

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED
(Incorporated in Singapore with its Registration Number 200809977K)

FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

REGISTERED OFFICE:
141 Cecil Street
#11-03 Tung Ann Association Building
Singapore 069541.

INCOME TAX REFERENCE NO: 200809977K

UNITED STATES (\$) CURRENCY

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED
(Incorporated in Singapore with its Registration Number 200809977K)

FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

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KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

The directors present their statement together with the audited financial statements of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED** (the "Company") for the financial year ended 31 March 2024.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2024 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS' RESPONSIBILITY

We, the directors of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED** do hereby state that, we are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, 1967 (the "Act") and Singapore Financial Reporting Standards. The responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of profit or loss and other comprehensive income and statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies;
- (c) making accounting estimates that are reasonable in the circumstances; and
- (d) assessing the risk of fraud and communicate to governing body on outcome of those assessment.

3. DIRECTORS

The directors of the Company at the date of this report are:

MITESH KOTHARI
KOTHARI APURVA ATULBHAI
AVINASH GUPTA (Appointed on 30 March 2024)

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

5. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholding kept by the Company under section 164 of the Singapore Companies Act, 1967 (the "Act"), and the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<u>Name of directors</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
<u>The Company</u>	<u>01.04.2023</u>	<u>31.03.2024</u>	<u>01.04.2023</u>	<u>31.03.2024</u>
Kothari Apurva Atulbhai	20	20	-	-
<u>Ultimate Holding Company</u>				
Kothari Products Limited	36,000,000	36,000,000	-	-
Mitesh Kothari	-	-	2,437,668	2,437,668

6. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option as at the end of the financial year.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED
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DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

7. AUDITOR

The Independent Auditor, T. Ravi Practice PAC, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

The Board of Directors,



MITESH KOTHARI
Director



KOTHARI APURVA ATULBHAI
Director

Singapore.

10 MAY 2024



T RAVI PRACTICE PAC

PUBLIC ACCOUNTANTS, CHARTERED ACCOUNTANTS
Company No.: 202332025G
(Incorporated with Limited Liability)

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#24-10 Singapore 069533
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED** (the "company"), which comprise the statements of financial position of the Company as at **31 March 2024**, and the statements of profit or loss and other comprehensive income, statement of changes in equity of the Company and the statement of cashflows of the company for the year then ended, including a summary of significant accounting policies and other explanatory information as set out on pages 9 to 43.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at **31 March 2024** and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion

Out of total trade receivables an amount of \$13,134,640/- is long outstanding for which no allowance of expected credit loss is made.

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (set out on pages 2 to 4), but does not include the financial statements and our auditors report thereon.



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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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- Identify and assess the risks of material misstatement of 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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



T RAVI PRACTICE PAC

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Report on Other Legal and Regulatory Requirements

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

T Ravi Practice PAC

T Ravi Practice PAC,
Public Accountants and
Chartered Accountants of Singapore

Singapore,

10 MAY 2024

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2024

	<u>Note</u>	2024 \$	2023 \$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	4	-	2,162,294
		<u>-</u>	<u>2,162,294</u>
Current assets			
Trade receivables	5	53,831,541	52,358,405
Other receivables	6	2,236,652	830,931
Amount owing from shareholder	7	500,000	500,000
Cash and bank balances	8	1,604,610	2,750,248
		<u>58,172,803</u>	<u>56,439,584</u>
Less: current liabilities			
Trade payables	9	1,796,572	1,616,864
Other payables	10	242,106	22,519
Term loan, secured	11	-	1,645,256
Provision for taxation	12	-	-
		<u>2,038,678</u>	<u>3,284,639</u>
Net current assets		<u>56,134,125</u>	<u>53,154,945</u>
Net assets		<u>56,134,125</u>	<u>55,317,239</u>
Equity			
Share capital	13	47,394,662	47,394,662
Retained earnings		8,739,463	7,922,577
		<u>56,134,125</u>	<u>55,317,239</u>

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 5-8.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2024

