

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

FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

REGISTERED OFFICE:
101 Cecil Street
#11-01 Tong Eng Building
Singapore 069533

INCOME TAX REFERENCE NO: 200809977K

UNITED STATES (US\$) CURRENCY

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

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

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2016

The directors present their statement to the shareholders together with the audited financial statements of the Company for the financial year ended 31 March 2016.

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, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This 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 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 the outcome of those assessment.

Further in our opinion,

- a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up to give a true and fair view of the state of affairs of the company as at **31 March 2016** and the results, changes in equity and cash flows of the company for the financial year ended at that date; 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.

We have, on the date of this statement, authorised the financial statements of the company to issue.

DIRECTORS

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

DEEPAK KOTHARI
SOMESH GANERIWAL
SENTHILNATHAN VISWANATHAN

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2016

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year ended to 31 March, 2016 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.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept under Section 164 of the Companies Act, Chapter 50, the following directors of the Company who held office at the end of the financial year had an interest in the shares of the company as stated below:-

	Shares registered in the Name of the holding Company		Shares registered in the Names of directors in the holding company	
	As at 1-Apr-15	As at 31-Mar-16	As at 1-Apr-15	As at 31-Mar-16
Deemed Interest Shares held through holding company				
KOTHARI PRODUCTS LIMITED	10,000,000	10,000,000		
Deepak Kothari			9,155,748	16,576,596

OPTIONS GRANTED

During the financial year, no option was granted to take up unissued shares of the company.

OPTIONS EXERCISED

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

OPTIONS OUTSTANDING

At the end of the financial year, there was no unissued share of the company under option.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

(Incorporated in Singapore with its Registration Number 200809977K)

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2016

AUDITORS

The auditors, T. Ravi & Co., Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,



SENTHILNATHAN VISWANATHAN



SOMESH GANERIWAL

Singapore, 13 MAY 2016

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED** (the "company") and its subsidiaries (the "group"), which comprises of the statement of financial position of the Group and the Statement of financial position of the company as at **31 March 2016**, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 7 to 45.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED 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 Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, 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 statement of comprehensive income and statement of financial position and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements of the Group and Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at **31 March 2016**, and the results, changes in equity and cash flows of group and the Company for the financial period ended on that date.

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 and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



T Ravi & Co.,
Chartered Accountants of Singapore and
Public Accountants.

Singapore, 13 May 2016.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED*(Incorporated in Singapore with its Registration Number 200809977K)***STATEMENT OF FINANCIAL POSITION***For the financial year ended 31 March 2016*

	<u>Note</u>	Group 2016 US\$	Group 2015 US\$
ASSETS AND LIABILITIES			
Non-current assets			
Deposits, Investment properties	5	173,475	170,274
Plant and Equipment	6	30,174	36,827
		<u>203,649</u>	<u>207,101</u>
Current Assets			
Trade receivables	7	42,061,161	37,642,839
Other receivables, deposits and prepayments	8	48,105	87,095
Cash and bank balances	9	7,746,483	6,435,518
		<u>49,855,749</u>	<u>44,165,452</u>
Less: Current Liabilities			
Trade payables	10	3,662,939	3,064,742
Other payables and accruals	12	187,369	254,476
Bank Borrowings, secured	13	28,996,170	25,388,542
Provision for taxation	14	266,202	270,892
		<u>33,112,680</u>	<u>28,978,652</u>
Net Current assets		<u>16,743,069</u>	<u>15,186,800</u>
Net assets		<u>16,946,718</u>	<u>15,393,901</u>
EQUITY			
Share capital	15	7,614,662	7,614,662
Retained profit		9,430,350	7,880,783
Translation Reserve		(98,294)	(101,544)
		<u>16,946,718</u>	<u>15,393,901</u>



**SENTHILNATHAN
VISWANATHAN**
Director



SOMESH GANERIWAL
Director



T Ravi & Co.,
Chartered Accountants
of Singapore and Public
Accountants

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED*(Incorporated in Singapore with its Registration Number 200809977K)***STATEMENT OF FINANCIAL POSITION***For the financial year ended 31 March 2016*

	<u>Note</u>	Company 2016 US\$	Company 2015 US\$
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiary	4	76,629	76,629
Plant and Equipment	6	30,174	36,827
		<u>106,803</u>	<u>113,456</u>
Current Assets			
Trade receivables	7	42,061,161	37,642,839
Other receivables, deposits and prepayments	8	48,105	87,095
Cash and bank balances	9	7,741,437	6,425,505
		<u>49,850,703</u>	<u>44,155,439</u>
Less: Current Liabilities			
Trade payables	10	3,662,939	3,064,742
Amount owing to subsidiary company	11	1,229,778	1,229,778
Other payables and accruals	12	181,448	247,088
Bank Borrowings, secured	13	28,996,170	25,388,542
Provision for taxation	14	266,202	270,892
		<u>34,336,537</u>	<u>30,201,042</u>
Net Current assets		<u>15,514,166</u>	<u>13,954,397</u>
Net assets		<u>15,620,969</u>	<u>14,067,853</u>
EQUITY			
Share capital	15	7,614,662	7,614,662
Retained profit		8,006,307	6,453,191
		<u>15,620,969</u>	<u>14,067,853</u>



