

GRAVITA GLOBAL PTE. LTD.

(ACRA Registration No. 201204623C)

(Incorporated in The Republic of Singapore)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021**

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DIRECTORS' STATEMENT

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31st March 2021.

We, the directors of **Gravita Global Pte. Ltd.**, state that:

- the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto as set out on pages 5 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st March 2021 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended;
- 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; and
- management is responsible for the preparation of financial statements that gives a true and fair view in accordance with the provision of the Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized 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.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Surendra Singh Hada
Rajat Sharma

Oruganti Vijayalakshmi (appointed on 07 Mar 2021)
Kalyanasundaram Maran (resigned on 07 Mar 2021)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

(No. of ordinary shares)	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31 st March 2021	At 1 st April 2020 or date of appointment if later	At 31 st March 2021	At 1 st April 2020 or date of appointment if later
<i>Immediate and Ultimate Holding Company</i>				
Gravita India Limited	1,345,000	1,345,000	-	-
<i>Directors who have interest in above holding company</i>				
Surendra Singh Hada	-	-	-	-
Rajat Sharma	-	-	-	-
Oruganti Vijayalakshmi (appointed on 07 Mar 2021)	-	-	-	-

The immediate & ultimate holding company of the Company is 'Gravita India Limited', a Company incorporated in India.

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

- The directors' interest in the ordinary shares of the Company as at 27/05/2021 were the same as those as at 31st March 2021.

DIRECTORS' STATEMENT (CONT'D)

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

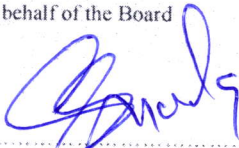
No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

INDEPENDENT AUDITORS

The Independent auditors, Stamford Associates LLP, Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board



.....
Surendra Singh Hada
Director



.....
Rajat Sharma
Director

Place: Singapore

Date: 27/05/2021



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GRAVITA GLOBAL PTE. LTD.
(REGISTRATION NO. 201204623C)
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

Our Opinion

In our opinion, the accompanying financial statements of **Gravita Global Pte. Ltd.** ("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 2021 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at 31st March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

The Impact of uncertainties due to the outbreak of COVID-19 on our Audit.

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the company's financial statements. Our audit assesses and challenge the reasonableness of estimates made by the director such as expected credit losses, impairment of assets, impact of revenue and related disclosures and appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessment of the future economic environment and the company's future prospects and performance. The outbreak of the virus is one of the most significant economic events for all locations where the Company operates, and at the date of this report its effect is subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when approaching the Company's future prospects and performance. However, our audit should not be expected to predict the unknown factors and/or all possible future implications for the Company and in particular in relation to COVID-19. As such, these financial statements do not include any adjustment that might result from the outcome of the uncertainty caused due to COVID-19.

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.


STAMFORD ASSOCIATES LLP
Public Accountants and
Chartered Accountants, Singapore.



Place : Singapore
Date : 27th May 2021



STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2021

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
ASSETS			
Non-current assets			
Investment in subsidiaries	5	1,448,332	1,448,332
Right-of-use assets	6	-	-
Total Non - Current assets		1,448,332	1,448,332
Current assets			
Cash and cash equivalents	7	8,898	3,487
Trade and other receivables	8	233,655	249,146
Contract asset	9	-	-
Total Current Assets		242,553	252,633
Total Assets		1,690,885	1,700,965
LIABILITIES			
Non - Current liabilities			
Lease liability	6	-	-
Deferred tax	17	-	-
Total Non - Current Liabilities		-	-
Current liabilities			
Lease liability	6	-	-
Contract liability	9	-	-
Trade and other payables	10	(7,954)	(10,311)
Provision for taxation	16	-	-
Total Current Liabilities		(7,954)	(10,311)
Total Liabilities		(7,954)	(10,311)
NET ASSETS		1,682,931	1,690,654
EQUITY			
<i>Capital and reserves attributable to equity holders of the Company</i>			
Share capital	4	1,345,000	1,345,000
Accumulated profits		337,931	345,654
TOTAL EQUITY		1,682,931	1,690,654