		01-04-2023 to 31-03-2024 \$	01-04-2022 to 31-03-2023 \$
	Note		
Revenue	14	84,961,158	92,434,711
Direct costs – purchases and incidentals	15	(84,132,668)	(91,377,323)
Other income	16	496,683	136
Allowance for doubtful debts	6	-	(530,579)
Staff cost inclusive of directors' remuneration	17	(291,194)	(296,495)
Depreciation expenses	4	(39,136)	(51,820)
Finance costs		(102,856)	(129,529)
Other operating expenses		(75,101)	(90,386)
Net (loss)/profit before taxation	18	816,886	(41,285)
Income tax	12	-	-
Net (loss)/profit for the year		816,886	(41,285)
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/ income for the year		816,886	(41,285)

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 5-8.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2024

	Issued share capital \$	Retained earnings \$	Total \$
At 01 April 2022	47,394,662	7,963,862	55,358,524
Total comprehensive income for the year	-	(41,285)	(41,285)
At 31 March 2023	<u>47,394,662</u>	<u>7,922,577</u>	<u>55,317,239</u>
Total comprehensive loss for the year	-	816,886	816,886
At 31 March 2024	<u><u>47,394,662</u></u>	<u><u>8,739,463</u></u>	<u><u>56,134,125</u></u>

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

STATEMENT OF CASHFLOWS

For the financial year ended 31 March 2024

	2024	2023
	\$	\$
Cash flows from operating activities		
Profit/(loss) before income tax	816,886	(41,285)
Depreciation	39,136	51,820
Interest expenses	93,835	94,149
Interest income	(1,020)	(31)
Profit on sale of property	(492,079)	-
Operating cash inflows before working capital changes	456,758	104,653
Working capital changes:		
Trade and other receivables	(2,878,857)	1,100,475
Trade and other payables	399,295	1,453,534
Fixed deposit placed	-	(500,000)
Cash (used in)/generated from operations	(2,022,804)	2,158,662
Income tax paid	-	-
Interest expenses	(93,835)	(94,149)
Interest income	1,020	31
Net cash (used in)/generated from operating activities	(2,115,619)	2,064,544
Cash flows from investing activities		
Sale proceed from sale of property	2,615,237	-
Net cash inflows from investing activities	2,615,237	-
Cash flows from financing activities		
Amount owing to subsidiary company	-	-
Repayment of bank loan	(1,645,256)	(56,573)
Net cash (outflows) from financing activities	(1,645,256)	(56,573)
Net increase in cash and cash equivalents	(1,145,638)	2,007,971
Cash and cash equivalents at beginning of the year	2,750,248	742,277
Cash and cash equivalents at the end of the year	1,604,610	2,750,248

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 5-8.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

These notes form part of the financial statements and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The company is a limited liability company which is incorporated in the Republic of Singapore with its registered office at 141 Cecil Street, #11-03 Tung Ann Association Building, Singapore 069541.

The principal activities of the company are those of business in general wholesale trade (including imports and exports), business management and consultancy services and other general trade. The company had 2 employees at the end of the financial year excluding the directors.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements which are expressed in United States Dollars are prepared in accordance with the historical cost convention and/or as modified to its fair value and in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Committee under Accounting and Corporate Regulatory Authority and the disclosure requirements of the Singapore Companies Act. 1967.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgment and complexity, are disclosed elsewhere in this financial statements.

In 2022, the company adopted the new or revised FRS and interpretations to FRS (INT FRS) that are applicable in the current financial year. The adoption of this FRS/INT FRS did not result in substantial changes to the company's accounting policies. The directors anticipate that the adoption of FRS and INT FRSs that have issued but not yet effective until future periods will not have any material impact on the financial statements of the company.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for financial periods beginning on or after 1 April 2023. The adoption of these standards did not have any material effect on financial performance or position of the Company.

