposits and accrued interest	73,704	28,120
Trade receivables	17,958	30,450
	91,662	58,570



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

c. Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates. The Establishment is not exposed to any significant interest rate risk as the interest rate on term deposit is at a fixed rate of interest.

d. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	<i>(Figures in USD)</i>			
	Less than one year	1 to 5 years	More than 5 years	Total
As on March 31, 2019				
Term loans	1,028,568	5,485,720	-	6,514,288
Other payable	-	-	1,175,000	1,175,000
Bank borrowings - short term	3,429,058	-	-	3,429,058
Accounts and other payable	150,386	-	-	150,386
	4,608,012	5,485,720	1,175,000	11,268,732
As on March 31, 2018				
Accounts and other payable	46,812	-	-	46,812
	46,812	-	-	46,812

e. Capital risk management

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



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

The Establishment manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Establishment may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2019 and March 31, 2018 respectively.

19. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

There are no significant events occurring after the reporting date, which require disclosure in the financial statements.

20. RELATED PARTY TRANSACTIONS

The Establishment in the normal course of business enters into transactions with other business enterprises that fall within the definition of Related Party contained in the International Accounting Standard. The Establishment believes that the terms of these transactions are not significantly different from those that could have been obtained from third parties.

Transactions with the related parties during the year are as follows:

Transactions	Name of the related party	Relationship	2019 (USD)	2018 (USD)
Consultancy income	Seamec		81,744	71,309
Service charge	Limited,	Parent	17,400	-
Other income	Mumbai,	Establishment	-	2,900
Finance guarantee fee	India		35,550	35,550

Balance with the related parties at the end of the year are as follows:

Name of the related party	Relationship	(Figures in USD)	
		As on Mar 31, 2019	As on Mar 31, 2018
Seamec Limited, Mumbai, India	Parent	(35,550)	30,450
	Establishment	6,812	-
		(28,738)	30,450

21. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

The fair values of financial instruments are not materially difference from their carrying values.

The table below presents assets and liabilities measured and carried at fair value and classified by quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Particulars	2019 (USD)		2018 (USD)	
	Level 1	Total	Level 1	Total
Investment in fund	3,207,319	3,207,319	2,967,000	2,967,000

22. CONTINGENT LIABILITIES

As represented by the management, except for the ongoing commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the reporting date.

23. GENERAL

23.1 Figures are converted from USD at the conversion factor of 1 USD = 3.67 AED.

23.2 Previous year figures are regrouped and/ (or) reclassified, wherever necessary to conform to current year financials.

24. KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Useful lives of property and equipment

The Establishment's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

b. Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



Seamec International FZE

Notes to the financial statements for the year ended March 31, 2019

c. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Establishment is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

For SEAMEC INTERNATIONAL FZE


S N Mohanty
Director
Dubai
May 12, 2019





Rajeev Goel
Director
Dubai
May 12, 2019

