

SUMEET GLOBAL PTE. LTD.
(ACRA REGISTRATION NO. 201229343C)

(Incorporated in The Republic of Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUMEET GLOBAL PTE. LTD.
(REGISTRATION NO. 201229343C)
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

Qualified Opinion

We have audited the financial statements of SUMEET GLOBAL PTE. LTD. ("the Company") which comprise the statement of financial position as at 31st March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 5 to 24.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements 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 financial position of the Company as at 31st March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion

We are unable to verify the recoverability and assess the valuation of trade receivables amounting to the extent of US\$10,795,486/- (2017: US\$10,469,728/-) (Note 8) included in trade and other receivables (Note 8). Further we refer to Financial Risk Management – Credit Risk (Note 22.2), where the management represented that the amount is fully recoverable and no impairment provision and adjustment is necessary. However, we could not obtain any sufficient appropriate audit evidence to perform any alternate audit procedures to assess and verify the valuation of the same. Hence, we are unable to express our opinion on the valuation of trade and other receivables (Note 8) to the extent of US\$10,795,486/- (2017: US\$10,469,728/-) (Note 8) as stated in the Statement of Financial Position.

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

Independence

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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

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 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.
- 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sanjay P. Mohnot.


STAMFORD ASSOCIATES LLP
Public Accountants and
Chartered Accountants, Singapore.



STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

	<u>Note</u>	<u>2018</u> US\$	<u>2017</u> US\$
ASSETS			
Non - Current assets			
Property, Plant and Equipment	5	-	-
Current assets			
Cash and Cash Equivalents	6	1,556,074	1,510,743
Trade and other receivables	8	14,492,656	13,398,749
Total Current Assets		16,048,730	14,909,492
Total Assets		16,048,730	14,909,492
LIABILITIES			
Non - Current liabilities			
Deferred tax liability	18	-	-
Total Non - Current Liabilities		-	-
Current liabilities			
Amount due to related party	7	608,037	162,529
Trade and other payables	9	2,061,094	10,234,966
Borrowings	10	8,810,231	-
Provision for taxation	19	16,282	52,253
Total Current Liabilities		11,495,644	10,449,748
Total Liabilities		11,495,644	10,449,748
NET ASSETS		4,553,086	4,459,744
EQUITY & RESERVES			
Capital and reserves attributable to equity holders of the Company			
Share Capital	4	3,000,001	3,000,001
Accumulated Profit		1,553,085	1,459,743
TOTAL EQUITY & RESERVES		4,553,086	4,459,744

(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)

SUMEET GLOBAL PTE. LTD.
(Incorporated in The Republic of Singapore)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018**

	Note	2018 US\$	2017 US\$
Revenue	11	25,235,012	33,226,599
Cost of Revenue	12	(24,524,264)	(32,696,109)
Gross profit		710,748	530,490
Other income	13	19,572	365,152
		730,320	895,642
Less:			
Key Personnel & Staff Cost	17	(49,181)	(31,664)
Administrative & Other Operating expenses		(53,717)	(143,610)
Other expenses	16	(158,000)	-
		(260,898)	(175,274)
Profit from operations	14	469,422	720,368
Less:			
Finance costs	15	(351,807)	(327,953)
Profit before tax		117,615	392,415
Income tax benefit / (Expense)	19	(24,273)	(29,650)
Deferred Tax	18	-	-
Profit from continuing operations		93,342	362,765
Profit / (loss) from discontinued operations		-	-
Total Income		93,342	362,765
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income, net of tax		-	-
Total Comprehensive income		93,342	362,765

(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

	Attributable to equity holders of the Company		
	<u>Share Capital</u> US\$	<u>Accumulated Profit / (Loss)</u> US\$	<u>Total Equity</u> US\$
Balance as at 1 st April 2016	3,000,001	1,096,978	4,096,979
Total comprehensive income	-	362,765	362,765
Balance as at 31 st March 2017	3,000,001	1,459,743	4,459,744
Total comprehensive income	-	93,342	93,342
Balance as at 31 st March 2018	3,000,001	1,553,085	4,553,086