(b) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01-January-24
Amendments to FRS 116 Leases: Lease Liability in a Sale and Leaseback	01-January-24
Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	01-January-24
Amendments to FRS 7 Statement of Cash Flows and FRS 107 Financial Instruments: Disclosures: Supplier Finance Arrangements	01-January-24
Amendments to FRS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01-January-25
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 PLANT AND EQUIPMENT

(a) Measurement

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

(b) Depreciation

Depreciation is calculated on a straight line basis to write off the cost of plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Furniture and fittings	05 years
Office equipment	03 years
Office renovation	05 years
Computers	03 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use. Repairs and maintenance are taken into to the income statement during the financial period in which they are incurred.

When an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/ (loss) from operations.

2.3 RIGHT-OF-USE ASSETS AND LEASES

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use).

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed under impairment of non-financial assets.

The Company's right-of-use assets are presented within property, plant and equipment (if any).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in borrowings (if any)

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

a) Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.6 IMPAIRMENT OF FINANCIAL ASSETS

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 LOANS AND RECEIVABLES

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

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits and highly liquid investments, which are readily convertible to cash and which are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft, if any, which are repayable on demand and which form an integral part of the company's cash management. Restricted deposits are excluded from cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 TRADE AND OTHER PAYABLES

Trade creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and subsequently measured at amortised cost, using the effective interest method. Other payables and accruals are recognised when the Company has a legal or constructive obligation as a result of past events, that it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.10 PROVISIONS

General

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

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

(a) Warranty provisions

Provisions for assurance-type warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.11 TAXES

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax (GST)

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.12 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Where the company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects, is included in equity attributable to the company's equity holders a no gain or loss is recognised in the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 REVENUE RECOGNITION

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

a) Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time. The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated volume rebates and adjusted for expected returns.

Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company recognises the expected volume rebates payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, they recognise a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjust them against cost of sales correspondingly.

At the end of each reporting date, the Company updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

The Company also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods. The Company has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Other Sales/Service income

Revenue from services is recognised when the company has delivered the sales/service to the customer, the customer has accepted the sales/services and collectability of the related receivables is reasonably assured.

i. Contract Sales

For contract sales, the company progressively recognise revenue on contracts in proportion to the completion stage of such contracts based on milestones agreed with customers. Contract costs are recognised as expenses in the period in which they are incurred. Allowances are made for losses anticipated on individual contracts when such losses become known.

ii. Provision of services

Revenue from provision of services represents the amounts for services rendered.

(a) Interest income

Interest income on financial instruments is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue amortising the discount as interest income on the recoverable amount.

2.14 EMPLOYEE BENEFITS

a) Defined contribution plans

The company makes contributions to the Central Provident Fund, a defined contribution pension scheme. These contributions are recognised as an expense in the same period as the employment that gives rise to the contributions.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 GOVERNMENT GRANTS

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.16 FINANCE COSTS

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest expense is calculated using the effective interest rate method.

2.17 FAIR VALUE FINANCIAL INSTRUMENTS

The carrying amounts of current receivables and payables are assumed to approximate their fair values. The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings, account payable approximate their values due to the short-term maturity of these instruments. The fair values of non-current financial instruments are not disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 FOREIGN CURRENCY TRANSLATION

(1) Measurement currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the measurement currency").

The financial statements of the Company are presented in United States dollars which is the measurement currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the measurement currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the income statement.

2.19 RELATED PARTIES

A related party is defined as follows:

- a) a person or a close member of that person's family is related to the company if that person:
 - (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company;
- b) an entity is related to the company if any of the following conditions applies:
 - (i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
 - (iii) both entities are joint ventures of the same third party

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such as plan, the sponsoring employers are also related to the company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a)
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates, assumptions and judgements

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the 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.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future period. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year are discussed below:-

(i) Useful lives of Property, Plant and Equipment

The Company reviews the estimated useful lives of plant and equipment at each year end. Management determined that the estimated useful lives of plant and equipment were appropriate and there was no revision for the financial year.

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For the financial year ended 31 March 2024

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(ii) Income taxes

Significant judgment is required in determining the provision for unsettled trade receivables and deductibility of such amount from the income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provisions in the year in which such determination is made.

The carrying amount of company's tax liabilities at 31 March 2024 is \$NIL/- (2023: \$NIL/-).