**SENTHILNATHAN
VISWANATHAN**
Director






SOMESH GANERIWAL
Director





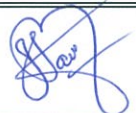
T Ravi & Co.,
Chartered Accountants
of Singapore and Public
Accountants

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2016

	<u>Note</u>	Group 01/04/2015 to 31/03/2016 US\$	Group 01/04/2014 to 31/03/2015 US\$
Revenue	16	167,420,139	150,194,360
Direct costs – purchases and incidentals	17	(163,964,112)	(146,828,389)
Other income	18	87,071	74,760
Staff cost inclusive of directors' remuneration	19	(415,275)	(409,454)
Depreciation expenses	6	(17,826)	(18,668)
Operating lease rental	20	(87,323)	(86,447)
Finance costs		(1,149,185)	(1,024,206)
Other operating expenses		(84,691)	(99,162)
Net Profit before taxation	21	1,788,798	1,802,794
Income tax	14	(239,231)	(309,621)
Net Profit for the year		1,549,567	1,493,173
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,549,567	1,493,173
 SENTHILNATHAN VISWANATHAN Director		 SOMESH GANERIWAL Director	
		 T Ravi & Co., Chartered Accountants of Singapore and Public Accountants	

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED*(Incorporated in Singapore with its Registration Number 200809977K)***STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2016*

		Company 01/04/2015 to 31/03/2016 US\$	Company 01/04/2014 to 31/03/2015 US\$
	<u>Note</u>		
Revenue	16	167,420,139	150,194,360
Direct costs – purchases and incidentals	17	(163,963,524)	(146,828,066)
Other income	18	87,071	74,760
Staff cost inclusive of directors' remuneration	19	(415,275)	(409,454)
Depreciation expenses	6	(17,826)	(18,668)
Operating lease rental	20	(87,323)	(86,447)
Finance costs		(1,149,185)	(1,024,206)
Other operating expenses		(81,730)	(90,864)
Net Profit before taxation	21	1,792,347	1,811,415
Income tax	14	(239,231)	(268,142)
Net Profit for the year		1,553,116	1,543,273
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,553,116	1,543,273
 SENTHILNATHAN VISWANATHAN Director		 SOMESH GANERIWAL Director	
		 T Ravi & Co., Chartered Accountants of Singapore and Public Accountants	

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 2016

GROUP

	Issued Share Capital	Translation Reserve	Retained Profit	Total
	US\$		US\$	US\$
At 01 April 2014	7,614,662	(84,406)	6,387,610	13,917,866
Translation reserve arising during the year	-	(17,138)	-	(17,138)
Total Comprehensive Income for the year	-		1,493,173	1,493,173
At 31 March 2015	7,614,662	(101,544)	7,880,783	15,393,901
Total Comprehensive Income for the year	-		1,549,567	1,549,567
Translation reserve arising during the year	-	3,250	-	3,250
At 31 March 2016	7,614,662	(98,294)	9,430,350	16,946,718

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 2016

COMPANY

	Issued Share Capital	Retained Profit	Total
	US\$	US\$	US\$
At 01 April 2014	7,614,662	4,909,918	12,524,580
Total Comprehensive Income for the year	-	1,543,273	1,543,273
At 31 March 2015	<u>7,614,662</u>	<u>6,453,191</u>	<u>14,067,853</u>
Total Comprehensive Income for the year	-	1,553,116	1,553,116
At 31 March 2016	<u><u>7,614,662</u></u>	<u><u>8,006,307</u></u>	<u><u>15,620,969</u></u>

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED*(Incorporated in Singapore with its Registration Number 200809977K)***STATEMENT OF CASH FLOWS***For the financial year ended 31 March 2016***GROUP**

	Group 2016 US\$	Group 2015 US\$
Cash flows from operating activities		
Profit before income tax	1,788,798	1,802,794
Exchange difference arising out of consolidation	3,250	(17,138)
Depreciation	17,826	18,668
Interest expenses	1,149,185	1,024,206
Interest income	(56,424)	(51,076)
Operating cash inflow before working capital changes	<u>2,902,635</u>	<u>2,777,454</u>
Working capital changes:		
Trade and other receivables	(4,379,332)	4,690,592
Trade and other payables	531,090	(9,446,274)
Fixed deposit placed under lien	(661,635)	(270,355)
Cash (used in) operations	<u>(1,607,242)</u>	<u>(2,248,770)</u>
Income tax paid	(243,921)	(230,296)
Interest expenses	(1,149,185)	(1,024,206)
Interest income	56,424	51,076
Net cash (used in) operating activities	<u>(2,943,924)</u>	<u>(3,452,196)</u>
Cash flow from investing activities		
Purchase of Plant and equipment	(11,173)	(3,429)
Investment in properties(Exchange rate)	(3,201)	15,995
Net cash (outflow)/inflow from investing activities	<u>(14,374)</u>	<u>12,566</u>
Cash flow from financing activities		
Proceeds from bank	3,607,628	3,376,132
Net cash inflow from financing activities	<u>3,607,628</u>	<u>3,376,132</u>
Net increase/(decrease) in cash and cash equivalents	<u>649,330</u>	<u>(63,498)</u>
Cash and cash equivalents at beginning of the year	<u>338,572</u>	<u>402,070</u>
Cash and cash equivalents at the end of the year	<u><u>987,902</u></u>	<u><u>338,572</u></u>

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 5 & 6.

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2016

NOTES TO STATEMENT OF CASH FLOWS

- a) Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Group 2016 US\$	Group 2015 US\$
Cash	1	1
Cash at banks	987,901	338,571
	<u>987,902</u>	<u>338,572</u>

Fixed deposits amounting to **US\$6,758,581/-** (2015: US\$6,096,946/-) is not taken into as cash and cash equivalent bank for the purpose of cash flow statement.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED*(Incorporated in Singapore with its Registration Number 200809977K)***STATEMENT OF CASH FLOWS***For the financial year ended 31 March 2016***COMPANY**

	Company 2016 US\$	Company 2015 US\$
Cash flows from operating activities		
Profit before income tax	1,792,347	1,811,415
Depreciation	17,826	18,668
Interest expenses	1,149,185	1,024,206
Interest income	(56,424)	(51,076)
Operating cash inflow before working capital changes	2,902,934	2,803,213
Working capital changes:		
Trade and other receivables	(4,379,332)	4,690,592
Trade and other payables	532,557	(9,445,106)
Fixed deposit placed	(661,635)	(270,355)
Cash (used in) operations	(1,605,476)	(2,221,656)
Income tax paid	(243,921)	(188,817)
Interest expenses	(1,149,185)	(1,024,206)
Interest income	56,424	51,076
Net cash (used in) operating activities	(2,942,158)	(3,383,603)
Cash flow from investing activities		
Purchase of Plant and equipment	(11,173)	(3,429)
Net cash outflow from investing activities	(11,173)	(3,429)
Cash flow from financing activities		
Amount owing to subsidiary company	-	(55,572)
Proceeds from bank	3,607,628	3,376,132
Net cash outflow from financing activities	3,607,628	3,320,560
Net increase/(decrease) in cash and cash equivalents	654,297	(66,472)
Cash and cash equivalents at beginning of the year	328,559	395,031
Cash and cash equivalents at the end of the year	982,856	328,559

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 5 & 6.

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2016

NOTES TO STATEMENT OF CASH FLOWS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Company 2016 US\$	Company 2015 US\$
Cash	-	-
Cash at banks	982,856	328,559
	<u>982,856</u>	<u>328,559</u>

Fixed deposits amounting to **US\$6,758,581/-** (2015: US\$6,096,946/-) is not taken into as cash and cash equivalent bank for the purpose of cash flow statement.

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 2016

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

1. CORPORATE INFORMATION

The company is a limited liability company which is incorporated in the Republic of Singapore with its registered office at 101 Cecil Street, #11-01 Tong Eng Building, Singapore 069533.

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 five 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 Council and the disclosure requirements of the Singapore Companies Act Chapter 50.

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 2015, 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 FRS that are issued but not yet effective until future periods will not have any material impact on the financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2014, the company adopted the new or revised FRS and interpretations to FRS (INT FRS) that are applicable in the current financial period. The adoption of these 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.

a) Adoption of new and revised FRS

The company has adopted the entire new and revised FRS that are mandatory for the financial years beginning on or after 1 April 2015. The following are the FRS that is relevant to the company:

Issued in 2011

FRS 27 Separate Financial Statements	1.1.2014
FRS 28 Investments in Associates and Joint Ventures	1.1.2014
FRS 110 Consolidated Financial Statements	1.1.2014
FRS 111 Joint Arrangements	1.1.2014
FRS 112 Disclosure of Interests in Other Entities	1.1.2014

Issued in 2012

FRS 32 Amendments to FRS 32: Offsetting Financial Assets and Financial Liabilities	1.1.2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28 Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory Effective Date	1.1.2014
FRS 110, FRS 111 & FRS 112 Amendments to FRS 110, FRS 111 and FRS 112: Transition Guidance	1.1.2014

Issued in 2013

FRS 110, FRS 112 and FRS 27 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1.1.2014
FRS 36 Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets	1.1.2014
FRS 39 Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1.1.2014
Improvements to FRS issued in 2012, 2013 and 2014.	

