

**GODREJ INTERNATIONAL TRADING
& INVESTMENTS PTE. LTD.**
(Incorporated in Singapore)
(Reg. No. 200923073W)

**ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2022**

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GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The directors present their statement to the members together with the audited financial statements of Godrej International Trading & Investments Pte. Ltd. (the "Company") for the financial year ended 31 March 2022.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Dorab Erach Mistry
Ahmed Mohmed Salehbhai

3. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<u>Name of directors</u>	<u>Direct interest</u>	
	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
<u>Ordinary shares of the Holding Company</u>		
Dorab Erach Mistry	42,124	42,124

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

5. SHARE OPTIONS

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

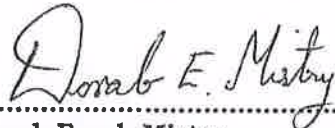
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

6. AUDITORS

V.P. Kumaran & Co. has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors


.....
Dorab Erach Mistry
Director


.....
Ahmed Mohmed Salehbhai
Director

Singapore,
27 APR 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Godrej International Trading & Investments Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the 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 Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (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 going concern. If we conclude that a material uncertainty exist, 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.


V. P. KUMARAN & CO.
Public Accountants and
Chartered Accountants

Singapore,
27 April 2022

AJ/CC/KV

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2022 US\$	2021 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	4	7,493	40,168
Investment property	5	1,704,113	3,567,199
Total non-current assets		1,711,606	3,607,367
Current assets			
Trade and other receivables	6	11,184,861	17,177,864
Cash and short-term deposits	7	8,319,005	661,001
Total current assets		19,503,866	17,838,865
Total assets		21,215,472	21,446,232
LIABILITIES			
Current liabilities			
Trade and other payables	8	13,874,823	14,809,867
Interest-bearing loans and borrowings	9	71,528	108,136
Income tax payable	14(c)	112,104	207,414
		14,058,455	15,125,417
Non-current liabilities			
Interest-bearing loans and borrowings	9	786,325	859,687
Total liabilities		14,844,780	15,985,104
Net assets		6,370,692	5,461,128
EQUITY			
Share capital	8	1,000,000	1,000,000
Accumulated profits		5,370,692	4,461,128
Total equity		6,370,692	5,461,128

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

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 US\$	2021 US\$
CONTINUING OPERATIONS			
REVENUE			
Sales		94,955,120	69,624,973
Other income	11	2,168,588	227,426
		<u>97,123,708</u>	<u>69,852,399</u>
COST AND EXPENSES			
Purchases		95,219,036	67,820,365
Depreciation	4	36,126	43,268
Finance costs	12	13,167	13,900
Staff costs	13	526,800	397,524
Other operating expenses		262,439	218,222
Total costs and expenses		<u>96,057,568</u>	<u>68,493,279</u>
PROFIT BEFORE TAX		1,066,140	1,359,120
INCOME TAX EXPENSE	14(a)	<u>(156,576)</u>	<u>(190,248)</u>
PROFIT REPRESENTING TOTAL			
COMPREHENSIVE FOR THE FINANCIAL YEAR		<u>909,564</u>	<u>1,168,872</u>

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

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Share capital US\$	Accumulated profits US\$	Total equity US\$
2022			
At beginning of year	1,000,000	4,461,128	5,461,128
Total comprehensive income for the financial year	-	909,564	909,564
At end of financial year	<u>1,000,000</u>	<u>5,370,692</u>	<u>6,370,692</u>
2021			
At beginning of year	1,000,000	3,292,256	4,292,256
Total comprehensive loss for the financial year	-	1,168,872	1,168,872
At end of financial year	<u>1,000,000</u>	<u>4,461,128</u>	<u>5,461,128</u>