(iii) Provisions for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default areas. The Company will calibrate the matrix to adjust historical credit loss experience with forward looking information. At every reporting date, historical default rates are updated and changed in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the company's trade receivables as at 31 March 2024 was \$53,831,541/- (2023: \$52,358,405/-).

The Company did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

(iv) Determination of functional currency

In determining the functional currency, judgement is required to determine the currency that mainly influences investment in the country whose competitive forces and regulations mainly determines the price.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The functional currency of the company is determined based on management's assessment of the economic environment in which the entity operates and entity's process of determining sales prices. During the financial year the company decided to have United States Dollar as its functional currency.

(v) Revenue recognition

The management has considered the detailed criteria for the recognition of revenue from the sale of goods as set out in FRS 115 and in particular whether the company has transferred to the buyer the significant risks and rewards of ownership of goods. Revenue excludes goods and service taxes, if any, and is arrived at after deducting of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, the management is satisfied that the significant risks and rewards have been transferred and the recognition of revenue in the current year is appropriate.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Balance</u> <u>on</u> <u>01/04/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>on</u> <u>31/03/24</u>
<u>Cost</u>	\$	\$	\$	\$
Property	2,366,520	-	(2,366,520)	-
Furniture & fittings	61,707	-	-	61,707
Office equipment	19,094	-	-	19,094
Office renovation	10,551	-	-	10,551
Computers	45,502	-	-	45,502
	<u>2,503,374</u>	<u>-</u>	<u>-</u>	<u>136,854</u>
Accumulated depreciation				
Property	207,864	35,498	(243,362)	-
Furniture & fittings	61,707	-	-	61,707
Office equipment	19,094	-	-	19,094
Office renovation	8,440	2,111	-	10,551
Computers	43,975	1,527	-	45,502
	<u>341,080</u>	<u>39,136</u>	<u>-</u>	<u>136,854</u>
Depreciation Charge for	2023		Net Book Value	
	\$		2023	2024
			\$	\$
Property	47,330		2,158,656	-
Furniture & fittings	-		-	-
Office equipment	-		-	-
Office renovation	2,110		2,111	-
Computers	2,380		1,527	-
	<u>51,820</u>		<u>2,162,294</u>	<u>-</u>

The property has been mortgaged to the bank for loan extended by them to the company. (See Note 11). Property, plant and equipment denominated in Singapore dollars.

5. TRADE RECEIVABLES

	2024	2023
	\$	\$
Trade receivables - outsiders	53,831,541	52,358,405
Less: Allowance made during the year	-	-
	<u>53,831,541</u>	<u>52,358,405</u>
	2024	2023
	\$	\$
Not past due and not impaired	40,696,901	52,358,405
Past due and not impaired	13,134,640	-
	<u>53,831,541</u>	<u>52,358,405</u>

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

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KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

	2024	2023
	\$	\$
Balance at the beginning of the year	1,505,187	1,505,187
Allowance made during the year	-	-
Bad debts written off during the year	(1,505,187)	-
Total allowance and bad debts	<u>-</u>	<u>1,505,187</u>

Credit terms of the trade receivables are at sight to 180 days on bank LC/DA terms and/or cash against documents. Trade receivables are denominated in United States Dollars. The current receivables with a short duration are not discounted for present value and the carrying values are assumed to approximate the fair value. No interest is charged on the outstanding balances. Trade receivables are provided for based on estimated irrecoverable amounts from sale of goods, determined by reference to past default experience. Company's trade receivable balance are debtors with carrying amounts of Nil/- (2023: Nil) which are past due at the end of the reporting period for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The management believes that trade receivables that are neither due nor past impaired are with creditworthy counter parties.

The Company applied simplified approach to provide the expected credit losses prescribed by FRS 109. Impairment assessment on trade receivables subject to ECL Model: The debtors are grouped based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor, an analysis of the debtor's current financial position, and are adjusted for forward looking information that is available without undue costs or efforts. Based on this as there is no significant expected credit losses, no allowance is provided.