(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

	Note	2018 US\$	2017 US\$
<u>Cash flows from operating activities</u>			
Profit / (Loss) before tax		117,615	392,415
Adjustments for:			
Depreciation	5	-	1,231
Bad Debts written off (trade related)	16	158,000	-
Interest paid on trust receipt	15	95,412	10,263
Cash Flows Before Changes in Working Capital		371,027	403,909
Change in working capital:			
Trade and Other Receivables	8	(1,251,907)	622,488
Trade and Other Payables	9	(8,173,872)	30,523
Amount due to holding company	7	445,508	(935,544)
		(8,980,271)	(282,533)
Cash (used in)/ generated from Operations		(8,609,244)	121,376
Income tax paid	18	(60,244)	(66,091)
Net cash (used in) / generated from operating activities		(8,669,488)	55,285
<u>Cash flows from investing activities</u>			
Purchase of Computer & Peripherals		-	(1,231)
Fixed deposits (pledged)	6	-	-
Net cash (used in) / generated from investing activities		-	(1,231)
		(8,669,488)	54,054
<u>Cash flows from financing activities</u>			
Interest paid	15	(95,412)	(10,263)
Increase/(Decrease) in Borrowings	10	8,810,231	(132,315)
Net cash generated from / (used in) financing activities		8,714,819	(142,578)
Net (decrease) / increase in cash and cash equivalents		45,331	(88,524)
Cash and cash equivalents at beginning of the financial year		10,743	99,267
Cash and cash equivalents at the financial year end	6	56,074	10,743

(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

1. General information

SUMEET GLOBAL PTE. LTD. (the "Company") is a company incorporated and domiciled in Singapore. The registered office and principal place of business is at 101 Cecil Street, #16-12 Tong Eng Building, Singapore 069533.

The principal activities of the Company are relating to the business of general wholesale trade (including general importers and exporters) and Commission agents.

The immediate and ultimate Holding Company of the Company is Sumeet Industries Limited, a company incorporated in the Republic of India.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

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 certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2017

On 1st April 2017, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of Cash Flows (Disclosure initiative) sets out required disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.2 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts. The Company assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met.

(a) Sale of goods

Revenue from these sales is recognized when the Company has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract. These goods are sold to certain customers with volume discount and the customers also have the right to return faulty goods. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

(b) Interest income

Interest income, including income arising from fixed deposits and other financial instruments, is recognized using the effective interest method.

(c) Commission is recognized on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

2. Significant Accounting Policies (Continued)

2.3 Government grants

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants receivable are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income. Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve that are directly attributable to the acquisition.

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within "Other gains/losses – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to maturity, re-evaluates this designation at each statement of financial position date.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the Statement of Financial Position date.

2. Significant accounting policies (continued)

2.5 Financial assets (cont'd)

(a) Classification (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

(b) Recognition & Derecognition

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognized in profit or loss. Any amount previously recognized in other comprehensive income relating to that asset is reclassified to profit or loss. Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortized cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in profit or loss when the changes arise. Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analyzed into currency translation differences on the amortized cost of the securities and other changes; the currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

2. Significant accounting policies (continued)

2.5 Financial assets (cont'd)

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a Company of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss. The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.5 (a) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired. If there is objective evidence of impairment exists, the cumulative loss that was previously recognized in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized as an expense in profit or loss. The impairment losses recognized as an expense on equity securities are not reversed through profit or loss in subsequent period.

(f) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.6 Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. Financial liabilities represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are represented as non-current liabilities. Gains and losses are recognized in the income and expenditures statement when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharges or cancelled or expired.

2.7 Financial guarantees

Financial guarantees are initially recognized at their fair values plus transaction costs in the Company's statement of financial position. Financial guarantees are subsequently amortized to profit or loss over the period of the borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortized amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

2. Significant accounting policies (continued)

2.8 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(b) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized as finance expenses.

2.9 Leases

(a) When the Company is the lessee:

(i) Lessee – Finance leases

Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognized on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognized in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognized in profit or loss on a straight-line basis over the period of the lease.

(b) When the Company is the lessor:

(i) Lessor – Finance leases

Leases where the Company has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases. The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income. Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Company in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

(ii) Lessor – Operating leases

Leases of investment properties where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognized as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

2. Significant accounting policies (continued)

2.10 Income taxes

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the Statement of Financial Position date; and
- (b) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

2.12 Employee Compensation

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognized termination benefits when it is demonstrably committed at the earlier of the following dates:

- i) when the Company is terminating the employment of current employees according to a detailed formal plan without possibility of withdrawing the offer of those benefits; and
- ii) when the Company recognized costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Significant accounting policies (continued)

2.13 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in profit or loss.

2.14 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.16 Trade and other receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under FRS 39 Financial Instruments: Recognition and Measurement (FRS 39). They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognized in the income and expenditure statement.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

When an entity within the Company purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

2.19 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognized when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

3. Critical accounting estimates, assumptions and judgments

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies. These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical accounting estimates and assumptions & Key Sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may 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:

(a) Uncertain tax positions

Significant assumptions are required in determining the deductibility of certain expenses during the estimation of the computation of income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognised liabilities for expected 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 recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. At 31st March 2018, the carrying amounts of the Company's income tax payable and deferred tax liability are in the statements of financial position.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

4. Share capital

As at 31st MARCH 2018

	Issued Share Capital	
	Ordinary shares	Amount
	No.	US\$
Beginning of the financial year	3,000,001	3,000,001
Shares issued	-	-
End of the financial year	3,000,001	3,000,001

As at 31st MARCH 2017

Beginning of the financial year	3,000,001	3,000,001
Shares issued	-	-
End of the financial year	3,000,001	3,000,001

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and a right to receive dividends as and when declared by the Company. The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

The holder of ordinary shares is entitled to receive dividend as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

5. Property, Plant and equipment

	Computer & peripherals	Total
Cost	US\$	US\$
At 1 st April 2016	-	-
Additions	1,231	1,231
Disposal/reclassification	-	-
At 31 st March 2017	<u>1,231</u>	<u>1,231</u>
Additions	-	-
Disposal/reclassification	-	-
At 31 st March 2018	<u>-</u>	<u>-</u>
Accumulated Depreciation		
At 1 st April 2016	-	-
Charge for the financial year	1,231	1,231
Disposal/reclassification	-	-
At 31 st March 2017	<u>1,231</u>	<u>1,231</u>
Charge for the financial year	-	-
Disposal/reclassification	-	-
At 31 st March 2018	<u>-</u>	<u>-</u>
Carrying Value		
At 31 st March 2017	-	-
At 31 st March 2018	<u>-</u>	<u>-</u>

6. Cash and Cash Equivalents

	2018 US\$	2017 US\$
Cash in hand	312	1,185
Cash at bank	55,762	9,558
Fixed Deposits	1,500,000	1,500,000
Cash and cash equivalents	1,556,074	1,510,743
Less: Fixed Deposits pledged to bank	(1,500,000)	(1,500,000)
Cash and cash equivalents per statement of cash flows	56,074	10,743

The above bank fixed deposits are pledged to banks as security against various credit facilities granted by the banks and trade creditors. The interest rate earned on the fixed deposit is 0.65 % per annum.

The cash and cash equivalents approximate its fair value as on the statement of financial position date and are denominated in the following currencies:

	2018 US\$	2017 US\$
Others	312	1,185
United States Dollars	1,555,762	1,509,558
	<u>1,556,074</u>	<u>1,510,743</u>

7. Amount due from / (to) related parties

	2018 US\$	2017 US\$
Due to Holding Company (Trade related)	(608,037)	(162,529)
	<u>(608,037)</u>	<u>(162,529)</u>

Amount due related parties is trade in nature and is payable under normal credit terms; approximate its fair value as on the statement of financial position date and is denominated in United States dollars.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

8. Trade and other receivables

	<u>2018</u> US\$	<u>2017</u> US\$
Trade Receivables	12,224,668	11,020,761
Other Receivables		
Advances	2,183,526	2,316,797
Accrued interest on fixed deposits	77,550	58,067
Income tax receivable	3,788	-
Rental deposit	3,124	3,124
	<u>2,267,988</u>	<u>2,377,988</u>
Total trade and other receivables	<u>14,492,656</u>	<u>13,398,749</u>

Trade receivables credit period is 30 to 180 days.

Trade and Other receivables approximate its fair value as on the statement of financial position date and are denominated in the following currencies:

	<u>2018</u> US\$	<u>2017</u> US\$
Others	6,912	3,124
United States Dollars	14,485,744	13,395,625
	<u>14,492,656</u>	<u>13,398,749</u>

9. Trade and other payables

	<u>2018</u> US\$	<u>2017</u> US\$
Trade Payables	645,540	10,230,671
Other Payables		
Accruals for operating expenses	4,795	4,295
Advances from customers	1,410,759	-
	<u>1,415,554</u>	<u>4,295</u>
Total trade and other payables	<u>2,061,094</u>	<u>10,234,966</u>

The credit period of trade payables is 30-180 days.

Trade and Other payables approximate its fair value as on the statement of financial position date and are denominated in the following currencies:

	<u>2018</u> US\$	<u>2017</u> US\$
Others	4,795	4,295
United States Dollars	2,056,299	10,230,671
	<u>2,061,094</u>	<u>10,234,966</u>

10. Bank borrowings

	<u>2018</u> US\$	<u>2017</u> US\$
Bills payable – Trust Receipts (Trade Finance)	2,049,013	-
Bills payable under usance LC	6,761,218	-
	<u>8,810,231</u>	<u>-</u>

The details of borrowings are as under:

- (i) Trust receipts - Bills payables are payable to bank within 60 days and bears interest at LIBOR plus 1.00% to 4.50% p.a.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

10. Bank borrowings (continued)

- (ii) Bills payable under usance LC are payable to banks within 60 – 180 days as per the LC usance and does not carry any interest unless overdue.
- (iii) The bank borrowings are secured by cash collaterals in the form of fixed deposits (Note 6) US\$ 1,500,000/-, hypothecation of goods, charge over the current assets of the Company, Corporate guarantee of Sumee Industries Limited, India for US\$ 10,000,000/-.

Bank borrowings approximate its fair value as on the statement of financial position date and are denominated in United States Dollars.

11. Revenue

	<u>2018</u> US\$	<u>2017</u> US\$
Sale of goods	<u>25,235,012</u>	<u>33,226,599</u>

Revenue represents the invoiced value net of discount for sales/services rendered during the financial year and recognized at the point of raising of invoice and when risks and rewards of the ownership of goods are transferred to buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership of goods have been transferred to buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods and the amount of revenue can be measured reliably. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sale of commodities, transfer usually occurs when the product is received at the customer's warehouse; however, for international shipments, transfer occurs upon loading of the goods on the relevant carrier.