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

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 US\$	2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,066,140	1,359,120
Adjustments for:			
Depreciation of plant and equipment	4	756	824
Depreciation of right-of-use asset	4	35,370	42,444
Gain in sale of investment property		(42,109)	
Interest income	11	(56,429)	(15,742)
Interest expense	12	13,167	13,900
Operating profit before working capital changes		1,016,895	1,400,546
Changes in working capital:			
Trade and other receivables		5,993,003	(12,418,618)
Trade and other payables		(935,044)	3,807,221
Cash generated from/(used in) operations		6,074,854	(7,210,851)
Interest income		56,429	15,742
Interest expense		(13,167)	(13,900)
Tax paid	14(c)	(251,886)	(153,647)
Net cash flows generated from/(used in) operating activities		5,866,230	(7,362,656)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of investment property		1,905,195	-
Purchase of plant and equipment		(3,451)	(5,622)
Net cash flows generated from/(used in) investing activities		1,901,744	(5,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion of lease liabilities		(36,608)	(38,426)
Repayment of interest bearing loans and borrowings		(73,362)	(77,601)
Net cash used in financing activities		(109,970)	(116,027)
Net change in cash and cash equivalents		7,658,004	(7,484,305)
Cash and cash equivalents at beginning of financial year		661,001	8,145,306
Cash and cash equivalents at end of financial year	7	8,319,005	661,001

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

These notes form an integral part of the accompanying financial statements.

1) DOMICILE AND ACTIVITIES

Godrej International Trading & Investments Pte. Ltd. (the "Company") is a private limited liability company incorporated and domiciled in the Republic of Singapore and has its registered office and principal place of business located at:

160 Robinson Road
#21-01
S'pore Business Federation Centre
Singapore 068914

The principal activities of the Company are those relating to general wholesale trade including general importers and exporters.

The immediate and ultimate holding company during the financial year is Godrej Industries Limited, incorporated in Mumbai, India.

The principal activities of the immediate and ultimate holding company are those relating of manufacture and marketing of chemicals, edible oils, vanaspati and bakery fats, and operates in real estates.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS). 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\$) and all values are rounded to the nearest dollar as indicated.

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 periods beginning on or after 1 April 2022. The adoption of this standards did not have any material effect on the financial performance or position of the Company.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 109 <i>Financial Instruments</i> , FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , FRS 107 <i>Financial Instruments: Disclosures</i> , FRS104 <i>Insurance Contracts</i> , FRS 116 <i>Leases: Interest Rate Benchmark Reform - Phase 2</i>	1 January 2022
Amendments to FRS 16 <i>Property, Plant and Equipment</i> <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023

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

2.4 Foreign currency

The Company's financial statements are presented in United States dollar, (USD or US\$) which is also the Company's functional 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 end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of comprehensive income.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- | | |
|----------------------|--------------------------------|
| • Office equipment | 1 year |
| • Leasehold building | Over the lease term of 3 years |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in statement of comprehensive income in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable in demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the statement of financial position.

2.7 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in statement of comprehensive income in the year of retirement or disposal. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.5 up to the date of change in use.

2.8 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 when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (continued)

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 have been recognised previously. Such reversal is recognised in profit or loss.

2.9 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Subsequent measurement

Investments in debts instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the contractual cash flow characteristics of the assets. The three measurement categories for classification of debt instruments are:

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

Subsequent measurement (continued)

Investments in debts instruments (continued)

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognized or impaired, and through amortised process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represents solely payments of principal and interest, are measurement at FVOCI. Financial assets at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit and loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arise.

The Company only has debt instruments at amortised cost.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial liabilities (continued)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

De-recognition

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

2.12 Provisions

General

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

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

2.13 Leases

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

(a) As lessee

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases (continued)

(a) As lessee (continued)

Right-of-use assets

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

The Company's right-of-use assets are presented within property, plant and equipment (Note 4).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases (continued)

(a) As lessee (continued)

Lease liabilities (continued)

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

The Company's lease liabilities are included in interest-bearing loans and borrowings (Note 9).

(b) As lessor

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

2.14 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.15 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of the country in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.17 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.

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

Sale of goods

The Company activities are those relating to general wholesale trade including general importers and exporters. .

Revenue from sale of goods is recognised at a specified point in time when the goods are delivered to customer as per the delivery terms and all criteria for acceptance have been satisfied. The Company is the principal to the transactions and revenue from these transactions are recorded on a gross basis.

The Company typically satisfies its performance obligations for the sale of goods when the goods are delivered as per terms and accepted by customers.

Rental income

Revenue income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;*
- (ii) Has significant influence over the Company; or*
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.*

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).*
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).*
- (iii) Both entities are joint ventures of the same third party.*
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.*
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such 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).*

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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxes

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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in statement of comprehensive income except to the extent that the tax relates to items recognised outside statement of comprehensive income, 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 established provisions where appropriate.