6. OTHER RECEIVABLES

	2024	2023
	\$	\$
Deposits	2,380	296
Trade advances - outsiders	334,272	830,370
Prepayments/other receivables	1,900,000	265
	<u>2,236,652</u>	<u>830,931</u>

Other receivables consist of deposits, advances and duties and taxes. The carrying amounts are assumed to be a reasonable approximation of fair values.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

	2024	2023
	\$	\$
Trade advances - outsiders	334,272	1,360,950
Less: Allowance made during the year	-	(530,580)
	<u>334,272</u>	<u>830,370</u>

Allowance made during the year

	2024	2023
	\$	\$
Balance at the beginning of the year	530,580	-
Allowance made during the year	-	530,580
Bad debts written off during the year	-	-
Total allowance and bad debts	<u>530,580</u>	<u>530,580</u>

Other receivables as at the reporting date are denominated in the following currencies.

	2024	2023
	\$	\$
Singapore dollars	2,380	561
United States dollars	<u>2,234,272</u>	<u>830,370</u>
	<u>2,236,652</u>	<u>830,931</u>

7. AMOUNT OWING FROM SHAREHOLDER

The amount owing from shareholder is interest free, unsecured and repayable on demand. The carrying amounts are assumed to be a reasonable approximation of fair values.

8. CASH AND BANK BALANCES

The cash and bank balances of the company as at the reporting date are

	2024	2023
	\$	\$
Cash at banks	<u>1,604,610</u>	<u>2,750,248</u>

The cash and bank balances as at the reporting date are denominated in the following currencies:

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	2024	2023
	\$	\$
Singapore dollars	26,330	54,237
United States dollars	1,576,588	2,694,365
Euro	1,692	1,646
	<u>1,604,610</u>	<u>2,750,248</u>

9. TRADE PAYABLES

Credit terms of the trade payables are at sight to 180 days on bank LC/DA terms. The carrying amounts are assumed to be a reasonable approximation of fair values. No interest is charged on the outstanding balances.

Trade payables as at the reporting date are denominated in United States dollars.

	2024	2023
	\$	\$
Trade payables	<u>1,796,572</u>	<u>1,616,864</u>

10. OTHER PAYABLES

	2024	2023
	\$	\$
Accruals	18,234	18,225
Other payables	223,872	4,294
	<u>242,106</u>	<u>22,519</u>

Other payables and accruals as at the reporting date are denominated in the following currencies:

	2024	2023
	\$	\$
Singapore dollars	223,872	4,294
United States dollars	18,234	18,225
	<u>242,106</u>	<u>22,519</u>

11. TERM LOAN, Secured

	2024	2023
	\$	\$
Within one year	-	1,645,256
Within two to five years	-	-
Present value of loan payables	<u>-</u>	<u>1,645,256</u>

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For the financial year ended 31 March 2024

The term loan for the company is secured by property in the name of the company. The term loan bears a fixed interest rate for the first 2 years at 2.58% p.a. and subsequently at the prevailing 3- month SIBOR plus 3.00%. The loan is repayable over a period of 5 years. The term loan is denominated in Singapore dollars. No discounting of bank loans to their present value has been done by the management.

12. TAX

(a) Tax expense/(credit)

	2024	2023
	\$	\$
Current taxation - current year	-	-
(Over) /under provision in prior years	-	-
	<u>-</u>	<u>-</u>

The income tax on profit before tax differs from the amount that would arise using the Singapore standard rate of income tax due explained in the numerical reconciliation between the accounting profit and tax expense.

The numerical reconciliation between the accounting profit and tax expense is as follows:-

	2024	2023
	\$	\$
Accounting profit/(loss)	<u>816,886</u>	<u>(41,285)</u>
Tax calculated at corporate tax rate of 17%	138,871	(7,018)
Tax effect on income under separate source	(83,653)	(18)
Tax effect on expenses that are not deductible for tax purposes	6,653	8,809
Tax effect on capital allowance	-	-
Tax effect on unutilised losses brought forward	(678,492)	(680,265)
Tax effect on unutilised losses carry forward	(616,621)	678,492
(Over)/under provision in prior years	<u>-</u>	<u>-</u>