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021**

	Note	2021 US\$	2020 US\$
Revenue	11	54,892	67,827
Cost of revenue	12	(50,840)	(64,789)
Gross profit		4,052	3,038
Other income	13	4,274	-
		8,326	3,038
Less : Administrative and other operating expenses		(16,049)	(23,189)
Loss from operations	14	(7,723)	(20,151)
Finance costs		-	-
Loss before tax		(7,723)	(20,151)
Income tax expense	16	-	-
Deferred tax	17	-	-
Loss after tax		(7,723)	(20,151)
Profit / (loss) from discontinued operations		-	-
Total Loss		(7,723)	(20,151)
<u>Other comprehensive income:</u>			
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 Loss		(7,723)	(20,151)

(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 2021**

	Attributable to equity holders of the Company		
	<u>Share Capital</u> US\$	<u>Accumulated Profits</u> US\$	<u>Total Equity</u> US\$
Balance as at 31 st March 2019	1,345,000	365,805	1,710,805
Total comprehensive loss	-	(20,151)	(20,151)
Balance as at 31 st March 2020	1,345,000	345,654	1,690,654
Total comprehensive loss	-	(7,723)	(7,723)
Balance as at 31st March 2021	1,345,000	337,931	1,682,931

(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 2021

	<u>Note</u>	<u>2021</u> US\$	<u>2020</u> US\$
<u>Cash flows from operating activities</u>			
Loss before tax		(7,723)	(20,151)
Adjustments for non-cash / non-operating items		-	-
		<u>(7,723)</u>	<u>(20,151)</u>
Change in working capital:			
Trade and other receivables	8	15,491	25,140
Trade and other payables	10	(2,357)	2,258
		<u>13,134</u>	<u>27,398</u>
Cash generated from operations		5,411	7,247
Income tax paid	16	-	-
Net cash flows from operating activities		<u>5,411</u>	<u>7,247</u>
<u>Cash flows from investing activities</u>			
Investment in subsidiaries	5	-	(6,830)
Net cash flows from investing activities		<u>-</u>	<u>(6,830)</u>
		5,411	417
<u>Cash flows from financing activities</u>			
Net cash flows from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		<u>5,411</u>	<u>417</u>
Cash and cash equivalents at beginning of the financial year		3,487	3,070
Cash and cash equivalents at the financial year end	7	<u>8,898</u>	<u>3,487</u>

(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 2021

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

1. General information

Gravita Global Pte. Ltd. (the “Company”) is a company incorporated and domiciled in Singapore. The registered office and principal place of business is situated at 160 Robinson Road, #23-08 SBF Centre, Singapore 068914.

The principal activities of the Company are relating to the business of general wholesale trade (including importers and exporters) and other investment holding companies. There have been no significant changes in the nature of these activities during the financial year.

The immediate & ultimate holding company of the Company is ‘Gravita India Limited’, a company incorporated in 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 2020

On 1st April 2020, 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.

Effective for annual periods beginning on or after 1 April 2020:

- FRS 1 Presentation of Financial Statements and
- FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- FRS 103 Business Combinations (Definition of a Business)
- FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement and
- FRS 107 Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
- Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 Leases

(i) When the Company is the lessee:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

• Right-of-use assets

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets (except for those which meets the definition of an investment property) are presented within ‘Property, plant and equipment’ or as a separate line item on the statement of financial position. Right-of-use asset which meets the definition of an investment property is presented within ‘Investment properties’ and accounted for accordingly.

• Lease liability

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

2. Significant Accounting Policies (cont'd)

2.2 Leases (cont'd)

(i) When the Company is the lessee (cont'd):

• Lease liability (cont'd)

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

For contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Company has elected to not separate lease and non- lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

• Short term and low value leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

• Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.3 Revenue recognition

Revenue is recognized when control of the goods and services has transferred to its customer, being when the goods are sold and services are rendered to the customer, and provided it is probable that the economic benefits associated with the transactions will flow to the Company, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods and services. Revenue from these goods and services is recognized based on the price specified in the contract, net of the estimated volume discounts.