12. Cost of Revenue

	<u>2018</u> US\$	<u>2017</u> US\$
Purchase of goods	<u>24,524,264</u>	<u>32,696,109</u>

13. Other Income

	<u>2018</u> US\$	<u>2017</u> US\$
Commission received	-	324,331
Discount received	89	5
Interest received	19,483	40,816
	<u>19,572</u>	<u>365,152</u>

14. Profit/ (Loss) from operations

The profit/(loss) from operations is arrived after charging following major expenses:

	<u>2018</u> US\$	<u>2017</u> US\$
Insurance expense	-	6,976
Commission expense	10,778	91,843
Professional charges	17,443	20,479

15. Finance expenses

	<u>2018</u> US\$	<u>2017</u> US\$
LC opening and commission	256,395	317,690
Interest on Trust Receipt	95,412	10,263
	<u>351,807</u>	<u>327,953</u>

16. Other expenses

	<u>2018</u> US\$	<u>2017</u> US\$
Bad Debts written off (trade related)	158,000	-
	<u>158,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

17. Employee compensation

	2018 US\$	2017 US\$
Staff Salaries, bonus and allowances	49,181	31,664
Director Salaries, bonus and allowances	-	-
Employer's contributions to defined contribution plans	-	-
Employee benefits/welfare	-	-
	<u>49,181</u>	<u>31,664</u>

18. Deferred taxation

There is neither any movement nor any balance in this account during the year and/or at the date of statement of financial position.

19. Taxation

	2018 US\$	2017 US\$
Balance at the beginning	52,253	88,694
Current year tax expense	16,282	29,650
Previous year (over)/ under provision	7,991	-
Income tax paid	(60,244)	(66,091)
Balance as at 31 st March	<u>16,282</u>	<u>52,253</u>

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate are as follows: -

	2018 US\$	2017 US\$
Profit before income tax	<u>117,615</u>	<u>392,415</u>
Tax calculated at tax rate of 17%	19,995	66,710
Effects of:		
- expenses not deductible for tax purposes	26,860	209
- income not subject to tax	-	-
- capital allowances	-	(837)
- Tax exemption and rebates	(30,573)	(36,432)
- Prior year's under/ (over) provision	7,991	-
Tax expense	<u>24,273</u>	<u>29,650</u>

The above tax offset is subject to the approval of Inland Revenue Authority of Singapore (IRAS).

20. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Related Party Transactions

	2018 US\$	2017 US\$
<u>Related party transactions:</u>		
- Sales	75,840	194,176
- Purchases	933,513	970,659
- Amount due to Holding Company (Trade)	608,037	162,529

(b) Key management personnel compensation

There is no key management personnel compensation noted during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

21. Contingencies & commitments

21.1 Contingent liabilities

Contingent liabilities, of which the probability of settlement is not remote at the statement of financial position date, are as follows: -

	2018	2017
	US\$	US\$
Letter of Credits	39,840	9,867,964

21.2 Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognized in the financial statements, are none.

21.3 Operating lease commitments – where the Company is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognized as liabilities, are none.

22. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk, etc.), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimize any adverse effects from the unpredictability of financial markets on the Company's financial performance. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

22.1 Market risk

(a) Currency risk

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in United States Dollars (USD). As such the Company's sales and purchase transacted in identical currencies are hedged naturally.

The Company's currency exposure based on the information provided to key management is as follows:

As at 31st March 2018	SGD/Others	Total
	US\$	US\$
Financial assets		
Cash and cash equivalents	312	312
Trade & other receivables	6,912	6,912
	<u>7,224</u>	<u>7,224</u>
Financial liabilities		
Trade & other payables	4,795	4,795
	<u>4,795</u>	<u>4,795</u>

Foreign currency sensitivity

If the relevant foreign currency change against USD by 10%, with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position will be as follows:-

If the foreign currency strengthens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

	Financial Assets		Financial Liabilities	
	2018	2017	2018	2017
(net of tax @ 17%):	US\$	US\$	US\$	US\$
Profit/ (loss)	600	358	(398)	(356)
Other equity	-	-	-	-
	<u>600</u>	<u>358</u>	<u>(398)</u>	<u>(356)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

22. Financial risk management (continued)

22.1 Market risk (continued)

(a) Currency risk (continued)

If the foreign currency weakens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

	<u>Financial Assets</u>		<u>Financial Liabilities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(net of tax @ 17%)	US\$	US\$	US\$	US\$
Profit/ (loss)	(600)	(358)	398	356
Other equity	-	-	-	-
	<u>(600)</u>	<u>(358)</u>	<u>398</u>	<u>356</u>

(b) Interest rate risk

The interest rate risk exposure is mainly on financial assets and financial liabilities. These financial instruments are both at fixed rate and floating rates.

The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	<u>2018</u>	<u>2017</u>
	US\$	US\$
<u>Financial assets:</u>		
Fixed rate (0.65 % p.a.)	1,500,000	1,500,000
Floating rate	-	-
	<u>1,500,000</u>	<u>1,500,000</u>
 <u>Financial liabilities:</u>	 <u>2018</u>	 <u>2017</u>
	US\$	US\$
Fixed rate (refer note 10)	8,810,231	-
Floating rate	-	-
	<u>8,810,231</u>	<u>-</u>

Interest rate sensitivity

The interest rate risk and its sensitivity are not applicable for the Company as there is no floating rate interest bearing financial assets and liabilities exist as at the date of statement of financial position.

22.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual customer is restricted by credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows: -

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

22. Financial risk management (continued)

22.2 Credit risk (continued)

	2018 US\$	2017 US\$
<u>By Geographical Areas:-</u>		
Singapore	-	-
Others	12,224,668	13,337,558
	<u>12,224,668</u>	<u>13,337,558</u>
<u>By Types of Customers:-</u>		
Related parties	-	-
Non - related parties	12,224,668	13,337,558
	<u>12,224,668</u>	<u>13,337,558</u>

- (a) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

- (b) The age analysis of trade receivables is as follows:-

	2018 US\$	2017 US\$
Past due less than 180 days	12,224,668	13,337,558
Past due more than 180 days	-	-
	<u>12,224,668</u>	<u>13,337,558</u>

- (c) The Company's top three customer sales during the financial year are as follows:-

	2018 US\$	2017 US\$
Top Customer 1	9,223,255	19,654,445
Top Customer 2	9,028,837	6,306,749
Top Customer 3	2,946,636	2,381,260

22.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions at a short notice.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date (contractual and undiscounted cash flows):-

As at 31 st March 2018				Applicable Interest Rate
	Maturity < 1 year US\$	Maturity 2 - 5 years US\$	Total US\$	
Financial Liabilities				
Borrowings	8,810,231	-	8,810,231	Refer note 10
Amount due to related party	608,037	-	608,037	NIL
Trade and other payables	2,061,094	-	2,061,094	NIL
Total	<u>11,479,362</u>	<u>-</u>	<u>11,479,362</u>	

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) of the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Company in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

22. Financial risk management (continued)

22.4 Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Net debt	9,923,288	8,886,752
Total equity	4,553,086	4,459,744
Total capital	14,476,374	13,346,496
Gearing ratio (%)	68.55%	66.58%

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Total liability	11,495,644	10,449,748
Tangible net worth	4,553,086	4,459,744
Leverage ratio (times)	2.52 times	2.34 times

22.5 Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<u>Financial Assets</u>		<u>Financial Liabilities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	US\$	US\$	US\$	US\$
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3	-	-	-	-

The fair value measurements are not applicable as there are no financial assets or liabilities of the type level 1, 2 and 3 above exists for the Company as at the date of statement of financial position.

23. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2018 and which the Company has not early adopted:

FRS 109	Financial Instruments (replaces FRS 39 Financial instruments: Recognition & measurement)
FRS 115	Revenue from Contracts with Customers (replaces FRS 11 and FRS 18)
FRS 116	Leases (effective for annual periods beginning on or after 1 st April 2019)

24. Authorisation of financial statements

These financial statements of the Company as at 31st March 2018 and for the financial year then ended were authorized and approved for issuance in accordance with a resolution of the Board of Directors of SUMEET GLOBAL PTE. LTD. on