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 the tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and Services Tax (GST)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

3) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

Determination of functional currency

The Company measures foreign currency transactions in the functional currency of the Company. In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which it operates and its process of determining sales prices.

Income taxes

The Company has exposure to income taxes. A degree of judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes would 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 provisions in the period in which such determination is made.

Operating lease commitments – as lessor

The Company has entered into commercial property leases on its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

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.

3) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

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

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset under loans and receivables is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

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4) PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings	Office equipment	Total
2022	US\$	US\$	US\$
Cost			
At beginning of year	120,258	30,015	150,273
Additions during the financial year	-	3,451	3,451
At end of year	120,258	33,466	153,724
Accumulated Depreciation			
At beginning of year	84,888	25,217	110,105
Depreciation for the year	35,370	756	36,126
At end of year	120,258	25,973	146,231
Net carrying amount			
At end of year	-	7,493	7,493

	Leasehold buildings	Office equipment	Total
2022	US\$	US\$	US\$
Cost			
At beginning of year	120,258	24,393	144,651
Additions during the financial year	-	5,622	5,622
At end of year	120,258	30,015	150,273
Accumulated Depreciation			
At beginning of year	42,444	24,393	66,837
Depreciation for the year	42,444	824	43,268
At end of year	84,888	25,217	110,105
Net carrying amount			
At end of year	35,370	4,798	40,168

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

5) INVESTMENT PROPERTY

	2022	2021
	US\$	US\$
Leasehold property-at fair value		
Balance at beginning of the year	3,567,199	3,567,199
Disposals during the year	(1,863,086)	-
Balance at end of financial year	<u>1,704,113</u>	<u>3,567,199</u>

Investment properties are held for the primary purpose of producing rental income and not for resale in ordinary course of business.

The leasehold properties with carrying values of US\$1,704,113 (2021: US\$1,704,113) have been mortgaged to banks for facilities granted to Company (Note 9).

The following amounts are recognised in the statement of comprehensive income:

	2022	2021
	US\$	US\$
Rental income (Note 11)	59,873	95,058
Direct operating expenses arising from investment property that generates rental income	<u>12,343</u>	<u>16,434</u>

6) TRADE AND OTHER RECEIVABLES

	2022	2021
	US\$	US\$
Trade receivables - related parties	11,103,389	12,351,164
Deposits	10,222	18,903
Loan to related party	-	4,803,990
Prepayment	-	3,807
Amount due from related party	71,250	-
GST receivable	-	-
	<u>11,184,861</u>	<u>17,177,864</u>

Trade receivables

Trade receivables are generally 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

6) TRADE AND OTHER RECEIVABLES (CONTINUED)

Loan to related party

Loan to related party is non-trade in nature, unsecured, interest bearing at 1.8% per annum and is for 6 months term.

Amount due from related party

Amount due from related party is non-trade in nature, unsecured, interest-free and repayable on demand.

Expected credit losses (ECL)

The Company has measured the impairment loss allowance using the Lifetime ECL (simplified) approach in FRS 109 and determined that the ECL is insignificant.

The carrying amounts of trade and other receivables approximate their fair values and are denominated as follows:

	2022	2021
	US\$	US\$
Singapore dollar	15,810	2,710
United States dollar	11,169,051	17,155,154
	<u>11,184,861</u>	<u>17,157,864</u>

7) CASH AND CASH EQUIVALENTS

	2022	2021
	US\$	US\$
Cash on hand	155	95
Cash at bank	8,318,851	660,906
	<u>8,319,006</u>	<u>661,001</u>

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	2022	2021
	US\$	US\$
Singapore dollar	63,772	144,427
United States dollar	8,255,234	516,574
	<u>8,319,006</u>	<u>661,001</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

8) TRADE AND OTHER PAYABLES

	2022	2021
	US\$	US\$
Trade payables	1,186,775	50,001
Other payables	16,257	23,141
Amount due to related companies	12,664,331	14,726,785
Accruals	7,340	8,763
Goods and services tax payable	120	1,177
	<u>13,874,823</u>	<u>14,809,867</u>

Trade payables

Trade payable are normally settled on 30 days term.

Amount due to related company

Amount due to related company are non-trade, unsecured, interest free and repayable on demand.

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2022	2021
	US\$	US\$
Singapore dollar	13,867,363	14,776,786
United States dollar	7,460	33,081
	<u>13,874,823</u>	<u>14,809,867</u>

9) INTEREST-BEARING LOANS AND BORROWINGS

	2022	2021
	US\$	US\$
Current		
Bank borrowing - secured	71,528	71,528
Lease liability (Note 15)	-	36,608
	<u>71,528</u>	<u>108,136</u>
Non - Current		
Bank borrowings - secured	286,112	286,112
Payable within 2-5 years	500,213	573,575
Payable after 5 years	-	-
Lease liability (Note 15)	-	-
	<u>786,325</u>	<u>859,687</u>
Total	<u>857,853</u>	<u>967,823</u>

The bank borrowing is secured by legal mortgage of the investment property (Note 5).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

9) INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	2022	2021
	US\$	US\$
Bank borrowings - secured	430,510	580,709

The bank borrowings bears interest rate ranging from 1.1% to 1.6% (2021: 1.5% to 1.8%) per annum.

The interest-bearing loan and borrowings are denominated in Singapore dollar.

The carrying amounts of current interest-bearing loan and borrowings approximate their fair values and the fair values of non-current interest-bearing loans and borrowings are as follows:

The fair values are determined from the discounted cash flows analysis, using a discount rate based upon the borrowing interest rates at 2.11% per annum, which the director expects would be available to the Company as at 31 March 2022.

10) SHARE CAPITAL

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote without restrictions and have no par value.

	2022	2022	2021	2021
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid				
ordinary shares:				
Balance at beginning and				
end of financial period	1,000,000	1,000,000	1,000,000	1,000,000

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11) OTHER INCOME

	2022	2021
	US\$	US\$
Gain on disposal of property	42,109	-
Rental income	59,873	95,058
Foreign exchange gain - trade	12,087	22,350
Special employment credit	428	1,186
Jobs support scheme	1,585	17,023
Wage credit scheme	1,344	3,731
Interests on fixed deposits	-	15,742
Interests income from loan	-	15,640
Interest receivable	56,429	53,990
Income from non-delivery contact	1,993,286	-
Other income	1,447	-
Property tax rebate	-	2,706
	<u>2,168,588</u>	<u>227,426</u>

12) FINANCE COST

	2022	2021
	US\$	US\$
Interest on lease liabilities (Note 15(c))	2,071	2,253
Interest on property loan	11,108	11,647
	<u>13,179</u>	<u>13,900</u>

13) STAFF COSTS

	2022	2021
	US\$	US\$
Staff salary	78,314	41,540
Director's fees	119,813	104,321
Director's remuneration	321,678	244,289
CPF contribution	5,489	5,583
Director's CPF	1,379	1,663
Skill Development Levy	127	128
	<u>526,800</u>	<u>397,524</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

14) INCOME TAX

a) Income tax expense

	2022	2021
	US\$	US\$
Current financial year	156,576	207,414
(Over)/Under provision in prior year	-	(17,166)
	<u>156,576</u>	<u>190,248</u>

b) Reconciliation of effective tax rate

	2022	2021
	US\$	US\$
Profit before tax	1,066,140	1,359,120
Income tax using the corporate tax rate of 17% (2021: 17%)	181,243	231,050
Non-deductible expenses	600	7,356
Tax rebate	(1,883)	(11,009)
Capital allowance	(587)	(956)
Statutory exemption	(22,797)	(19,027)
(Over)/Under provision in prior year	-	(17,166)
Income tax expense	<u>156,576</u>	<u>190,248</u>

c) Movement in provision for current tax

	2021	2021
	US\$	US\$
Balance at beginning of financial year	207,414	170,813
Tax paid during the financial year	(251,886)	(153,647)
(Over)/Under provision in prior year	-	(17,166)
Refund during the year	-	-
Current income tax provision	<u>156,576</u>	<u>207,414</u>
	<u>112,104</u>	<u>207,414</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

15) LEASES

Company as a lessee

The Company has lease contracts for properties. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	2022	2021
Leasehold building	US\$	US\$
At beginning of the financial year	35,370	77,814
Depreciation	(35,370)	(42,444)
At end of the financial year	<u>=</u>	<u>35,370</u>

b) Lease liabilities

The carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year are disclosed in Note 9 and the maturity analysis of lease liabilities is disclosed in Note 18.

c) Amounts recognised in profit or loss

	2022	2021
	US\$	US\$
Depreciation of right-of-use assets	35,370	42,444
Interest expense on lease liabilities (Note 12)	2,071	2,253
Total amount recognised in profit or loss	<u>37,441</u>	<u>45,441</u>

d) Total cash outflow

The Company had total cash outflows for leases of US\$36,608 (2020:US\$45,690)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

15) LEASES (CONTINUED)

e) Extension options

The Company has a lease contract that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3).

Company as a lessor

The Company has entered into operating leases on its investment properties for a period of 1 year.

Rental income from investment properties is disclosed in Note 5.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	2022	2021
	US\$	US\$
Not later than one year	31,586	57,750
Between two to five years	-	31,586

16) RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Company if, it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Company or vice versa, or it is subject to common control or common significant influence.

a) Related party balances

In addition to those related party information disclosed elsewhere in the financial statements the following are the outstanding balances between the Company and related parties on terms agreed between the parties:

	2022	2021
	US\$	US\$
Common directors:		
Amount due to related company - non-trade	12,664,331	14,778,035

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

16) RELATED PARTY TRANSACTIONS (CONTINUED)

b) Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors of the Company.

The remuneration of key management personnel, comprising of directors of the Company is as follows:

	2022	2021
	US\$	US\$
Director's fees	119,813	104,321
Director's remuneration	321,678	244,289
Director's CPF	1,379	1,663
Director's medical expenses	-	2,285

All transactions with these related parties are carried on terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

17) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Categories of financial instruments

The following tables sets out the financial instruments as at the end of financial year:

	Assets at amortised cost US\$	Liabilities at amortised cost US\$	Total US\$
2022			
Assets			
Trade and other receivables	11,184,861	-	11,184,861
Cash and cash equivalents	8,319,005	-	8,319,005
	<u>19,503,866</u>	<u>-</u>	<u>19,503,866</u>
Liabilities			
Trade and other payables	-	13,874,823	13,874,823
Interest bearing loans and borrowings	-	857,853	857,853
	<u>-</u>	<u>14,732,676</u>	<u>14,732,676</u>
2020			
Assets			
Trade and other receivables	17,174,057	-	17,174,057
Cash and cash equivalents	661,001	-	661,001
	<u>17,835,058</u>	<u>-</u>	<u>17,835,058</u>
Liabilities			
Trade and other payables	-	14,799,927	14,799,927
Interest bearing loans and borrowings	-	-	-
	<u>-</u>	<u>967,823</u>	<u>967,823</u>
	<u>-</u>	<u>15,767,750</u>	<u>15,767,750</u>

b) Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

**17) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(CONTINUED)**

b) Financial risk management objectives and policies (continued)

The Board of Directors review and agree 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.

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.

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.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from directors' accounts and other receivables.

The Company as adopted procedures in monitoring collections and default of payments from its debtors. In addition, trade receivable balance are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Hence, the Company does not expect to incur material credit losses. Cash and fixed deposits are placed with reputable and regulated financial institutions. For other financial assets, the Company minimises credit risk by dealing mainly with high credit rating counterparties.

The Company has applied the simplified approach to providing for impairment for ECLs prescribed by FRS 109, which permits the use of the lifetime expected loss provision for impairment of trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporated forward looking information.

Given (i) there was no significant default in prior years, the Company considered the default rate of financial assets is minimal; and (ii) no adverse change in the business environment is anticipated, the Company considered that the expected credit loss rate of their trade receivables is minimal for ageing bands. As a result, the ECL is determined to be insignificant.

Exposure to credit risk

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

**17) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(CONTINUED)**

b) Financial risk management objectives and policies (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. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

2022	US\$	US\$	US\$	US\$
<u>Financial assets</u>				
Trade and other receivables	11,184,861	-	-	11,184,861
Cash and cash equivalents	8,319,005	-	-	8,319,005
Total undiscounted financial assets	19,503,866	-	-	19,503,866
<u>Financial liabilities</u>				
Trade and other payables	13,874,823	-	-	13,874,823
Interest bearing loans and borrowings	71,528	286,112	500,213	857,853
Total undiscounted financial liabilities	13,946,351	286,112	500,213	14,732,676
Total net undiscounted financial assets	5,557,515	(286,112)	(500,213)	4,771,190

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

**17) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(CONTINUED)**

b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

2021	One year or less US\$	Two to five years US\$	More than 5 years US\$	Total US\$
<u>Financial assets</u>				
Trade and other receivables	17,174,057	-	-	17,174,057
Cash and cash equivalents	661,001	-	-	661,001
Total undiscounted financial assets	17,835,058	-	-	17,835,058
<u>Financial liabilities</u>				
Trade and other payables	14,799,927	-	-	14,799,927
Interest bearing loans and borrowings	108,136	286,112	573,575	967,823
Total undiscounted financial liabilities	14,908,063	286,112	573,575	15,767,750
Total net undiscounted financial assets	2,926,995	(286,112)	(573,575)	2,067,308

Foreign currency risk

The Company purchases and sells its products in several countries and therefore exposed to movements in foreign currency exchange rates.

The Company does not use foreign currency forward exchange contracts in managing its foreign currency risk arising from cash flows from anticipated sale and purchase transactions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents and interest-bearing loans and borrowings.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

**17) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(CONTINUED)**

b) Financial risk management objectives and policies (continued)

Interest rate risk(continued)

At the reporting date, if the interest rates had been 50 (2021: 50) basis points higher/lower with all other variables held constant, the Company's profit/loss before tax would have been US\$5,750 (2021: US\$9,581) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

18) FAIR VALUES

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.

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 and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to related companies) approximate their fair values as they are subject to normal trade credit terms.

19) CAPITAL RISK MANAGEMENT

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 maximise 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.

The Company is not subject to externally imposed capital requirements. Management monitors capital based on a gearing ratio.

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

19) CAPITAL RISK MANAGEMENT (Continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt comprises of trade and other payables and interest-bearing loans and borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	2022	2021
	US\$	US\$
Net debt	14,732,676	15,116,689
Total equity	6,370,692	5,461,128
Total capital	<u>21,103,368</u>	<u>20,577,817</u>
Gearing ratio	<u>70%</u>	<u>74%</u>

20) AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 27 April 2022.

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
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DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	2022 US\$	2021 US\$
REVENUE	94,955,120	69,624,973
PURCHASES	(95,219,036)	(67,820,365)
GROSS (LOSS)/PROFIT	(263,916)	1,804,608
OTHER INCOME	2,168,588	227,426
	<u>1,904,672</u>	<u>2,032,034</u>
OPERATING EXPENSES		
Audit fees	10,409	11,622
Bank charges	7,848	4,369
Central Provident Fund	5,489	5,582
Conveyance fee	2,738	2,518
Commission	193,482	-
Depreciation	36,126	43,268
Director's CPF	1,379	1,663
Director's fees	119,813	104,321
Director's remuneration	321,678	244,289
Director's medical expenses	-	2,285
Exchange loss	-	5,011
Interest on property loan	11,108	11,647
Interest on lease liabilities	2,071	2,253
Miscellaneous charges for investing properties	6,306	12,548
Maintenance of office equipment	-	343
Office repairs and maintenance	2,716	2,289
Postage and courier	278	389
Printing and stationery	278	341
Legal fee	-	102,764
Loss from non delivery contract	-	61,000
c/f	<u>721,719</u>	<u>618,502</u>

This statement does not form part of the audited financial statements of the Company.

GODREJ INTERNATIONAL TRADING & INVESTMENTS PTE. LTD.
(Reg. No. 200923073W)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

	2022	2021
	US\$	US\$
b/f	721,719	618,502
Property tax	6,037	3,885
Professional fee	5,745	-
Refreshments	-	14
Rental relief	-	4,188
Rental expenses	10,392	-
Salary	78,314	41,541
Skill development levy	127	128
Subscription	2,486	3,045
Tax fees	-	-
Telephone expenses	2,091	1,611
Travelling expenses	11,621	-
Total operating expenses	838,532	672,914
PROFIT BEFORE TAX	1,066,140	1,359,120
TAX EXPENSE	(156,576)	(190,248)
PROFIT REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	909,564	1,168,872

This statement does not form part of the audited financial statements of the Company.