Interest income

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

Dividend income

Dividend income is recognized when the right to receive payment is established.

2. Significant Accounting Policies (cont'd)

2.4 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.

2.5 Property, plant and equipment

a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognized 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 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.

2.6 Financial assets

(a) Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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

2. Significant Accounting Policies (cont'd)

2.6 Financial assets (cont'd)

(a) Classification and measurement (cont'd)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities. There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost:

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVOCI:

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

FVPL:

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity investments

The Company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, lease receivables and contract assets, the Company applies the simplified approach permitted by the SFRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) 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. On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income.

2. Significant Accounting Policies (cont'd)

2.6 Financial assets (cont'd)

(c) Recognition & Derecognition (cont'd)

If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset. Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised 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.

2.7 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.

2.8 Financial guarantees

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS 115; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS 109.

2.9 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.

2.10 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. 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.

2.11 Impairment of non- financial assets

Right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognized in profit or loss.

2. Significant Accounting Policies (cont'd)

2.12 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.

2.13 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.

2.14 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.

2.15 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 recognises termination benefits when it is demonstrably committed at the earlier of the following dates:

- (a) 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
- (b) when the Company recognises 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

2. Significant Accounting Policies (cont'd)

2.16 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.

2.17 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

2.18 Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's Statement of Financial Position.

(i) Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted in line with paragraph 4(a) of FRS 110 from the preparation of consolidated financial statements as the Company is a subsidiary of 'Gravita India Limited', a Company incorporated in India which produces consolidated financial statements available for public use.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the noncontrolling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to statement of comprehensive income or transferred directly to retained earnings if required by a specific Standard.

Amounts recognised in other comprehensive income in respect of that entity are also reclassified to statement of comprehensive income or transferred directly to retained earnings if required by a specific Standard. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in statement of comprehensive income. Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

2. Significant Accounting Policies (cont'd)

2.19 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.

2.20 Share capital and Dividends

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.

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

3. Critical accounting estimates, assumptions and judgments

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.

Uncertain tax positions

The Company is subject to income taxes in Singapore jurisdiction. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at its tax jurisdiction. The Company has significant open tax assessments with a tax authority at the statement of financial position date. As management believes that the tax positions are sustainable, the Company has not recognized any additional tax liability on these uncertain tax positions.

Impairment of investment in subsidiaries (refer Note 5)

The overall impairment of investment in subsidiaries is assessed based on fair value of net assets / (liabilities) as per *unaudited* financial statements of those subsidiaries. Have those financial statements would have been audited; the impairment assessment could have been assessed differently depending on variations if any between audited and unaudited financial statements of those subsidiaries.

Provision for expected credit loss (ECL's) of trade receivables

Based on the Company's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Company has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. Notwithstanding the above, the Company evaluates the expected credit loss on customers in financial difficulties separately.

Critical judgement over the lease terms

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option. The Company considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions. The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

4. Share capital

	<u>Issued share capital</u>	
	<u>No. of ordinary shares</u>	<u>Amount US\$</u>
As at 1 st April 2019	1,345,000	1,345,000
Shares issued during the year	-	-
As at 31 st March 2020	1,345,000	1,345,000
Shares issued during the year	-	-
As at 31st March 2021	1,345,000	1,345,000

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

5. Investment in Subsidiaries

<u>Unquoted Equity Investment – at cost</u>	<u>2021</u> US\$	<u>2020</u> US\$
Balance at beginning of the financial year	1,448,332	1,441,502
Additions / (Disposals) during the year	-	6,830
Fair value adjustments / Impairment loss	-	-
Balance at the end of the financial year	1,448,332	1,448,332

The following information relates to the subsidiaries are as below:

Direct subsidiaries

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country</u>	<u>Cost of investment</u>		<u>Equity holding</u>	
			<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> %	<u>2020</u> %
Gravita Netherlands BV*	Other investment holding companies & general wholesale trade	Netherlands	1,419,560	1,419,560	100	100
Gravita Nicaragua SA	General wholesale trade	Nicaragua	200	200	5	5
Gravita Mozambique Lda	General wholesale trade	Mozambique	28,080	28,080	3.62	3.62
Gravita Ventures Limited	General wholesale trade	Republic of Tanzania	92	92	1	1
Gravita Tanzania Ltd	General wholesale trade	Republic of Tanzania	100	100	0.02	0.02
Mozambique Recyclers Ltd	General wholesale trade	Netherlands	200	200	2	2
Gravita Peru SAC	General wholesale trade	Peru	100	100	1	1
Gravita Dominican Republic S.A	General wholesale trade	Dominican Republic	-	-	1	1
TOTAL			1,448,332	1,448,332		

***Indirect subsidiaries (Held by Gravita Netherlands BV)**

Gravita Senegal SAU	General wholesale trade	Senegal	830,000	830,000	100	100
Gravita Mozambique Lda	General wholesale trade	Mozambique	745,600	745,600	96.38	96.38
Gravita USA Inc	General wholesale trade	USA	250,000	250,000	100	100
Gravita Ventures Ltd (Tanzania)	General wholesale trade	Republic of Tanzania	9,133	9,133	99	99
Gravita Nicaragua SA	General wholesale trade	Nicaragua	643,790	643,790	95	95
Navam Lanka Ltd	General wholesale trade	Sri Lanka	1,033,000	1,033,000	52	52
Gravita Jamaica	General wholesale trade	Jamaica	277,880	277,880	100	100
Recyclers Costa Rica	General wholesale trade	Netherlands	200,000	200,000	100	100
Recyclers Ghana Ltd	General wholesale trade	Netherlands	700,000	700,000	100	100
Gravita Mauritania SARL	General wholesale trade	Netherlands	-	-	-	100
Gravita Cameroon	General wholesale trade	Netherlands	-	-	-	100
Mozambique Recyclers LDA	General wholesale trade	Netherland	9,800	9,800	98	98
Gravita Tanzania Ltd	General wholesale trade	Republic of Tanzania	259,900	259,900	99.98	99.98
Gravita Dominican Republic S.A	General wholesale trade	Dominican Republic	43,000	43,000	99	99
Gravita Mali S.A	General wholesale trade	Mali	17,900	17,900	100	100
Gravita Peru SAC	General wholesale trade	Peru	9,900	9,900	99	99
TOTAL			5,029,903	5,029,903		

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

5. Investment in Subsidiaries (cont'd)

In line with Singapore Companies Act Cap 50 section 201(1)(2)(11) and FRS 110 the Company is exempt from presenting consolidated accounts. The Company satisfies all the conditions of FRS 110 paragraph 4(a) from presenting consolidation financial statements for the year, as stated below;

- a) it is wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent presenting consolidated financial statements;
- b) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- c) it did not file, nor it is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- d) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- e) it did not file, nor it is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- f) its ultimate or any intermediate parent produces consolidated financial statements that are available for public use. The immediate parent consolidated financial statement can be obtained from its registered office.

The ultimate parent Company 'Gravita India Limited', a Company incorporated in India produces consolidated financial statements available for public use.

Financial statements of direct & indirect subsidiaries are not audited as they are not mandatorily required as per the laws of their respective countries of incorporation. Management used certified financial statements (unaudited) for the purpose of impairment assessment of investment in subsidiaries. Investment in subsidiaries approximates its fair value as on the Statement of Financial Position date. Please also refer to Note 3.1(b).

6. Right-of-use assets / Lease liability

Right-of-use of assets acquired under leasing arrangements of the same class of assets are presented in line with SFRS 116. However, there are no identifiable RoU assets and corresponding lease liability exist for the Company as at the date of statement of financial position.