At the reporting date, the company has unabsorbed tax losses of \$3,627,182/- (2023: \$3,991,129) available for offsetting against future taxable income subject to there being no substantial change in the shareholdings as required by the provisions of the Income Tax Act. The deferred tax benefit on these losses amounting to \$616,621/- (2023: \$678,492/-) has not been recognised in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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(b) Movement in current income tax liability

	2024	2023
	\$	\$
Balance at beginning of financial year	-	-
Tax expense on profit for current financial year	-	-
Tax -net refund/(paid) during the financial year	-	-
(Over) provision in prior years	-	-
Balance at end of financial year	<u>-</u>	<u>-</u>

13. SHARE CAPITAL

Issued and paid-up ordinary share capital

	2024	2023
	\$	\$
36,000,020 (2023: 36,000,020) ordinary shares	<u>47,394,662</u>	<u>47,394,662</u>
Balance at end of financial year	<u>47,394,662</u>	<u>47,394,662</u>

The share capital of the company is composed of 10,000,020 ordinary shares for S\$10,000,020.

For presentation purposes, Singapore dollar at historical prices has been converted into United States dollar and reported accordingly. The holders of ordinary shares are entitled to receive dividends as and when declared by the company.

All ordinary shares carry one vote per share without restriction. The ordinary shares carry no right to fixed income. The company is not subject to any externally imposed capital requirements.

The Share capital in the reporting date is denominated in the following currencies

	2024	2023
	\$	\$
Singapore dollars	7,614,662	7,614,662
United States dollars	<u>39,780,000</u>	<u>39,780,000</u>
	<u>47,394,662</u>	<u>47,394,662</u>

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14. REVENUE

	2024	2023
	\$	\$
<u>Disaggregation of revenue</u>		
Sale of Raw cashew nuts & other dry nuts	-	210,327
Sale of Scrap	47,762,858	45,960,150
Sale of Electronic products	37,198,300	44,107,025
Sale of Rice	-	473,809
Sale of Timber & timber products	-	1,683,400
	<u>84,961,158</u>	<u>92,434,711</u>
<u>Timing of transfer of good</u>		
At a point in time	<u>84,961,158</u>	<u>92,434,711</u>

Primary geographical market:

	2024	2023
	\$	\$
Africa	-	419,703
Asia	43,693,214	69,058,261
Europe	11,355,725	6,241,923
North America	-	4,060,000
South America	17,760,000	12,654,824
Australia	12,152,219	-
	<u>84,961,158</u>	<u>92,434,711</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods and services	The company generates revenue from trading or sale in various commodities.
When revenue is recognised	Income from the sale of goods is recognised when the control of goods (i.e.risk of obsolescence and loss of shipment are transferred to the customer)at a point of time.
Significant payment terms	Payment is due within 0 to 180 days from the date of shipment.

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15. DIRECT COSTS - COST OF SALES

	2024	2023
	\$	\$
Outsiders		
- Purchases from outsiders	84,132,668	91,375,526
- Freight ,Demurrage, Despatch	-	258
- Insurance	-	1,539
	<u>84,132,668</u>	<u>91,377,323</u>

16. OTHER INCOME

	2024	2023
	\$	\$
Interest	1,020	31
Exchange gain	3,584	-
Government grant JSS	-	105
Profit on sale of property	492,079	-
	<u>496,683</u>	<u>136</u>

17. STAFF COSTS

	2024	2023
	\$	\$
Director fees & remuneration	147,003	154,947
Salary & bonus	134,800	131,093
CPF and SDL contribution	9,391	10,455
	<u>291,194</u>	<u>296,495</u>

18. PROFIT BEFORE TAXATION

	2024	2023
	\$	\$
This is determined after charging :-		
Bank charges and interest	102,856	129,529
Directors fees & remuneration		154,947
Depreciation	39,136	51,820
Exchange (gain)/loss	(3,584)	28,703
Staff costs (excluding director fees)		141,548
Interest income	1,020	(31)
	<u>1,020</u>	<u>(31)</u>

19. FINANCIAL RISK MANAGEMENT

The main risks arising from the company's financial instruments are credit risk and price risk, primarily interest rate risk and market risk.

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The management has not established any written risk management policies and guidelines. However, as a minimum requirement, the management monitors and controls its main risks in the following manner:-

Credit Risk

Financial instruments contain an element of risk in that the counterparties may be unable to meet their obligations. Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The company exposure to credit risk arises primarily from trade and other receivables.

For other financial (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating counterparties. The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

Exposure to credit risk

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

Credit risk concentration profile

The credit risk concentration profile of the company's trade receivables as the company has large number of customers to deal with and there is no concentration of geographical presence.

Financial Credit Risk

The company has placed its surplus funds in a reputed financial institution to mitigate potential concentrations of credit risk in relation to its bank balances

Market Risk

The company is exposed to changes in commodity prices. The company does not use derivative financial instruments to hedge underlying commodity price risk. However, this risk is mitigated as the company signed the counter party agreement with their customers for such commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

The company's exposure to movement in market interest rates is minimised as the company has a policy to maintain cash equivalents and borrowings in fixed rate instruments. The company sometime borrows at variable rates and uses interest rates, which have the economic effect as the company agrees with other parties on specified rates, which fixed on banker's lending rate together with variable components. As at the reporting date, the company has no material interest bearing assets or liabilities except bank overdraft and trust receipts with a fixed and floating rate of interest.

Interest bearing liabilities:

	2024	2023
	\$	\$
Term loan, secured	-	(1,645,256)
Total interest bearing liabilities	-	(1,645,256)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit for the year ended 31 March 2024 would decrease/increase by NIL (2023: decrease/increase by \$8,226/-) with corresponding effect on the equity. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

Foreign Currency Risk

The company is exposed to foreign currency risk arising from future commercial transactions, recognised assets and liabilities, primarily with respect to Singapore Dollar. The company monitors the foreign currency exchange rate movements closely to ensure that their exposures are minimised by closely monitoring the timing of the inception and settlement of the transactions.

The company's currency exposure to Singapore dollars is follows:-

	2024	2023
	\$	\$
Other receivables	2,380	561
Cash and bank balances	26,330	54,237
Other payables	(223,872)	(4,294)
Term loan, secured	-	(1,645,256)
	(195,162)	(1,594,752)

Based on the balances as at 31 March 2024, if the United States Dollar had strengthened/weakened by 10% against the Singapore Dollar with all other variables including tax rate being held constant, the company's profit after tax for the financial period would have been \$19,516/- (2023: \$159,475/-) lower/higher as a result of currency translation gains/losses on the remaining United States Dollars denominated financial instruments.

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For the financial year ended 31 March 2024

The company's currency exposure to Euro is follows:-

	2024	2023
	\$	\$
Cash and bank balances	1,692	1,646
	<u>1,692</u>	<u>1,646</u>

Based on the balances as at 31 March 2024, if the United States Dollar had strengthened/weakened by 10% against the Euro with all other variables including tax rate being held constant, the company's profit after tax for the financial period would have been \$169/- (2023: \$165/-) lower/higher as a result of currency translation gains/losses on the remaining United States Dollars denominated financial instruments.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. The company manages liquidity risk by maintaining sufficient cash to meet normal operating commitments and/or will able to get financial support from its banking and from the holding company.

All trade and other payable are due within one year.

The management monitors rolling forecasts of the company's liquidity reserve (comprising cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The table below analyses the company's non-derivative financial liabilities into relevant maturity grouping based on the remaining period from the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The company adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents and available funding through the principal.

	2024	2023
	\$	\$
Less than one year		
Trade payables	1,796,572	1,616,864
Other payables	223,872	4,294
Term loan, secured	-	1,645,256
	<u>2,020,444</u>	<u>3,266,414</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

20. CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, and amount owing to related parties and amount owing to shareholders excluding provision for taxation and deferred tax liability as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debts.

	2024	2023
	\$	\$
Total loans and borrowing	2,038,678	3,284,639
Less: cash and cash equivalents	(1,604,610)	(2,750,248)
Net debt	434,068	534,391
Equity attributable to the equity holders of the company	56,134,125	55,317,239
Capital and net debt	56,568,193	55,851,630
Gearing ratio	0.01	0.01

21. FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is the amount at which instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transactions, other than in a forced or liquidation sale. The management has determined that the carrying amounts of short-term deposits, current trade receivables, amounts due by related party, current trade and other payables, amount due to directors and related party and hire purchase creditors, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are reprised frequently within a year.

22. NET FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial assets and financial liabilities of the Company consist of its current assets, current liabilities and non-current receivable. The fair values of the Company's financial assets and financial liabilities at the balance sheet date approximate their book values as shown in the balance sheet.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

The carrying amounts of financial instruments in each of the following categories are as follows:-

Financial Assets

	2024	2023
	\$	\$
Trade receivables	53,831,541	52,358,405
Other receivables	2,380	561
Amount owing from shareholder	500,000	500,000
Cash and bank balances	1,604,610	2,750,248
	<u>55,938,531</u>	<u>55,609,214</u>

Financial liabilities through amortised cost

	2024	2023
	\$	\$
Trade payables	1,796,572	1,616,864
Other payables	223,872	4,294
Term loan, secured	-	1,645,256
	<u>2,020,444</u>	<u>3,266,414</u>

23. HOLDING COMPANY

The company's holding company is KOTHARI PRODUCTS LIMITED., a company incorporated in India (Registration no. T08UF2112B), which owns 99.99% of the issued share capital of the company.

24. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 01 April 2024. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

25. IMPACT OF COVID -19

After more than two years since the first outbreak of COVID-19 globally and in Singapore, it has continued to cause disturbance and slowdown of economic activities. Whilst the COVID-19 pandemic has started to subside, management has undertaken a range of operational and financial adjustments in regards to the effects of the pandemic. The management has evaluated the impact of this pandemic on its business operations and based on the review, there is no significant impact on the financial statements in the current financial period or in the foreseeable future. Management will continue to monitor the developments of this pandemic as part of its risk management activities.

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 5-8.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

26. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the board of directors of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED** on 10 May 2024.

The annexed detailed statement of comprehensive income does not form part of the audited statutory financial statements. It is not necessary to file the detailed statement of comprehensive income with the Accounting and Corporate Regulatory Authority.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED*(Incorporated in Singapore with its Registration Number 200809977K)***DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the financial year ended 31 March 2024*

	2024	2023
	\$	\$
Sales and other revenue	84,961,158	92,434,711
Less: Cost of goods sold		
Purchases	84,132,668	91,375,526
Freight demurrage & dispatch	-	258
Insurance	-	1,539
	<u>84,132,668</u>	<u>91,377,323</u>
Gross Profit	<u>828,490</u>	<u>1,057,388</u>
Other income		
Interest	1,020	31
Exchange Gain	3,584	-
Government grant JSS	-	105
Profit on sale of investment	492,079	-
	<u>496,683</u>	<u>136</u>
Less: Operating Expenses		
Allowance for doubtful debts	-	530,579
Audit fee	27,176	28,012
Bank charges	9,021	35,380
Computer maintenance	-	2,341
Conveyance	79	1,492
CPF and SDL contribution	9,391	10,455
Depreciation	39,136	51,820
Director fees & remuneration	-	154,947
Exchange loss	-	28,703
Insurance	1,977	1,920
Interest	93,835	94,149
Legal fees	2,174	1,846
Maintenance	5,980	
Office expenses	3,346	13,384
Office rent	5,079	
Postage & courier	15	570
Printing and stationary	161	40
Professional fee	20,077	
Property tax	506	5,267
Repair and maintenance	1,535	-
Salary	281,803	131,093

The above statement does not form part of audited financial statements.

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DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2024

	2024	2023
	\$	\$
Subscription	-	1,189
Telecommunication	4,145	2,560
Travelling expense	1,312	1,429
Utilities	1,539	1,633
	<u>508,287</u>	<u>1,098,809</u>
Net profit for the year	816,886	(41,285)
Income tax	-	-
	<u>816,886</u>	<u>(41,285)</u>