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 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The company expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

(b) FRS and INT FRS not yet effective

The company has not adopted the following new/revised FRS (including their consequential amendments) and INT FRS that have been issued but not yet effective.

Issued in 2014

FRS 114: Regulatory Deferral Accounts	1.1.2016
FRS 27: Amendments to FRS 27: Equity Method In Separate Financial statements	1.1.2016
FRS 16/FRS 38: Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1.1.2016
FRS16/FRS 41: Amendments to FRS 16 and FRS 41: Agriculture Bearer plants	1.1.2016
FRS 111: Amendments to FRS 111: Accounting for Acquisitions Of Interests in Joint operations	1.1.2016
FRS 115: Revenue from Contracts with customers	1.1.2017
FRS 110/FRS28: Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate Or Joint Venture	1.1.2016
FRS 109: Financial Instruments	1.1.2018

Improvements to FRSs (November 2014)

Issued in 2015

FRS 1: Amendments to FRS 1 Disclosure	1.1.2016
FRS 110,112, FRS28: Amendments to FRS 110, FRS 112 and FRS 28: Investment entities Applying Consolidation Exceptions	1.1.2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2.2. INVESTMENTS IN SUBSIDIARY COMPANY

Investments in subsidiaries, joint ventures and associated companies are stated at cost less accumulated impairment loss in the company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured as the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minority's share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary.

In such case, the excess and further losses applicable to the minority are attributed to the equity holders of the company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the company until the minority's share of losses previously absorbed by the equity holders of the company has been recovered.

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 2016

2.3. INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties are initially recognised at costs, and subsequently at fair value with any change therein recognised in the income statement. The fair valuation is performed once in a year based on internal valuation or independent professional valuation. Independent professional valuation is obtained at least once every three years.

When an investment property is disposed off, the resulting gain or loss recognised in the income statement is the difference between the net disposal proceeds and carrying amount of the property.

2.4. 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
Computers	03 years

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. Fully depreciated plant and equipment are retained in the financial statements at nominal value until such time when they are no longer in use and no further charge for depreciation is made in respect of these assets.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of such asset when it is probable that future economic benefits, in excess of the standard of performance of the assets before the expenditure was made, will flow to the company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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(Incorporated in Singapore with its Registration Number 200809977K)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Disposal

An item of plant and equipments is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(e) Impairment of assets

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e.) the higher of the fair value less cost to sell and value in use of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

2.5. IMPAIRMENT

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) CALCULATION OF RECOVERABLE AMOUNT

The recoverable amount of the company's receivables carried is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. The effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(b) REVERSALS OF IMPAIRMENT

An impairment loss in respect of receivables carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment losses for the asset no longer exist or have decreased.

However, an impairment loss in respect of goodwill is not reversed. The increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for that asset in prior years.

2.6. FINANCIAL ASSETS

Financial assets within the scope of FRS 39 are reclassified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, and, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The company determines the Classifications of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7. TRADE RECEIVABLES

Trade receivables are accounted for as receivables under FRS 39. They are recognised and carried at original invoiced amount, which represents their fair value on initial recognition, less allowance for any uncollectible amounts. Allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. The accounting policy for this category of financial assets is stated in Note 2.7.

2.8. 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.

2.9. 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.

2.10. TRADE CREDITORS AND OTHER PAYABLES

Trade creditors and other payables 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.

2.11. PROVISIONS

Provisions 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.

Where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12. FINANCIAL LIABILITIES

Financial liabilities at fair value through profit or loss are recognized initially at fair value. Financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition financial liabilities at fair value through profit or loss, including derivatives that are financial liabilities, are measured at fair value. Other financial liabilities not at fair value through profit or loss are measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss statement over the period of the borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Items classified within trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2.13. TAXATION

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the financial statements or tax returns. The measurement of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effect of future changes in the tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognized for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation benefits are recognised in the accounts only to the extent of any deferred tax liability or when benefits are expected to be realisable in the near future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14. LEASED ASSETS

Leases on terms of which the company assumes substantially all risks and rewards of ownership of the leased items are classified as finance lease. Property, plant and equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss statement.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss statement on a straight-line basis over the lease term.

2.15. 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 and no gain or loss is recognised in the profit and loss statement.

2.16. REVENUE RECOGNITION

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer. The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the entity and it is shown net of related tax, estimated returns, discounts and volume rebates. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(a) Sale of goods

Revenue from sales of goods is recognised when the entity has delivered the products to the customers; the customer has accepted the products and the collectibility of the related receivables are reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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 collectibility of the related receivables is reasonably assured.

(c) 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.

2.17. EMPLOYEE BENEFITS

(1) *Defined contribution plans*

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

(2) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

2.18. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19. 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.

2.20. 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.

2.21. RELATED PARTIES

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others, who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefits plans, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates, assumptions and judgements

The company makes estimates, assumptions and judgments concerning the future. The results accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of 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.

(ii) Income taxes

The company has exposure to income taxes on its income and certain expenses. Significant judgement is involved in determining the company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary courses of business. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The carrying amount of company's tax liabilities at 31 March 2016 was US\$266,202/- (2015: US\$270,892).

(iii) Provision for unsettled trade receivables

Allowance for bad and doubtful receivables of the company is based on the evaluation of collectibility and aging analysis of receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of customers. There was no allowance for doubtful receivables by the company for the years ended March 31, 2016 and 2015.

(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. 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 period the company decided to have United States Dollar as its functional currency.

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 2016***3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****(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 18 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.

4. INVESTMENT IN SUBSIDIARY - COMPANY

	2016	2015
	US\$	US\$
Unquoted equity investment, at cost	76,629	76,629
	<u>76,629</u>	<u>76,629</u>

The detail of the Subsidiary is as follows:-

Name of subsidiary	Principal activity	Country of incorporation	Cost of investments		Interest held	
			2016	2015	2016	2015
			US\$	US\$	%	%
*Pinehills (Singapore) Pte Ltd	Investment holding	Singapore	76,629	76,629	100%	100%

* The subsidiary was incorporated on 10 November 2011 and financial statements were audited by T. Ravi & Co., Certified Public Accountants of Singapore for the financial year ended 31 March 2016.

5. DEPOSITS, INVESTMENT PROPERTIES, at cost- GROUP

	2016	2015
	US\$	US\$
Investment Properties	173,475	170,274
	<u>173,475</u>	<u>170,274</u>

This represents 20 percent of the cost of the property has been paid till the year ended 31st March 2016, and the completion will take place by mid of July 2016.

The property is denominated in Great Britain Pound.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

The brief particulars of investment properties are as follows:-

Location of the properties	Existing use of the properties	Interest Freehold/Leasehold
22, Elephant & Castle, London, SE1 6SQ The United Kingdom.	Resident Apartment	Leasehold

6. PLANT AND EQUIPMENT - GROUP & COMPANY

	<u>Balance on</u> <u>01/4/2015</u> US\$	<u>Additions</u> US\$	<u>Disposals</u> US\$	<u>Balance on</u> <u>31/03/2016</u> US\$
<u>Cost</u>				
Furniture and fittings	61,707	-	-	61,707
Office equipment	19,094	-	-	19,094
Computers	14,670	11,173	-	25,843
	<u>95,471</u>	<u>11,173</u>	<u>-</u>	<u>106,644</u>
<u>Accumulated depreciation</u>				
Furniture and fittings	32,162	9,454	-	41,616
Office equipment	13,057	4,016	-	17,073
Computers	13,425	4,356	-	17,781
	<u>58,644</u>	<u>17,826</u>	<u>-</u>	<u>76,470</u>
Depreciation Charge for	2015	Net Book Value		
	US\$	2015	2016	
		US\$	US\$	
Furniture and fittings	12,369	29,545	20,091	
Office equipment	4,015	6,037	2,021	
Computers	2,284	1,245	8,062	
	<u>18,668</u>	<u>36,827</u>	<u>30,174</u>	

7. TRADE RECEIVABLES - GROUP & COMPANY

	2016 US\$	2015 US\$
Trade receivables - outsiders	34,172,414	25,211,558
Trade advances	7,888,747	12,431,281
	<u>42,061,161</u>	<u>37,642,839</u>

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

	2016 US\$	2015 US\$
Not past due and not impaired	39,940,247	36,007,613
Past due and not impaired	<u>2,120,914</u>	<u>1,635,226</u>
	<u>42,061,161</u>	<u>37,642,839</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.

Included in the group and company's trade receivable balance are debtors with carrying amounts of US\$2,120,914/- (2015: US\$1,635,226/-) which are past due at the end of the reporting period for which the group and company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The average age of these receivables are as follows:

	2016 US\$	2015 US\$
Less than 3 months	-	-
Greater than 3 months	<u>2,120,914</u>	<u>1,635,226</u>
	<u>2,120,914</u>	<u>1,635,226</u>

The management believes that trade receivables that are neither due nor past impaired are with creditworthy counter parties.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 US\$	2015 US\$
Deposits	31,349	29,067
Other receivables	<u>16,756</u>	<u>58,028</u>
	<u>48,105</u>	<u>87,095</u>

Deposits and other receivables are denominated in the following currencies:

	2016 US\$	2015 US\$
Singapore dollars	34,093	61,518
United States dollars	<u>14,012</u>	<u>25,577</u>
	<u>48,105</u>	<u>87,095</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. CASH AND BANK BALANCES

The cash and bank balances of the group as at the balance sheet date are

	Group 2016 US\$	Group 2015 US\$
Cash in hand	1	1
Cash at banks	987,901	338,571
Fixed deposits – under lien	6,758,581	6,096,946
	<u>7,746,483</u>	<u>6,435,518</u>

The effective interest rates on fixed deposits are about 0.12% to 1.70% p.a. (2015: 0.20% to 2.75% p.a). The fixed deposits amounting to US\$6,758,581/- (2015: US\$6,096,946/-) pledged as security against facility provided by the banks.

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

	Group 2016 US\$	Group 2015 US\$
Singapore dollars	771,909	755,010
United States dollars	6,973,927	5,680,508
Euro	647	-
	<u>7,746,483</u>	<u>6,435,518</u>

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

	Company 2016 US\$	Company 2015 US\$
Cash at banks	982,856	328,559
Fixed deposits – under lien	6,758,581	6,096,946
	<u>7,741,437</u>	<u>6,425,505</u>

The effective interest rates on fixed deposits are about 0.12% to 1.70% p.a. (2015: 0.20% to 2.75% p.a). The fixed deposits amounting to US\$6,758,581/- (2015: US\$6,096,946/-) pledged as security against facility provided by the banks.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

	Company 2016 US\$	Company 2015 US\$
Singapore dollars	766,864	744,997
United States dollars	6,973,927	5,680,508
Euro	646	-
	<u>7,741,437</u>	<u>6,425,505</u>

10. 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 balance sheet are denominated in United States dollars.

11. AMOUNT OWING TO SUBSIDIARY COMPANY

The amount owing to subsidiary company, unsecured and repayable on demand.

The carrying amounts are assumed to be a reasonable approximation of fair values.

12. OTHER PAYABLES AND ACCRUALS

	Group 2016 US\$	Group 2015 US\$
Accruals	187,369	254,476
	<u>187,369</u>	<u>254,476</u>

Other creditors and accruals as at the balance sheet are denominated in the following currencies:

	Group 2016 US\$	Group 2015 US\$
Singapore dollars	8,572	40,708
United States dollars	178,797	213,768
	<u>187,369</u>	<u>254,476</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

	Company 2016 US\$	Company 2015 US\$
Accruals	<u>181,448</u>	<u>247,088</u>
	<u>181,448</u>	<u>247,088</u>

Other creditors and accruals as at the balance sheet are denominated in the following currencies:

	Company 2016 US\$	Company 2015 US\$
Singapore dollars	2,651	33,320
United States dollars	<u>178,797</u>	<u>213,768</u>
	<u>181,448</u>	<u>247,088</u>

13. BANK BORROWINGS, secured – GROUP and COMPANY

	2016 US\$	2015 US\$
Short- term		
- Bills Payable	11,164,680	7,684,556
- Trust Receipt	<u>17,831,490</u>	<u>17,703,986</u>
	<u>28,996,170</u>	<u>25,388,542</u>

The facilities are secured by way of:-

- (i) Lien on trade receivables financed by the respective banks and fixed deposits; and
- (ii) a deed of debenture by way of fixed and floating charge of on the assets financed by the bank.

The interest for revolving credit facility is charged at LIBOR plus certain agreed percentage mutually agreed which varied from 1.5% to 5% calculated on daily balance with monthly rests.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

14. TAX - GROUP

(a) Tax expense/(credit)

	2016	2015
	US\$	US\$
Current taxation - current year	239,231	268,142
Under/ (over) provision in prior years	-	41,479
	<u>239,231</u>	<u>309,621</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:-

	2016	2015
	US\$	US\$
Accounting profit	1,788,798	1,802,794
Tax calculated at corporate tax rate of 17%	304,096	306,475
Tax effect on expenses that are not deductible for tax purposes	3,030	3,846
Tax effect on capital allowance	(10,765)	-
Tax exemption	(18,805)	(19,620)
CIT Rebate	(14,507)	(22,704)
Other	(23,818)	145
	<u>239,231</u>	<u>268,142</u>

(b) Movement in current income tax liability

	2016	2015
	US\$	US\$
Balance at beginning of financial year	270,892	191,567
Tax expense on profit for current financial year	239,231	268,142
Tax -net paid during the financial year	(243,921)	(230,296)
Over provision in prior year and refunds	-	41,479
Balance at end of financial year	<u>266,202</u>	<u>270,892</u>

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TAX - COMPANY

(a) Tax expense/(credit)

	2016 US\$	2015 US\$
Current taxation - current year	239,231	268,142
Under/ (over) provision in prior years	-	-
	<u>239,231</u>	<u>268,142</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:-

	2016 US\$	2015 US\$
Accounting profit	<u>1,792,347</u>	<u>1,811,415</u>
Tax calculated at corporate tax rate of 17%	304,699	307,941
Tax effect on expenses that are not deductible for tax purposes	3,030	3,174
Tax effect on capital allowance	(10,765)	-
Tax exemption	(18,805)	(19,620)
CIT Rebate	(14,507)	(22,704)
Other	(24,421)	(649)
	<u>239,231</u>	<u>268,142</u>

(b) Movement in current income tax liability

	2016 US\$	2015 US\$
Balance at beginning of financial year	270,892	191,567
Tax expense on profit for current financial year	239,231	268,142
Tax -net paid during the financial year	(243,921)	(188,817)
Over provision in prior year and refunds	-	-
Balance at end of financial year	<u>266,202</u>	<u>270,892</u>

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15. SHARE CAPITAL

Issued and paid-up ordinary share capital

	2016 US\$	2015 US\$
10,000,020 (2015: 10,000,020) ordinary shares	7,614,662	7,614,662
Balance at end of financial year	<u>7,614,662</u>	<u>7,614,662</u>

The share capital of the company is composed of 10,000,020 shares for S\$10,000,020. For presentation purposes, Singapore dollar 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.

Capital Management

The objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing products and services commensurately with the level of risk taken. There were no changes in the approach to capital management during the year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debts.

16. REVENUE

Revenue represents sales made net of trade discount and goods and service tax.

17. DIRECT COSTS - COST OF SALES

	Group 2016 US\$	Group 2015 US\$
Outsiders		
- Purchases from outsiders	161,585,005	144,299,987
- Bank charges and interests	507,603	553,030
- Commission	271,646	180,513
- Freight ,Demurrage, Despatch	1,573,983	1,763,816
- Insurance	25,875	31,043
	<u>163,964,112</u>	<u>146,828,389</u>

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 2016*

	Company 2016 US\$	Company 2015 US\$
Outsiders		
- Purchases from outsiders	161,585,005	144,299,987
- Bank charges and interests	507,015	552,707
- Commission	271,646	180,513
- Freight ,Demurrage, Despatch	1,573,983	1,763,816
- Insurance	25,875	31,043
	<u>163,963,524</u>	<u>146,828,066</u>
 18. OTHER INCOME		
	Company 2016 US\$	Company 2015 US\$
Interest from bankers	56,424	51,076
Foreign currency difference	30,647	23,684
	<u>87,071</u>	<u>74,760</u>
 19. STAFF COSTS		
	Company 2016 US\$	Company 2015 US\$
Director's remuneration	237,856	215,715
Salary, bonus and CPF etc.	175,588	190,592
Medical expense	1,831	3,147
	<u>415,275</u>	<u>409,454</u>

20. COMMITMENTS**Operating Commitment**

The company also leases office premises under cancellable operating lease agreement. The company is required to give three months' notice for renewal of the contract. The lease expenditure US\$87,323/- (2015: US\$86,447/-) charged to profit and loss statement during the financial year.

The future aggregate minimum lease payable under non-cancellable operating leases contracted at the balance sheet date but not recognized as liabilities, are as follows:-

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NOTES TO THE FINANCIAL STATEMENTS

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	2016 US\$	2015 US\$
Not later than one year	68,220	86,447
Between two to five years	106,120	-
	<u>174,340</u>	<u>86,447</u>

Capital Commitment

The Group has entered in to purchase agreement of a property in London. In connection the company paid 20 per cent of the property value, reaming value of the property to be paid as capital commitment of the group.

	2016 US\$	2015 US\$
Not later than one year	736,023	92,002
Between two to five years	-	644,021
	<u>736,023</u>	<u>736,023</u>

21. PROFIT BEFORE TAXATION

	Company 2016 US\$	Company 2015 US\$
This is determined after charging :-		
Bank charges and interest	1,656,200	1,576,913
Directors' remuneration	237,856	215,715
Depreciation	17,826	18,668
Net foreign exchange difference	(30,647)	(23,684)
Rental expense – Operating lease	87,323	86,447
Staff costs	415,275	409,454
Interest income	<u>(56,424)</u>	<u>(51,076)</u>

22. BANK FACILITIES, secured

The bank facilities are secured by way of deed of debenture and floating charges on receivables financed by the bankers, both present and future of the company

	2016 US\$	2015 US\$
LC facilities	34,650,000	30,850,000
	<u>34,650,000</u>	<u>30,850,000</u>

The facilities are secured by way of:-

- (i) Lien on trade receivables financed by the respective banks and fixed deposits; and

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

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- (ii) a deed of debenture by way of fixed and floating charge of on the assets financed by the bank.

The interest for revolving credit facility is charged at LIBOR plus certain agreed percentage mutually agreed which varied from 1.5% to 5% calculated on daily balance with monthly rests.

23. CONTINGENT LIABILITY, unsecured

As at 31 March, 2016, out of the facilities utilised with the banks, contingent liabilities related to discounted foreign usance bills under bills for collection and the company's liability on letter of guarantee opened by the bank on behalf of the company amounting to US\$3,997,521/- (2015:US\$5,945,925/-).

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. 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.

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For the financial year ended 31 March 2016

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. 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 balance sheet 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:

	2016 US\$	2015 US\$
Cash and bank balances	7,741,437	6,425,505
Bank borrowings	(28,996,170)	(25,388,542)
Total interest bearing liabilities	<u>(21,254,733)</u>	<u>(18,963,037)</u>

If interest rates had been 100 (2015: 50) basis points higher or lower and all other variables were held constant, the company's profit for the year ended 31 March 2016 would decrease/increase by US\$212,547/- (2015: decrease/increase by US\$189,630/-) 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.

KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

	2015 US\$	2015 US\$
Other receivables and deposits	34,093	61,518
Cash and bank balances	771,909	744,997
	<u>806,002</u>	<u>806,515</u>

Based on the balances as at 31 March 2016, if the Singapore Dollar had strengthened/weakened by 10% against the United States Dollar with all other variables including tax rate being held constant, the company's profit after tax for the financial period would have been US\$80,600/- (2015: US\$80,652/-) lower/higher as a result of currency translation gains/losses on the remaining United States Dollars denominated financial instruments.

Based on the balances as at 31 March 2016, if the GBP had strengthened/weakened by 10% against the United States Dollar with all other variables including tax rate being held constant, the company's profit after tax for the financial period would have been US\$17,347/- (2015: US\$17,027/-) 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.

24. 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.

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 2016*

	Company 2016 US\$	Company 2015 US\$
Total loans and borrowing	34,070,335	29,930,150
Less: cash and cash equivalents	(7,741,437)	(6,425,505)
Net debt	26,328,898	23,504,645
Equity attributable to the equity holders of the company	15,620,969	14,067,853
Capital and net debt	41,949,867	37,572,498
Gearing ratio	0.63	0.63

25. 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.

26. 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.

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

Financial Assets

	Company 2016 US\$	Company 2015 US\$
Trade receivables	42,061,161	37,642,839
Deposits, prepayments and other receivables	48,105	87,095
Cash and bank balances	7,741,437	6,425,505
	49,850,703	44,155,439

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

Financial liabilities through amortised cost

	Company 2015 US\$	Company 2015 US\$
Trade payables	3,662,939	3,064,742
Amount owing to subsidiary company	1,229,778	1,229,778
Bank borrowings, secured	28,996,170	25,388,542
	<u>33,888,887</u>	<u>29,683,062</u>

27. 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.

28. 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 2016. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

29. 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 13 May 2016.

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 COMPREHENSIVE INCOME***For the financial year ended 31 March 2016*

	2016 US\$	2015 US\$
Sales and other revenue	167,420,139	150,194,360
Less: Cost of Goods Sold		
Purchases	161,585,005	144,299,987
Bank charges	507,015	552,707
Commission	271,646	180,513
Freight demurrage & dispatch	1,573,983	1,763,816
Insurance	25,875	31,043
	<u>163,963,524</u>	<u>146,828,066</u>
Gross Profit	<u>3,456,615</u>	<u>3,366,294</u>
Other income		
Interest	56,424	51,076
Exchange Gain	30,647	23,684
	<u>87,071</u>	<u>74,760</u>
Less: Operating Expenses		
Advertisement	892	1,642
Audit Fee	20,000	18,000
CPF and SDL contribution	17,058	12,233
Conveyance	3,889	-
Computer Maintenance	265	-
Depreciation	17,826	18,668
Director fees	2,667	2,643
Entertainment expenses	1,384	1,902
Gifts	4,225	4,030
General expenses	289	303
Insurance	5,534	6,605
Interest	1,149,185	1,024,206
Legal fees	8,464	800
Medical expenses	1,831	3,147
Office expenses	4,901	3,813
Postage & Courier	1,640	3,509
Printing and Stationary	1,278	1,303
Repair and maintenance	361	1,279
Rent	87,323	86,447
Salary	396,386	394,074
Subscription	899	330
Telecommunication	10,517	10,614
Travelling expense	12,974	32,089

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

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DETAILED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

Utilities	1,551	2,002
	<u>1,751,339</u>	<u>1,629,639</u>
Net Profit for the year	1,792,347	1,811,415
Income tax	<u>(239,231)</u>	<u>(268,142)</u>
	1,553,116	1,543,273
Accumulated profit b/f	6,453,191	4,909,918
Accumulated profit c/f	<u>8,006,307</u>	<u>6,453,191</u>