7. Cash and cash equivalents

	<u>2021</u> US\$	<u>2020</u> US\$
Cash in hand	-	-
Cash at bank	8,898	3,487
Cash & cash equivalents per statement of cash flows	<u>8,898</u>	<u>3,487</u>

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

	<u>2021</u> US\$	<u>2020</u> US\$
Singapore Dollars	2,664	30
United States Dollars	6,234	3,457
	<u>8,898</u>	<u>3,487</u>

8. Trade and other receivables

	<u>2021</u> US\$	<u>2020</u> US\$
Trade receivables (related parties)	19,182	22,139
<i>Other receivables:</i>		
- Third party advances (trade related)	3,190	3,190
- Related parties' advances (trade related)	211,283	223,817
Total trade and other receivables	<u>233,655</u>	<u>249,146</u>

The credit period of trade receivables is 30-180 days. The advances paid to related parties are under normal trade terms. Trade and other receivables approximate its fair value as on the statement of financial position date and are denominated in United States Dollars.

9. Contract liability / Contract Asset

The Company recognizes the contract liability & contract asset on unfulfilled performance obligation based on the terms and conditions of the contracts entered in to with customers & suppliers on case-to-case basis. However, there are no unfulfilled obligation in line with FRS 115 exists as at the date of statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

10. Trade and other payables

	<u>2021</u> US\$	<u>2020</u> US\$
Trade payables:	-	-
<i>Other payables:</i>		
- Accruals for operating expenses	7,954	10,311
Total trade & other payables	<u>7,954</u>	<u>10,311</u>

The average 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 Singapore dollars.

11. Revenue

	<u>2021</u> US\$	<u>2020</u> US\$
<i>Recognised at a point in time</i>		
Sale of goods	<u>54,892</u>	<u>67,827</u>

Sale of goods revenue represents the invoiced value net of discounts during the financial year and is recognised when the entity has transferred the control over goods upon satisfaction of performance obligations to the buyer. The revenue is recognized upon successful satisfaction of performance obligation as per 'FRS 115 – Revenue from contracts with customers.'

12. Cost of revenue

	<u>2021</u> US\$	<u>2020</u> US\$
Purchases & other direct costs	<u>50,840</u>	<u>64,789</u>

13. Other income

	<u>2021</u> US\$	<u>2020</u> US\$
Other interest income	<u>4,274</u>	<u>-</u>

14. Loss from operations

Loss from operations is arrived after charging following *major* expenses:

	<u>2021</u> US\$	<u>2020</u> US\$
Bank charges	1,038	1,099
Legal and professional fees	645	10,655
Other interest charges	<u>-</u>	<u>2,621</u>

15. Employee compensation

	<u>2021</u> US\$	<u>2020</u> US\$
Salaries and other benefits	6,458	7,012
Employer's contribution to defined contribution plans	<u>-</u>	<u>-</u>
	<u>6,458</u>	<u>7,012</u>

There is no directors' remuneration (key management personnel compensation) paid during the current and previous financial years.

16. Taxation

	<u>2021</u> US\$	<u>2020</u> US\$
Balance at the beginning	-	-
Current year provision	-	-
Income tax paid	-	-
Balance as at 31 st March	<u>-</u>	<u>-</u>

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

	<u>2021</u> US\$	<u>2020</u> US\$
(Loss) / Profit before income tax	(7,723)	(20,151)
Tax calculated at tax rate of 17%	(1,313)	(3,426)
<u>Effects of:</u>		
-tax benefit forfeited	1,313	3,426
Tax expense	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

17. Deferred Taxation

There is neither any movement nor any balance in this account as at the date of statement of financial position.

18. 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:

<u>Related Companies:</u>	<u>2021</u> US\$	<u>2020</u> US\$
- Trade related advance	211,283	223,817
- Trade receivables	19,182	22,139
- Sales	54,892	67,827
- Acquisition of Subsidiaries	-	6,830
Key management personnel compensation	-	-

19. