

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

**REGISTERED OFFICE:**

101 Cecil Street  
#09-01 Tong Eng Building  
Singapore 069533

INCOME TAX REFERENCE NO: 200809977K

UNITED STATES (\$) CURRENCY

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**Contents**

	Page
Directors' Statement	2
Independent Auditors' Report	5
Statement of Financial Position	9
Statement of Profit or Loss and other Comprehensive Income	11
Statement of Changes in Equity	13
Statement of Cash Flows	15
Notes to the Financial Statements	19

---

# **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

## **DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2020*

---

The directors present their statement together with the audited financial statements of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARIES** (the "Company") and its subsidiary (the "Group") for the financial year ended 31 March 2020.

### **1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (a) the financial statements of the Group and Company are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group and 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 AND ITS SUBSIDIARY** 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. 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:

SOMESH GANERIWAL  
KOTHARI APURVA ATULBHAI  
MITESH KOTHARI (Appointed on 11 Nov 2019)

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

### 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, Chapter 50 (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>01.04.2019</u>	<u>31.03.2020</u>	<u>01.04.2019</u>	<u>31.03.2020</u>
Somesh Ganeriwal	20	-	-	-
Kothari Apurva Atulbhai	-	20	-	-
<u>Ultimate Holding Company</u>				
Kothari Products Limited	10,000,000	10,000,000	-	-
Deepak Kothari	-	-	16,576,596	16,576,596

### 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 or its subsidiary corporations.

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

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2020*

---

**7. AUDITOR**

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

On behalf of The Board of Directors,



---

**SOMESH GANERIWAL**



---

**KOTHARI APURVA ATULBHAIR**

Singapore, **17 JUN 2020**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY**

**Report on the Consolidated Financial Statements**

*Qualified Opinion*

We have audited the financial statements of **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED** (the "company") and its subsidiary (the "group"), which comprise the statements of financial position of the Group and of the Company as at **31 March 2020**, and the statements of profit or loss and other comprehensive income, statement of changes in equity of the Group and of the Company and consolidated statement of cash flows of the Group for the year then ended, including a summary of significant accounting policies and other explanatory information as set out on pages 9 to 65.

In our opinion, except for the effects of the matter described in the Basis of Qualified opinion section of our report, the accompanying financial position of the company are properly drawn up in accordance with the provisions of the companies act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at **31 March 2020**, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the Company for the year then ended on that date.

*Basis for Qualified Opinion*

No allowances have been made for trade receivables amounting to \$1,561,432/- for the financial year ended 31 March 2020.

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 Group 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.



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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group'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:



1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Group'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 Group to cease to continue as a going concern.
5. 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 & Co**  
Chartered Accountants

101 Cecil Street  
#24-10 Tong Eng Building  
Singapore 069533

Tel : 65-6222 2410 / 65-6220 5541  
Fax : 65-6226 2004  
Email : [audittaxaccounts@gmail.com](mailto:audittaxaccounts@gmail.com)  
[info@travi-co.com](mailto:info@travi-co.com)

**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, which are incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

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

Singapore,

17 June 2020.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF FINANCIAL POSITION**

*For the financial year ended 31 March 2020*

	<u>Note</u>	Group 2020 \$	Group 2019 \$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investments in unquoted shares	5	788,040	827,965
Property, plant and equipment	6	2,309,944	2,351,205
		<u>3,097,984</u>	<u>3,179,170</u>
<b>Current assets</b>			
Contract with customers	7	38,496,932	39,976,141
Other receivables	8	36,202	101,195
Cash and bank balances	9	6,122,127	6,603,179
		<u>44,655,261</u>	<u>46,680,515</u>
<b>Less: current liabilities</b>			
Contract with suppliers	10	13,389,234	3,429,719
Other payables	12	168,409	223,078
Term loan, secured	13	95,528	88,430
Bank borrowings, secured	14	11,838,858	24,183,056
Provision for taxation	15	89,715	77,086
		<u>25,581,744</u>	<u>28,001,369</u>
<b>Net current assets</b>		<u>19,073,517</u>	<u>18,679,146</u>
<b>Non-current liability</b>			
Term loan, secured	13	1,726,496	1,829,124
<b>Net assets</b>		<u>20,445,005</u>	<u>20,029,192</u>
<b>Equity</b>			
Share capital	16	7,614,662	7,614,662
Retained earnings		12,939,638	12,483,661
Translation reserve		(109,295)	(69,131)
		<u>20,445,005</u>	<u>20,029,192</u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF FINANCIAL POSITION**

*For the financial year ended 31 March 2020*

	<u>Note</u>	Company 2020 \$	Company 2019 \$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment in subsidiary	4	76,629	76,629
Property, plant and equipment	6	2,309,944	2,351,205
		<u>2,386,573</u>	<u>2,427,834</u>
<b>Current assets</b>			
Contract with customers	7	38,496,932	39,976,141
Other receivables	8	36,202	101,195
Cash and bank balances	9	6,115,943	6,596,305
		<u>44,649,077</u>	<u>46,673,641</u>
<b>Less: current liabilities</b>			
Contract with suppliers	10	13,389,234	3,429,719
Amount owing to subsidiary company	11	658,903	664,502
Other payables	12	160,000	216,566
Term loan, secured	13	95,528	88,430
Bank borrowings, secured	14	11,838,858	24,183,056
Provision for taxation	15	89,715	77,086
		<u>26,232,238</u>	<u>28,659,359</u>
<b>Net current assets</b>		<u>18,416,839</u>	<u>18,014,282</u>
<b>Non-current liability</b>			
Term loan, secured	13	1,726,496	1,829,123
<b>Net assets</b>		<u>19,076,916</u>	<u>18,612,993</u>
<b>Equity</b>			
Share capital	16	7,614,662	7,614,662
Retained earnings		11,462,254	10,998,331
		<u>19,076,916</u>	<u>18,612,993</u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME**

*For the financial year ended 31 March 2020*

	<u>Notes</u>	Group 2020 \$	Group 2019 \$
Revenue	17	101,510,560	129,914,300
Direct costs – purchases and incidentals	18	(99,950,741)	(127,182,979)
Other income	19	157,513	82,944
Allowance for doubtful debts		-	(255,800)
Staff costs	20	(383,149)	(430,498)
Depreciation expenses	6	(51,812)	(23,976)
Operating lease rental		(68,434)	(76,034)
Finance costs		(507,305)	(1,395,986)
Other operating expenses		(163,271)	(130,814)
<b>Net profit before taxation</b>	<b>22</b>	<b>543,361</b>	<b>501,157</b>
Income tax	15	(87,384)	(68,776)
<b>Net profit for the year</b>		<b>455,977</b>	<b>432,381</b>
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>455,977</b>	<b>432,381</b>



**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME**

*For the financial year ended 31 March 2020*

	<b>Note</b>	<b>Company 01-04-2019 to 31-03-2020 \$</b>	<b>Company 01-04-2018 to 31-03-2019 \$</b>
Revenue	17	101,510,560	129,914,300
Direct costs – purchases and incidentals	18	(99,950,741)	(127,182,979)
Other income	19	157,513	82,944
Allowance for doubtful debts		-	(255,800)
Staff cost inclusive of directors' remuneration	20	(383,149)	(430,498)
Depreciation expenses	6	(51,812)	(23,976)
Operating lease rental		(68,434)	(76,034)
Finance costs		(507,305)	(1,395,986)
Other operating expenses		(155,325)	(126,639)
<b>Net Profit before taxation</b>	22	<b>551,307</b>	<b>505,332</b>
Income tax	15	(87,384)	(68,776)
<b>Net Profit for the year</b>		<b>463,923</b>	<b>436,556</b>
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>463,923</b>	<b>436,556</b>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 March 2020*

**GROUP**

	Issued Share Capital \$	Translation reserve \$	Retained earnings \$	Total \$
At 01 April 2018	7,614,662	(41,144)	12,051,280	19,624,798
Translation reserve arising during the year	-	(27,987)	-	(27,987)
Total comprehensive income for the year	-	-	432,381	432,381
At 31 March 2019	<u>7,614,662</u>	<u>(69,131)</u>	<u>12,483,661</u>	<u>20,029,192</u>
Total comprehensive income for the year	-	-	455,977	455,977
Translation reserve arising during the year	-	(40,164)	-	(40,164)
At 31 March 2020	<u><u>7,614,662</u></u>	<u><u>(109,295)</u></u>	<u><u>12,939,638</u></u>	<u><u>20,445,005</u></u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 March 2020*

**COMPANY**

	Issued share capital \$	Retained earnings \$	Total \$
At 01 April 2018	7,614,662	10,561,775	18,176,437
Total comprehensive income for the year	-	436,556	436,556
At 31 March 2019	7,614,662	10,998,331	18,612,993
Total comprehensive income for the year	-	463,923	463,923
At 31 March 2020	7,614,662	11,462,254	19,076,916

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2020*

**GROUP**

	Group 2020 \$	Group 2019 \$
<b>Cash flows from operating activities</b>		
Profit before income tax	543,361	501,157
Exchange difference arising out of consolidation	(40,164)	(27,987)
Depreciation	51,812	23,976
Interest expenses	507,305	1,395,986
Interest income	(72,866)	(69,120)
Operating cash inflow before working capital changes	<u>989,448</u>	<u>1,824,012</u>
Working capital changes:		
Trade and other receivables	1,544,202	9,332,887
Trade and other payables	9,904,846	530,761
Fixed deposit placed under lien	(44,231)	2,371,062
<b>Cash generated from operations</b>	<u>12,394,265</u>	<u>14,058,722</u>
Income tax paid	(74,755)	(221,884)
Interest expenses	(507,305)	(1,395,986)
Interest income	72,866	69,120
<b>Net cash generated from operating activities</b>	<u>11,885,071</u>	<u>12,509,972</u>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(10,551)	(2,369,085)
Investment in unquoted shares	39,925	27,962
<b>Net cash inflows/(outflows) from investing activities</b>	<u>29,374</u>	<u>(2,341,123)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank	(12,439,728)	(9,234,030)
<b>Net cash (outflows) from financing activities</b>	<u>(12,439,728)</u>	<u>(9,234,030)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(525,283)	934,819
Cash and cash equivalents at beginning of the year	<u>1,209,295</u>	<u>274,476</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>684,012</u></u>	<u><u>1,209,295</u></u>

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

*Auditors' Report – Page 5-8.*



**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2020*

---

**NOTES TO STATEMENT OF CASH FLOWS**

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

	<b>Group 2020</b>	<b>Group 2019</b>
	<b>\$</b>	<b>\$</b>
Cash and bank balances	6,122,127	6,603,179
FD restricted	(5,438,115)	(5,393,884)
	<u>684,012</u>	<u>1,209,295</u>

Fixed deposits amounting to \$5,438,115/- (2019: \$5,393,884 /-) is not taken into as cash and cash equivalent bank for the purpose of cash flow statement.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2020*

**COMPANY**

	Company 2020 \$	Company 2019 \$
<b>Cash flows from operating activities</b>		
Profit before income tax	551,307	505,332
Depreciation	51,812	23,976
Interest expenses	507,305	1,395,986
Interest income	(72,866)	(93,609)
Operating cash inflow before working capital changes	<u>1,037,558</u>	<u>1,831,685</u>
Working capital changes:		
Trade and other receivables	1,544,202	9,332,887
Trade and other payables	9,902,949	530,981
Fixed deposit placed	(44,231)	2,371,062
<b>Cash generated from operations</b>	<u>12,440,478</u>	<u>14,066,615</u>
Income tax paid	(74,755)	(221,884)
Interest expenses	(507,305)	(1,395,986)
Interest income	72,866	93,609
<b>Net cash generated from operating activities</b>	<u>11,931,284</u>	<u>12,542,354</u>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(10,551)	(2,369,085)
<b>Net cash (outflows) from investing activities</b>	<u>(10,551)</u>	<u>(2,369,085)</u>
<b>Cash flows from financing activities</b>		
Amount owing to subsidiary company	(5,599)	(3,676)
Proceeds from bank	(12,439,727)	(9,234,031)
<b>Net cash (outflows)/inflows from financing activities</b>	<u>(12,445,326)</u>	<u>(9,237,707)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(524,593)</u>	<u>935,562</u>
Cash and cash equivalents at beginning of the year	<u>1,202,421</u>	<u>266,859</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>677,828</u></u>	<u><u>1,202,421</u></u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2020*

---

**NOTES TO STATEMENT OF CASH FLOWS**

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

	Company 2020	Company 2019
	\$	\$
Cash and bank balances	6,115,943	6,596,305
FD restricted	<u>(5,438,115)</u>	<u>(5,393,884)</u>
	<u>677,828</u>	<u>1,202,421</u>

Fixed deposits amounting to \$5,438,115/- (2019: \$5,393,884/-) is not taken into as cash and cash equivalent bank for the purpose of cash flow statement.

# **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

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, #09-01 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 particulars of subsidiary given in note no.4 to the financial statement.

The company had 3 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2019, 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.

#### (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 January 2019. Except for the adoption of FRS 109 Financial instruments and FRS 115 Revenue from Contracts with Customers, the adoption of these standards did not have any material effect on financial performance or position of the Company.

#### (b) FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

##### Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gain or losses will be recognised in profit and loss except for certain equity investments, for which the company can elect to recognise the gains and losses in other comprehensive income. Gains and losses realised on the sale of financial assets at fair value through other comprehensive income ("FVOCI") are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Debts instrument that meet the solely payments of principal and interest contractual cash flow characteristics test and where the company is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through OCI.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

The company has completed its preliminary assessment of the classification and measurement of its financial assets and liabilities, and expect that financial assets and liabilities currently measured at amortised cost will continue to qualify for measurement at amortised cost under FRS 109.

#### Impairment

FRS 109 introduce a new forward-looking impairment model based on expected credit losses to replace the incurred loss impairment model used in FRS 39. This determines the recognition of impairment loss allowance as well as interest revenue. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. The company will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increases in credit risk after initial recognition under the three stages model or from initial recognition if the simplified model is applied.

The following financial assets will be subjected to the expected credit loss impairment model under FRS 109:

- Trade receivables recognised under FRS 115;
- Loans to related parties and other receivables at amortised costs.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The management does not expect any significant impact arising from the application of the expected credit loss impairment model.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be same as the one management actually use for risk management purpose.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) FRS 115 Revenue from contracts with customers

FRS 115 replaces FRS 11 construction contracts, FRS 18 Revenue, and related interpretations.

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. Revenue is recognised when a customer obtain control of a good or service. A customer obtain control when it has the ability to direct the use of and obtain benefits from the good or service.

The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognizing revenue: at a point of time or over time. An entity recognised revenue in accordance with the core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue (when) the entity satisfies a performance obligation.

The core principles is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The company will adopt FRS 115 in the financial year beginning on 1 January 2019 using the full retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These accounting policies are applied before the initial application date of FRS 115, 1 January 2019:

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of returns, goods and services tax, rebates and discounts.

(i) Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Income from management and consulting services is recognized upon the rendering of services.

(iii) Interest income is recognized by using the effective interest method.

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2019:

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Company's revenue is derived from fixed priced contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

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

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (i) Revenue from the sale of goods is recognized at a point in time when the control of goods (i.e. risk of obsolescence and loss of shipment) are transferred to the customers.
- (ii) Income from management and consulting services is recognized upon rendering service by the Company, if any.
- (iii) Interest income is recognized using the effective interest method.

#### (d) 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:

	Effective for Annual periods beginning on or after
FRS 116 Leases	1 January 2019
INT FRS 123 Uncertainty over Income Tax treatments	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate Or Joint Venture	Date to be determined

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

#### (e) FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard included two recognition exemption for lessees-leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The company plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of FRS 116, the Company expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Company plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonable similar characteristics.

#### (f) INT FRS 122 Foreign currency Transactions and Advance considerations

INT FRS 122 Foreign Currency Transactions and Advance Considerations considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 the Effect of Changes in Foreign Exchange Rates. The interpretation applies where the group either pays or receive consideration in advance for foreign currency-denomination contracts.

For single upfront payment/receipt, the interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

## KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The group does not expect a material impact on the financial statements upon adoption of the interpretation.

#### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the company. Consistent accounting policies are applied to like transactions and events similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until that such control ceases.

Losses within subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### 2.3 INVESTMENTS IN SUBSIDIARY COMPANY

##### Subsidiaries

Subsidiaries are those entities in which the company, directly or indirectly, controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital. Subsidiaries are entities including special purpose 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.

##### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary (collectively, "GROUP") as at the balance sheet. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the company.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consistent accounting policies are applied to like transactions and events in similar circumstances.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an 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 and continue to be consolidating until the date on which that control ceases.

In preparing the consolidated financial statements, intercom any 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 ("non-controlling 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 at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' 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.

#### **Associated companies**

Associated companies are entities over which the group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associated companies in the companies consolidated balance sheet include goodwill (net of accumulated amortisation) identified on acquisition, where applicable.

Equity accounting involves recording investments in associated companies initially at cost, and recognising the group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the group share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

In applying the equity method of accounting, unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. 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 associated companies to ensure consistency of accounting policies with those of the group.

Other investments are stated at cost less accumulated impairment loss if any, in the company's balance sheet. No impairment of loss for diminish in the value of the investment been provided unless such impairment loss is of permanent nature. On disposal of investments the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

### 2.4 INVESTMENT PROPERTIES

Investment properties are properties that are either owned by the Company or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties are recorded at cost and independent professional valuation is obtained at frequent intervals. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 PROPERTY, 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:

Property	50 years
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.

**(d) Disposal**

An item of plant and equipment 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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

### 2.6 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.

#### (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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

### 2.7 FINANCIAL INSTRUMENTS

These accounting policies are applied on or after the initial application date of FRS 109, 1 January 2019

#### 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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

These accounting policies are applied before the initial application date of FRS 109, 1 January 2019:

#### (a) Financial assets

##### Initial recognition and measurement

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

##### 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. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise loan to the holding company, trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are those non-derivative financial assets which are not classified as held-to-maturity investments, loans and receivables or financial assets at FVPL.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

### 2.8 IMPAIRMENT OF FINANCIAL ASSETS

These accounting policies are applied on or after the initial application date of FRS 109, 1 January 2019.

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.

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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

These accounting policies are applied before the initial application date of FRS 109, 1 January 2019.

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

Financial assets carried at amortised cost

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

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

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

# **KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

#### **2.9 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.

#### **2.10 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.

#### **2.11 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.

#### **2.12 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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

#### 2.13 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.

#### 2.14 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

#### 2.15 LEASES

##### a) As lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. 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 to profit or loss.

Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### b) As lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis. Contingent rents are recognised as revenue in the period in which they are earned.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.16 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.

#### 2.17 REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivables and represents amount receivable for the services provided in the normal course of the Company's activities, net of discounts, sales related taxes and after eliminated sales within the group. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:-

- (i) Revenue from sale of goods is recognised upon passage of title to the customer, which generally coincides with their delivery and acceptance.
- (ii) Interest income is recognised on effective interest method and/or on accrued and payable basis, if any.
- (iii) Income from management services, business development and consultancy services are recognised upon the rendering of services, if any.
- (iv) Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight line basis over the lease terms, if any.
- (v) Sale/Contract income from projects, if any.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. Revenue excludes goods and services taxes or other sales taxes and is arrived at after deduction 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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Profit on projects is recognised using the percentage of completion method. The percentage of completion is measured by reference to the costs incurred to date and the estimated total costs for each contract. Profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction work.

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit and loss account by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed by reference to surveys of work performed. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss accounts.

#### Other Service income

Revenue from services is recognised when the company has delivered the service to the customer; the customer has accepted the services and collectibility of the related receivables is reasonably assured.

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.

#### a) Rental Income

Rental income from operating leases on investment properties and property, plant and equipment is recognised on a straight-line basis over the lease term.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.18 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.

#### 2.19 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.

#### 2.20 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.21 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.

#### 2.22 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;
  - (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

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 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)

### 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 2020 is \$89,715/- (2019: \$77,086/-).

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### (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.

#### (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 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.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

### 4. INVESTMENT IN SUBSIDIARY - COMPANY

	2020	2019
	\$	\$
Unquoted equity investment, at cost	<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	
			2020	2019	2020	2019
			\$	\$	%	%
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 2020. The subsidiary issued unmodified audit opinion on their report dated 10 June 2020.

### 5. INVESTMENT IN UNQUOTED SHARES - GROUP

Investment available for sale	2020	2019
	\$	\$
Investment, at cost	<u>788,040</u>	<u>827,965</u>

The Group's investment in unquoted shares was represented as in USD amounting to \$800,000/- at the balance sheet date the investment valued as per fair value.

The Group has invested in NH2 Limited is an active company incorporated on 25 July 2015 with the registered office located in city London.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

**6. PLANT AND EQUIPMENT - GROUP & COMPANY**

	<u>Balance</u> <u>on</u> <u>01/04/19</u> \$	<u>Additions</u> \$	<u>Disposals</u> \$	<u>Balance</u> <u>on</u> <u>31/03/20</u> \$
<b><u>Cost</u></b>				
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	38,359	-	-	38,359
	<u>2,485,680</u>	<u>10,551</u>	<u>-</u>	<u>2,496,231</u>
<b><u>Accumulated depreciation</u></b>				
Property	18,543	47,331	-	65,874
Furniture & fittings	61,707	-	-	61,707
Office equipment	19,094	-	-	19,094
Office renovation	-	2,110	-	2,110
Computers	35,131	2,371	-	37,502
	<u>134,475</u>	<u>51,812</u>	<u>-</u>	<u>186,287</u>
<b>Depreciation Charge for</b>	<b>2019</b>	<b>Net Book Value</b>		
	\$	<b>2019</b>	<b>2020</b>	
Property	18,543	2,347,977	2,300,646	
Furniture & fittings	1,183	-	-	
Office equipment	-	-	-	
Office renovation	-	-	8,441	
Computers	4,250	3,228	857	
	<u>23,976</u>	<u>2,351,205</u>	<u>2,309,944</u>	

The properties have been mortgaged to the bank for loan extended by them to the company. (See Note 13). Property, plant and equipment denominated in Singapore dollars.

**7. CONTRACT WITH CUSTOMERS - GROUP & COMPANY**

	<b>2020</b> \$	<b>2019</b> \$
Trade receivables - outsiders	35,990,294	36,233,691
Trade advances	2,506,638	3,998,250
Less: Allowance for doubtful debts	-	(255,800)
	<u>38,496,932</u>	<u>39,976,141</u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

	2020	2019
	\$	\$
Not past due and not impaired	38,496,932	39,976,141
Past due and not impaired	-	-
	<u>38,496,932</u>	<u>39,976,141</u>

Allowance for doubtful debts

	2020	2019
	\$	\$
Balance at the beginning of the year	255,800	-
Allowance made during the year	-	255,800
Bad debts written off during the year	(255,800)	-
Balance at the end of the year	<u>-</u>	<u>255,800</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 Nil/- (2019: Nil) 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 management believes that trade receivables that are neither due nor past impaired are with creditworthy counter parties.

**8. OTHER RECEIVABLES-GROUP & COMPANY**

	2020	2019
	\$	\$
Deposits	18,081	18,475
Other receivables	<u>18,121</u>	<u>82,720</u>
	<u>36,202</u>	<u>101,195</u>

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

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

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

	2020	2019
	\$	\$
Singapore dollars	20,573	101,195
United States dollars	15,629	-
	<u>36,202</u>	<u>101,195</u>

**9. CASH AND BANK BALANCES**

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

	Group 2020	Group 2019
	\$	\$
Cash in hand	1	1
Cash at banks	684,011	1,209,294
Fixed deposits – under lien	5,438,115	5,393,884
	<u>6,122,127</u>	<u>6,603,179</u>

The effective interest rates on fixed deposits are about 0.22% to 2.00% p.a. (2019: 0.22% to 2.60% p.a). The fixed deposits amounting to \$5,438,115/- (2019: \$5,393,884/-) pledged as security against facility provided by the banks.

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

	Group 2020	Group 2019
	\$	\$
Singapore dollars	820,467	799,414
United States dollars	5,276,016	5,784,648
Euro	25,644	19,117
	<u>6,122,127</u>	<u>6,603,179</u>

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

	Company 2020	Company 2019
	\$	\$
Cash at banks	677,828	1,202,421
Fixed deposits – under lien	5,438,115	5,393,884
	<u>6,115,943</u>	<u>6,596,305</u>

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

*Auditors' Report – Page 5-8.*

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

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

	Company 2020	Company 2019
	\$	\$
Singapore dollars	814,283	792,540
United States dollars	5,276,016	5,784,648
Euro	25,644	19,117
	<u>6,115,943</u>	<u>6,596,305</u>

**10. CONTRACT WITH SUPPLIERS-GROUP & COMPANY**

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.

Contract with suppliers as at the reporting date are denominated in United States dollars.

	2020	2019
	\$	\$
Trade payables	<u>13,389,234</u>	<u>3,429,719</u>

**11. AMOUNT OWING TO SUBSIDIARY COMPANY**

The amount owing to subsidiary company is interest free unsecured and repayable on demand.

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

**12. OTHER PAYABLES**

	Group 2020	Group 2019
	\$	\$
Accruals	92,611	110,037
Other payables	75,798	113,041
	<u>168,409</u>	<u>223,078</u>



**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

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

	Group 2020	Group 2019
	\$	\$
Singapore dollars	58,865	38,690
United States dollars	109,544	184,388
	<u>168,409</u>	<u>223,078</u>
	Company 2020	Company 2019
	\$	\$
Accruals	84,202	103,525
Other payables	75,798	113,041
	<u>160,000</u>	<u>216,566</u>

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

	Company 2020	Company 2019
	\$	\$
Singapore dollars	50,456	32,178
United States dollars	109,544	184,388
	<u>160,000</u>	<u>216,566</u>

**13. TERM LOAN, Secured**

	Group & Company 2020	Group & Company 2019
	\$	\$
Within one year	95,528	88,430
Within two to five years	1,726,496	1,829,123
Present value of loan payables	<u>1,822,024</u>	<u>1,917,553</u>

The term loan for the group and 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.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

No discounting of bank loans to their present value has been done by the management.

**14. BANK BORROWINGS, secured – GROUP and COMPANY**

	2020	2019
	\$	\$
Short- term		
- Bills payable	5,362,772	9,703,649
- Trust receipt	6,476,086	14,479,407
	<u>11,838,858</u>	<u>24,183,056</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 5.5% calculated on daily balance with monthly rests.

**15. TAX - GROUP**

**(a) Tax expense/(credit)**

	2020	2019
	\$	\$
Current taxation - current year	89,715	77,086
(Over)/under provision in prior years	(2,331)	(8,310)
	<u>87,384</u>	<u>68,776</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.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

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

	2020	2019
	\$	\$
Accounting profit	543,361	501,157
Tax calculated at corporate tax rate of 17%	92,371	85,197
Tax effect on expenses that are not deductible for tax purposes	8,821	4,446
Tax effect on capital allowance	(598)	(436)
Tax exemption	(12,230)	(12,830)
Other	1,351	709
	<u>89,715</u>	<u>77,086</u>

(b) Movement in current income tax liability

	2020	2019
	\$	\$
Balance at beginning of financial year	77,086	230,194
Tax expense on profit for current financial year	89,715	77,086
Tax -net paid during the financial year	(74,755)	(221,884)
(Over)/under provision in prior years	(2,331)	(8,310)
Balance at end of financial year	<u>89,715</u>	<u>77,086</u>

**TAX - COMPANY**

(a) Tax expense/(credit)

	2020	2019
	\$	\$
Current taxation - current year	89,715	77,086
Under/ (over) provision in prior years	(2,331)	(8,310)
	<u>87,384</u>	<u>68,776</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.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

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

	2020	2019
	\$	\$
Accounting profit	551,307	505,332
Tax calculated at corporate tax rate of 17%	93,722	85,906
Tax effect on expenses that are not deductible for tax purposes	8,821	4,446
Tax effect on capital allowance	(598)	(436)
Tax effect on exemption	(12,230)	(12,830)
	<u>89,715</u>	<u>77,086</u>

(b) Movement in current income tax liability

	2020	2019
	\$	\$
Balance at beginning of financial year	77,086	230,194
Tax expense on profit for current financial year	89,715	77,086
Tax -net paid during the financial year	(74,755)	(221,884)
Under/ (over) provision in prior years	(2,331)	(8,310)
Balance at end of financial year	<u>89,715</u>	<u>77,086</u>

**16. SHARE CAPITAL-Group and Company**

Issued and paid-up ordinary share capital

	2020	2019
	\$	\$
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 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.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

**17. REVENUE**

	Group & Company 2020 \$	Group & Company 2019 \$
<u>Disaggregation of revenue</u>		
Sale of Raw cashew nuts & other dry nuts	10,341,827	29,867,388
Sale of Beans, pulses & other agri products	4,142,239	17,350,765
Sale of Copper cathode	16,804,077	16,142,446
Sale of Tiles	27,791,938	13,566,605
Sale of Scrap	28,763,332	11,725,488
Sale of Electronic products	46,728	12,075,345
Sale of Rice	3,840,526	8,771,422
Sale of Transformers	2,396,563	6,669,600
Sale of Pharmaceuticals	277,359	2,085,951
Sale of Machinery & its accessories	444,661	7,044,070
Sale of Timber & timber products	6,661,310	1,372,699
Sale of Tyres	-	1,038,825
Sale of Other products	-	2,203,696
	<u>101,510,560</u>	<u>129,914,300</u>
 <u>Timing of transfer of good</u>		
At a point in time	<u>101,510,560</u>	<u>129,914,300</u>

Primary geographical market:

	2020 \$	2019 \$
Africa	7,272,529	11,905,436
Asia	66,706,204	80,798,540
Europe	1,033,059	3,588,202
North America	200,310	3,983,773
South America	26,298,458	29,638,349
	<u>101,510,560</u>	<u>129,914,300</u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

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:

<b>Nature of goods and services</b>	The company generates revenue from trading or sale in various commodities.
<b>When revenue is recognised</b>	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).
<b>Significant payment terms</b>	Payment is due within 0 to 180 days from the date of shipment.

**18. DIRECT COSTS - COST OF SALES-Group and Company**

	<b>Group &amp; Company 2020 \$</b>	<b>Group &amp; Company 2019 \$</b>
Outsiders		
- Purchases from outsiders	99,915,064	126,364,855
- Bank charges and interests	-	502,989
- Freight ,Demurrage, Despatch	30,481	275,486
- Insurance	5,196	39,649
	<u>99,950,741</u>	<u>127,182,979</u>

**19. OTHER INCOME**

	<b>Group &amp; Company 2020 \$</b>	<b>Group &amp; Company 2019 \$</b>
Interest from bankers	72,866	69,120
Rental	41,591	13,778
Other income	43,056	46
	<u>157,513</u>	<u>82,944</u>

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

**20. STAFF COSTS**

	Group & Company 2020 \$	Group & Company 2019 \$
Director fees & remuneration	229,622	206,412
Salary & bonus	135,589	201,451
Medical expense	-	1,207
CPF and SDL contribution	17,938	21,428
	<u>383,149</u>	<u>430,498</u>

**21. COMMITMENTS - GROUP & COMPANY**

**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 \$68,434/- (2019: \$76,034/-) 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:-

	2020 \$	2019 \$
Not later than one year	-	94,032
Between two to five years	-	94,032
	<u>-</u>	<u>188,064</u>

**22. PROFIT BEFORE TAXATION - GROUP & COMPANY**

	2020 \$	2019 \$
This is determined after charging :-		
Bank charges and interest	507,305	1,898,975
Directors fees & remuneration	229,622	206,412
Depreciation	51,812	23,976
Net foreign exchange difference	26,867	17,614
Rental expense - Operating lease	68,434	76,034
Staff costs (excluding director fees)	153,527	224,086
Interest income	<u>(72,866)</u>	<u>(69,120)</u>

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

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

---

### 23. 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

	2020	2019
	\$	\$
Bank trade credit facilities	<u>21,000,000</u>	<u>32,500,000</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 5.5% calculated on daily balance with monthly rests.

### 24. CONTINGENT LIABILITY, unsecured

As at 31 March, 2020, 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 \$591,258/-.

### 25. 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

*(Incorporated in Singapore with its Registration Number 200809977K)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020*

---

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. 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.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

Interest bearing liabilities:

	Company 2020 \$	Company 2019 \$
Cash and bank balances	6,115,943	6,596,305
Term loan, secured	(1,822,024)	(1,917,553)
Bank borrowings	(11,838,858)	(24,183,056)
Total interest bearing liabilities	<u>(7,544,939)</u>	<u>(19,504,304)</u>

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 2020 would decrease/increase by \$37,725/- (2019: decrease/increase by \$97,522/-) 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 group's currency exposure to Singapore dollars is follows:-

	2020 \$	2019 \$
Other receivables	20,573	101,195
Cash and bank balances	820,467	799,414
Other payables	(58,865)	(38,690)
Term loan, secured	(1,822,024)	(1,917,553)
	<u>(1,039,849)</u>	<u>(1,055,634)</u>

Based on the balances as at 31 March 2020, 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 \$103,985/- (2019: \$105,563/-) lower/higher as a result of currency translation gains/losses on the remaining United States Dollars denominated financial instruments.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

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

	2020	2019
	\$	\$
Other receivables	20,573	101,195
Cash and bank balances	814,283	792,540
Other payables	(50,456)	(32,178)
Term loan, secured	(1,822,024)	(1,917,553)
	<u>(1,037,624)</u>	<u>(1,055,996)</u>

Based on the balances as at 31 March 2020, 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 \$103,762/- (2019: \$105,600/-) lower/higher as a result of currency translation gains/losses on the remaining United States Dollars denominated financial instruments.

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

	2020	2019
	\$	\$
Cash and bank balances	25,644	19,117
	<u>25,644</u>	<u>19,117</u>

Based on the balances as at 31 March 2020, if the Euro 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 \$2,564/- (2019: \$1,912/-) 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 group and the company's liquidity reserve (comprising cash and cash equivalents) on the basis of expected cash flow.

# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

This is generally carried out at local level in the operating companies of the group and the company in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The table below analyses the group and 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 group adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents and available funding through the principal.

	Group 2020	Group 2019
Less than one year	\$	\$
Contract with suppliers	13,389,234	3,429,719
Other payables	168,409	223,078
Term loan, secured	95,528	88,430
Bank borrowings, secured	11,838,858	24,183,056
Provision for taxation	89,715	77,086
	<u>25,581,744</u>	<u>28,001,369</u>

	Company 2020	Company 2019
Less than one year	\$	\$
Contract with suppliers	13,389,234	3,429,719
Amount owing to subsidiary company	658,903	664,502
Other payables	160,000	216,566
Term loan, secured	95,528	88,430
Bank borrowings, secured	11,838,858	24,183,056
Provision for taxation	89,715	77,086
	<u>26,232,238</u>	<u>28,659,359</u>

## 26. 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.



# KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS SUBSIDIARY

(Incorporated in Singapore with its Registration Number 200809977K)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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.

	Group 2020 \$	Group 2019 \$
Total loans and borrowing	27,218,525	29,753,406
Less: cash and cash equivalents	(6,122,127)	(6,603,179)
Net debt	21,096,398	23,150,227
Equity attributable to the equity holders of the company	20,445,005	20,029,192
Capital and net debt	41,541,403	43,179,419
Gearing ratio	0.51	0.54

  

	Company 2020 \$	Company 2019 \$
Total loans and borrowing	27,869,019	30,411,396
Less: cash and cash equivalents	(6,115,943)	(6,596,305)
Net debt	21,753,076	23,815,091
Equity attributable to the equity holders of the company	19,076,916	18,612,993
Capital and net debt	40,829,992	42,428,084
Gearing ratio	0.53	0.56

## 27. 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.

**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

**28. 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**

	Group 2020 \$	Group 2019 \$
Contract with customers	38,496,932	39,976,141
Other receivables	36,202	101,195
Cash and bank balances	6,122,127	6,603,179
	<u>44,655,261</u>	<u>46,680,515</u>
	Company 2020 \$	Company 2019 \$
Contract with customers	38,496,932	39,976,141
Other receivables	36,202	101,195
Cash and bank balances	6,115,943	6,596,305
	<u>44,649,077</u>	<u>46,673,641</u>

**Financial liabilities through amortised cost**

	Company 2020 \$	Company 2019 \$
Contract with suppliers	13,389,234	3,429,719
Other payable	75,798	113,041
Term loan, secured	1,822,024	1,917,553
Amount owing to subsidiary company	658,903	664,502
Bank borrowings, secured	11,838,858	24,183,056
	<u>27,784,817</u>	<u>30,307,871</u>



**KOTHARI PRODUCTS SINGAPORE PRIVATE LIMITED AND ITS  
SUBSIDIARY**

*(Incorporated in Singapore with its Registration Number 200809977K)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2020*

---

**29. 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.

**30. 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 2020. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

**31. 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 AND ITS SUBSIDIARY on 17 June 2020.