

PIDILITE INTERNATIONAL PTE. LTD.

Company Registration Number: 200416836H

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2024

CONTENTS**PAGE**

Directors' Statement	1 - 2
Independent Auditor's Report	3 - 5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 37

DIRECTORS' STATEMENT
For the financial year ended 31 March 2024

The directors present their statement to the member together with the audited financial statements of Pidilite International Pte. Ltd. (the "Company") for the financial year ended 31 March 2024.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2024 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (ii) 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

The directors of the Company in office at the date of this statement are:

Dien Pandiman
Sanjay Bahadur
Priykant Chhotalal Patel
Shanker Iyer

3 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 objects are, or one of whose objects is, 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.

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967, 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>At the beginning of financial year</u>	<u>At the end of financial year</u>
	Ordinary shares	
<u>Holding company, Pidilite Industries Limited</u>		
Priykant Chhotalal Patel	59,356	57,356
Sanjay Bahadur	13,460	14,420

DIRECTORS' STATEMENT
For the financial year ended 31 March 2024

5 SHARE OPTIONS

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

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

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

6 AUDITOR

Helmi Talib LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



DIEN PANDIMAN
Director



SHANKER IYER
Director

Date: 26 April 2024



Helmi Talib LLP

Chartered Accountants of Singapore
Registration Number: T20LL1986E

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF PIDILITE INTERNATIONAL PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pidilite International Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Other Matter

The financial statements of the Company for the financial year ended 31 March 2023 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 3 May 2023.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Helmi Talib LLP

Other Information (Continued)

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Helmi Talib LLP

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Continued)

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

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

Report on Other Legal and Regulatory Requirements

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

Helmi Talib LLP

HELMI TALIB LLP
Public Accountants and
Chartered Accountants

Singapore

Date: 26 April 2024

Partner-in-charge : Mari Jane Tiburcio
PA No. : 01780

An Independent Member Firm of



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 March 2024

	Note	<u>2024</u> US\$	<u>2023</u> US\$
REVENUE			
Dividend income		4,305,570	2,961,714
Royalty income		16,691	44,190
OTHER INCOME			
Other income	5	114,750	27,471
EXPENSES			
Impairment on investments in subsidiaries	12	(448,000)	(1,726,676)
Amortisation of intangible assets	14	(56,935)	-
Other operating expenses	6	<u>(51,151)</u>	<u>(44,605)</u>
Profit before income tax		3,880,925	1,262,094
Income tax expense	7(a)	(507,009)	(300,826)
Profit for the financial year, representing total comprehensive income for the financial year		<u>3,373,916</u>	<u>961,268</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
Company Registration No.: 200416836H

STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	2024 US\$	2023 US\$
ASSETS			
Current assets			
Cash and cash equivalents	8	1,604,919	2,259,028
Fixed deposits	9	1,067,000	1,050,000
Trade and other receivables	10	2,350,965	45,657
Loan to a related company	11	-	-
Total current assets		<u>5,022,884</u>	<u>3,354,685</u>
Non-current assets			
Investments in subsidiaries	12	26,115,844	24,138,844
Financial asset at fair value through other comprehensive income	13	-	-
Intangible assets	14	-	56,935
Loan to a subsidiary	15	200,000	400,000
Total non-current assets		<u>26,315,844</u>	<u>24,595,779</u>
Total assets		<u>31,338,728</u>	<u>27,950,464</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Other payables	16	20,644	8,405
Income tax payable	7(c)	6,109	4,000
Total liabilities		<u>26,753</u>	<u>12,405</u>
EQUITY			
Share capital	17	28,085,884	28,085,884
Retained earnings/(accumulated losses)		3,226,091	(147,825)
Total equity		<u>31,311,975</u>	<u>27,938,059</u>
Total liabilities and equity		<u>31,338,728</u>	<u>27,950,464</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
 For the financial year ended 31 March 2024

	Note	Share capital US\$	2024 Retained earnings US\$	Total US\$
Equity				
At the beginning of financial year		28,085,884	(147,825)	27,938,059
Comprehensive income				
Profit for the financial year, representing total comprehensive income for the financial year		-	3,373,916	3,373,916
At the end of financial year		<u>28,085,884</u>	<u>3,226,091</u>	<u>31,311,975</u>

	Note	Share capital US\$	2023 Accumulated losses US\$	Total US\$
Equity				
At the beginning of financial year		27,062,494	(1,109,093)	25,953,401
Issuance of ordinary shares	17	1,023,390	-	1,023,390
Comprehensive income				
Profit for the financial year, representing total comprehensive income for the financial year		-	961,268	961,268
At the end of financial year		<u>28,085,884</u>	<u>(147,825)</u>	<u>27,938,059</u>

The accompanying accounting policies and explanatory notes
 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2024

	Note	<u>2024</u> US\$	<u>2023</u> US\$
Cash flows from operating activities			
Profit before income tax		3,880,925	1,262,094
Adjustments for:			
Dividend income		(4,305,570)	(2,961,714)
Impairment loss on investments in subsidiaries	12	448,000	1,726,676
Interest income	5	(114,750)	(27,471)
Amortisation on intangible assets	14	56,935	-
Total adjustments		<u>(3,915,385)</u>	<u>(1,262,509)</u>
Operating cash flows before changes in working capital		(34,460)	(415)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		5,579	(17,810)
Increase/(decrease) in trade and other payables		12,239	(292)
Total changes in working capital		<u>17,818</u>	<u>(18,102)</u>
Cash flows used in operations		(16,642)	(18,517)
Income tax paid		(98,839)	(296,826)
Net cash flows used in operating activities		<u>(115,481)</u>	<u>(315,343)</u>
Cash flows from investing activities			
Additional investments in subsidiaries	12	(2,425,000)	(721,618)
Dividends received		1,598,496	2,961,714
Receipt of loan made to a subsidiary	4	400,000	-
Loan to a subsidiary	4	(200,000)	(400,000)
Interest received		104,876	11,042
Placement of fixed deposit		(17,000)	(1,050,000)
Net cash flows (used in)/from investing activities		<u>(538,628)</u>	<u>801,138</u>
Cash flows from financing activity			
Issuance of shares, representing cash flows from financing activity	17	-	1,023,390
Net (decrease)/increase in cash and cash equivalents		(654,109)	1,509,185
Cash and cash equivalents at the beginning of financial year		2,259,028	749,843
Cash and cash equivalents at the end of financial year	8	<u>1,604,919</u>	<u>2,259,028</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

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

1 CORPORATE INFORMATION

Pidilite International Pte. Ltd. (the "Company") is domiciled and incorporated in Singapore on 29 December 2004 with its registered office and principal place of business at 133 Cecil Street, #15-02, Singapore 069535 and 61 Science Park Road, #03-11/12, Singapore 117525, respectively.

The principal activity of the company is that of investment holding. There has been no significant change in the nature of this activity during the financial year.

The Company's holding company is Pidilite Industries Limited, incorporated in India.

The financial statements of the Company for the financial year ended 31 March 2024 were authorised for issue in accordance with a resolution by the directors as at the date of the Directors' Statement.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar ("USD" or "US\$"), which is the Company's functional currency.

The Company has not prepared consolidated financial statements under FRS 110 *Consolidated Financial Statements* as the holding company, Pidilite Industries Limited, a company incorporated in India, produces consolidated financial statements of the Group available for public use. The consolidated financial statements are obtainable at its registered address at 7th Floor, Regent Chambers, Jamnalal Bajaj Marg, 208 Nariman Point, Mumbai, 400 021 India.

2.2 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 annual financial period beginning on 1 April 2023. The adoption of these standards did not have any material effect on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

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

	<u>Description</u>	Effective for annual periods beginning on or after
Amendments to FRS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to FRS 1	Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to FRS 7 and FRS 107	Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to FRS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to FRS 110 and FRS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and fixed deposits which are subject to an insignificant risk of changes in value.

2.7 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.7 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Amortised cost

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, fair value through other comprehensive income and FVPL.

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.

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 ("FVOCI") 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, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

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

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.7 Financial instruments (Continued)

(b) Financial liabilities (Continued)

Initial recognition and measurement (Continued)

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.

2.8 Impairment of financial assets

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

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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

The Company considers a financial asset in default when contractual payments are 90 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Investments in subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investments in subsidiaries are accounted for at cost less impairment losses. On disposal of the investments in subsidiaries, the difference between disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

2.10 Intangible assets

Trademarks and copyrights are stated at cost less accumulated impairment losses and are not amortised as their useful lives are not finite. The useful lives of the trademarks and copyrights are reviewed at the end of each financial year to determine whether events and circumstances continue to support their indefinite useful lives. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate.

2.11 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.12 Share capital and share issuance expenses

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

2.13 Revenue

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.13 Revenue (Continued)

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

(a) Royalty income

Royalty income from trademarks and copyrights is recognised when services are rendered to customers and all criteria for acceptance have been satisfied.

(b) Dividend income

Dividend income is recognised as and when the shareholder's right to receive payment is established.

(c) Interest income

Interest income is recognised as interest accrues (using the effective interest method), unless collectability is in doubt.

2.14 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.14 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.15 Related party

A related party is defined as follows:

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Income taxes

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable, which requires the assumption regarding the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

At 31 March 2024, the carrying amount of the investments in subsidiaries is disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

4 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year.

(a) Significant related party transactions

	<u>2024</u> US\$	<u>2023</u> US\$
<i><u>Holding company, Pidilite Industries Limited</u></i>		
Royalty income	9,068	14,581
	<u>2024</u> US\$	<u>2023</u> US\$
<i><u>Related company, Pidilite USA Inc.</u></i>		
Royalty income	7,623	29,609
Reimbursement of expenses	-	4,586
	<u>2024</u> US\$	<u>2023</u> US\$
<i><u>Subsidiary, Pidilite Bamco Limited</u></i>		
Dividend income	715,155	2,961,714
	<u>2024</u> US\$	<u>2023</u> US\$
<i><u>Subsidiary, Pidilite Industries Egypt (S.A.E.)</u></i>		
Receipt of loan	400,000	-
Interest income	12,307	9,462
Loan to subsidiary	-	400,000
	<u>2024</u> US\$	<u>2023</u> US\$
<i><u>Subsidiary, Pidilite Innovation Centre Private Limited</u></i>		
Dividend income	534,858	-
Reimbursement of expenses	3,131	12,702

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

4 RELATED PARTY TRANSACTIONS (Continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year. (Continued)

(a) Significant related party transactions (Continued)

	<u>2024</u> US\$	<u>2023</u> US\$
<u>Subsidiary, Pidilite Lanka (Private) Limited</u>		
Dividend income	348,483	-

	<u>2024</u> US\$	<u>2023</u> US\$
<u>Subsidiary, Pidilite Speciality Chemicals Bangladesh Private Limited</u>		
Dividend income	2,707,074	-
Loan to subsidiary	200,000	-
Interest income	631	-

(b) Compensation of key management personnel

	<u>2024</u> US\$	<u>2023</u> US\$
<u>Director</u>		
Director's fee (Note 6)	11,906	14,311

5 OTHER INCOME

	<u>2024</u> US\$	<u>2023</u> US\$
Interest income from:		
- Loans to subsidiaries	12,938	9,462
- Fixed deposits	101,812	18,009
	<u>114,750</u>	<u>27,471</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

6 OTHER OPERATING EXPENSES

	<u>2024</u> US\$	<u>2023</u> US\$
Legal and professional fees	28,220	18,467
Director's fee	11,906	14,311
Auditor's remuneration	6,311	8,405
Foreign exchange loss/(gain)	572	(212)
Others	4,142	3,634
	<u>51,151</u>	<u>44,605</u>

7 INCOME TAX

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2024 and 2023 are:

	<u>2024</u> US\$	<u>2023</u> US\$
Current income tax:		
- Current year provision	5,915	4,000
- (Over)/under provision in prior years	(3,806)	654
	<u>2,109</u>	<u>4,654</u>
Foreign tax withheld:		
- Withholding tax on foreign sourced income	504,900	296,172
	<u>507,009</u>	<u>300,826</u>

NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2024

7 INCOME TAX (Continued)

(b) Relationship between income tax expense and accounting profit

A relationship between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2024 and 2023 is as follows:

	<u>2024</u> US\$	<u>2023</u> US\$
Profit before income tax	3,880,925	1,262,094
Tax calculated at a tax rate of 17%	659,757	214,556
Income not taxable for tax purposes	(731,947)	(503,491)
Foreign tax withheld	504,900	296,172
Expenses not deductible for tax purposes	86,734	-
Singapore statutory stepped income exemption	(6,546)	(3,010)
(Over)/under provision in prior years	(3,806)	654
Others	(2,083)	295,945
Income tax expense recognised in profit or loss	<u>507,009</u>	<u>300,826</u>

(c) Movement in income tax payable

	<u>2024</u> US\$	<u>2023</u> US\$
At the beginning of financial year	4,000	-
Income tax paid	-	(654)
<i>Income tax expense on profit</i>		
- Current year provision	5,915	4,000
- (Over)/under provision in prior years	(3,806)	654
At the end of financial year	<u>6,109</u>	<u>4,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

8 CASH AND CASH EQUIVALENTS

	<u>2024</u> US\$	<u>2023</u> US\$
Cash at banks	44,919	159,028
Fixed deposits	1,560,000	2,100,000
	<u>1,604,919</u>	<u>2,259,028</u>

Cash at banks are held in non-interest bearing accounts.

Fixed deposits bear interest at rates ranging from 4.80% to 5.25% (2023: 4.00% to 4.50%) per annum with maturity periods of 1 to 3 months (2023: 1 to 3 months).

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the balances as shown above.

Cash and cash equivalents are denominated in the following currencies:

	<u>2024</u> US\$	<u>2023</u> US\$
United States Dollar	1,581,203	2,237,691
Singapore Dollar	23,716	21,337
	<u>1,604,919</u>	<u>2,259,028</u>

9 FIXED DEPOSITS

	<u>2024</u> US\$	<u>2023</u> US\$
Fixed deposits	1,067,000	1,050,000

Fixed deposits bear interest at rates ranging from 4.60% to 5.17% (2023: 4.75%) per annum with maturity periods of 6 months (2023: 6 months).

Fixed deposits are denominated in United States Dollar.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

10 TRADE AND OTHER RECEIVABLES

	<u>2024</u> US\$	<u>2023</u> US\$
<u>Trade receivables</u>		
Holding company - Pidilite Industries Limited	23,649	25,999
Related company - Pidilite USA, Inc.	-	3,229
	<u>23,649</u>	<u>29,228</u>
<u>Other receivables</u>		
Dividend income receivable - Pidilite Speciality Chemicals Bangladesh Private Ltd.	2,301,013	-
Accrued interest receivable - fixed deposits	25,672	6,967
Accrued interest receivable - loan to subsidiary, Pidilite Speciality Chemicals Bangladesh Private Ltd.	631	-
Accrued interest receivable - loan to subsidiary, Pidilite Industries Egypt (S.A.E.)	-	9,462
	<u>2,327,316</u>	<u>16,429</u>
	<u>2,350,965</u>	<u>45,657</u>
Total trade and other receivables	2,350,965	45,657
Add: Cash and cash equivalents (Note 8)	1,604,919	2,259,028
Fixed deposits (Note 9)	1,067,000	1,050,000
Total financial assets carried at amortised cost	<u>5,022,884</u>	<u>3,354,685</u>

Trade receivables

The trade amounts due from holding company and related company are unsecured, non-interest bearing and are generally on 30 days' term.

Expected credit losses

The Company has not recognised an allowance for ECLs for trade receivables as at 31 March 2024 and 2023 as these are considered to be low credit risk, have low risk of default and the counterparties have strong capacity to meet its contractual cash flow obligation if demanded in the near term.

Trade and other receivables are denominated in United States Dollar.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

11 LOAN TO A RELATED COMPANY

	<u>2024</u> US\$	<u>2023</u> US\$
Related company	5,000	5,000
Less: Allowance for ECL	<u>(5,000)</u>	<u>(5,000)</u>
	<u>-</u>	<u>-</u>

The loan to a related company does not bear interest as it has been fully impaired in the prior financial year.

Loan to a related company is denominated in United States Dollar.

12 INVESTMENTS IN SUBSIDIARIES

	<u>2024</u> US\$	<u>2023</u> US\$
<u>Unquoted equity investments, at cost</u>		
At the beginning of financial year	27,116,516	26,394,898
Additions during the financial year	<u>2,425,000</u>	<u>721,618</u>
At the end of financial year	<u>29,541,516</u>	<u>27,116,516</u>
<u>Less: Allowance for impairment</u>		
At the beginning of financial year	2,977,672	1,250,996
Impairment during the financial year	<u>448,000</u>	<u>1,726,676</u>
At the end of financial year	<u>3,425,672</u>	<u>2,977,672</u>
<u>Net carrying amount</u>		
At the end of financial year	<u>26,115,844</u>	<u>24,138,844</u>

Except for the Company's investment in Pidilite Industries Egypt (S.A.E), the management has assessed that there is no allowance for impairment.

NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2024

12 INVESTMENTS IN SUBSIDIARIES (Continued)

The particulars of the subsidiaries are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Effective equity held by the Company	
		<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> %	<u>2023</u> %
Pidilite Bamco Limited (Thailand)	Manufacturing and distributing seepage- proof and rust-proof asphalt (Thailand)	4,669,267	4,669,267	99.99	99.99
Pidilite Speciality Chemicals Bangladesh Private Ltd. (Bangladesh) ["PSCBPL"]	Manufacturing and marketing of all kinds of dyes and other colouring materials, chemicals, chemical compounds and adhesives (Bangladesh)	4,956,519	4,956,519	99	99
PT. Pidilite Indonesia (Indonesia)	Selling adhesives, sealants, resins and special chemical products, wholesale of goods and chemicals and industries adhesive/glue (Indonesia)	760,336	760,336	99	99
Pidilite Innovation Centre Pte. Ltd. (Singapore)	Research and development on chemicals including manufacturing and trading of waterproofing and emulsion paints (Singapore)	710,909	710,909	100	100

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

12 INVESTMENTS IN SUBSIDIARIES (Continued)

The particulars of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Effective equity held by the Company	
		<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> %	<u>2023</u> %
Bamco Supply and Services Limited. * (Thailand)	Supply seepage proof products and chemical, and provide installataion services for seepage proof and heat resistant system (Thailand)	14,216	14,216	49	49
Pidilite Industries Egypt (S.A.E.) (Egypt) ["PIE"]	Producing and packing all kinds of resins and adhesives as well as sealants, paints, building chemicals and all related materials (Egypt)	12,931,892	10,506,892	97	97
Pidilite Industries Trading (Shanghai) Co. Ltd. (China)	Wholesale, commission agency (excluding auction) and import and export of adhesive, sealants, construction and paint chemicals (China)	158,906	158,906	100	100
Pidilite Lanka (Private) Limited (Sri Lanka)	Sale of manufactured and imported adhesive products (Sri Lanka)	4,390,029	4,390,029	76	76
Nebula East Africa Private Limited (Kenya)	Production and sale of adhesive and chemical products (Kenya)	48,842	48,842	99	99
Pidiltie East Africa Limited (Kenya)	Manufacture of waterproofings materials (Kenya)	900,600	900,600	55	55

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

12 INVESTMENTS IN SUBSIDIARIES (Continued)

The particulars of the subsidiaries are as follows: (Continued)

* As the Company exercises control over the financial and operating policies of Bamco Supply and Services Limited and would be obtaining benefits from this investment, it has been recognised as an investment in subsidiary even though percentage of equity held in it is less than 50%; which is in accordance with the requirements of FRSs.

13 FINANCIAL ASSET AT FVOCI

	<u>2024</u> US\$	<u>2023</u> US\$
<u>Unquoted equity investments designated at FVOCI</u>		
At the beginning of financial year	<u>6,945</u>	<u>6,945</u>
<u>Less: Allowance for impairment</u>		
At the beginning and end of financial year	<u>(6,945)</u>	<u>(6,945)</u>
<u>Net carrying amount</u>		
At the end of financial year	<u>-</u>	<u>-</u>

Unquoted equity investment represents interest in a company in Ethiopia, which is engaged in manufacturing and trading of adhesives, sealants and construction chemical products. This investment is not held for trading. Accordingly, management has elected to designate this investment at FVOCI. It is the Company's strategy to hold the investment for long-term purposes.

The investment has been fully impaired in the prior financial years as the investee is in the process of striking off.

14 INTANGIBLE ASSETS

	<u>2024</u> US\$	<u>2023</u> US\$
At the beginning of financial year	56,935	56,935
Less: Accumulated impairment	<u>(56,935)</u>	<u>-</u>
At the end of financial year	<u>-</u>	<u>56,935</u>

Intangible assets refer to trademarks acquired from third parties. The directors are of the opinion that the useful lives of the intangible assets are indefinite. The useful lives of the trademarks and copyrights are reviewed at the end of each financial year to determine whether events and circumstances continue to support their indefinite useful lives.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

14 INTANGIBLE ASSETS (Continued)

Impairment assessment of intangible assets

The management has assessed that a full allowance for impairment on intangible assets is considered necessary as there are indications of impairment as at year end (2023: Nil).

15 LOAN TO A SUBSIDIARY

	<u>2024</u> US\$	<u>2023</u> US\$
Loan to a subsidiary		
- Pidilite Speciality Chemicals Bangladesh Private Ltd.	200,000	-
- Pidilite Industries Egypt (S.A.E.)	-	400,000
	<u>200,000</u>	<u>400,000</u>

Loan to PSCBPL

On 6 November 2023, the Company signed a loan agreement with PSCBPL, whereby the Company would grant a loan to PSCBPL not exceeding US\$3,000,000. The loans bears interest at 3.5% per annum and is repayable within 3 years from the date of receipt of the first tranche of loan. The first tranche amounting to US\$200,000 was disbursed on 28 February 2024.

Loan to PIE

The loan to PIE bore interest at 5.2% per annum, unsecured and repayable on 9 October 2024. PIE prematurely settled the loan in cash during the financial year.

Loans to subsidiaries are denominated in United States Dollar.

16 OTHER PAYABLES

	<u>2024</u> US\$	<u>2023</u> US\$
Third parties	12,255	-
Accrued operating expenses	8,389	8,405
Total other payables, representing total financial liabilities carried at amortised cost	<u>20,644</u>	<u>8,405</u>

NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2024

16 OTHER PAYABLES (Continued)

Other payables are denominated in the following currencies:

	<u>2024</u> US\$	<u>2023</u> US\$
United States Dollar	12,255	-
Singapore Dollar	8,389	8,405
	<u>20,644</u>	<u>8,405</u>

17 SHARE CAPITAL

	<u>2024</u>		<u>2023</u>	
	<u>No. of shares</u>	US\$	<u>No. of shares</u>	US\$
At the beginning of financial year	27,007,156	28,085,884	25,983,766	27,062,494
Additions during the financial year	-	-	1,023,390	1,023,390
At the end of financial year	<u>27,007,156</u>	<u>28,085,884</u>	<u>27,007,156</u>	<u>28,085,884</u>

Ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

On 25 July 2022, the Company issued new ordinary shares of 1,023,390 for a cash consideration of US\$1,023,390, to provide additional working capital and further investments in subsidiaries.

These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Change in functional currency from 1 April 2011

The effect of change in functional currency from Singapore Dollar to United States Dollar has been accounted for prospectively from 1 April 2011. All items in the financial statements of the Company as at 1 April 2011 were translated into the new functional currency using the exchange rate at the date of change. The resulting translated amounts for non-monetary items, including share capital, are treated as their historical costs.

From 1 April 2011, the historical cost of 15,643,426 ordinary shares amounted to US\$16,722,154. On account of this, there is a difference in share capital amount as per financial statements and ACRA records.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

18 FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables and loan to a subsidiary and related party. For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

18 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; or
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Company categorises receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where financial assets have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

18 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recording expected credit loss ("ECL")
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written-off

The table below details the credit quality of the Company's receivables, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
2024						
Trade receivables	10	Note 1	Lifetime ECL (simplified)	23,649	-	23,649
Other receivables	10	I	12-month ECL	2,327,316	-	2,327,316
Loan to a subsidiary	15	I	12-month ECL	200,000	-	200,000
Loan to a related company	11	I	12-month ECL	5,000	(5,000)	-
					<u>(5,000)</u>	

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

18 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The table below details the credit quality of the Company's receivables, as well as maximum exposure to credit risk by credit risk rating categories: (Continued)

	Note	Category	ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
2023						
Trade receivables	10	Note 1	Lifetime ECL (simplified)	29,228	-	29,228
Other receivables	10	I	12-month ECL	16,429	-	16,429
Loan to a subsidiary	15	I	12-month ECL	400,000	-	400,000
Loan to a related company	11	I	12-month ECL	5,000	(5,000)	-
					<u>(5,000)</u>	

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Other receivables

The Company's other receivables comprise mainly of accrued interest receivables and loan to a subsidiary and related company. These other receivables are considered to be low credit risk as these have low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligation if demanded in the near term. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

18 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles.

Liquidity risk for the Company is minimal as the Company is able to meet its funding requirements through its operations to meet its liabilities as and when they fall due.

Analysis of financial instruments by remaining contractual maturities

At the end of the reporting period, the Company has non-derivative financial liabilities that are other payables amounting to US\$20,644 (2023: US\$8,405) which matures in 1 year or less or repayable on demand.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The absence of a policy is due to the insignificance of the foreign currency exposure.

As at the end of the reporting period, the Company's foreign currency exposure is not significant. Accordingly, no sensitivity analysis is presented.

19 FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

(a) Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

19 FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.(Continued)

(a) Fair value hierarchy (Continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that are inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not measured at fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables

The carrying amount of these receivables approximate its fair value as it is subject to normal trade credit terms.

Fixed deposits and loans to related company and subsidiaries

The carrying amounts of fixed deposits and loans to related company and subsidiaries approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

There have been no transfers between Level 1 and 2 during the financial years ended 31 March 2024 and 2023.

The Company has no fair value measurement recognised in the statement of financial position as at 31 March 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2024

20 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities carried at amortised cost were disclosed in Notes 10 and 16 to the financial statements, respectively.

21 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings (2023: issued share capital and accumulated losses).

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2024 and 2023.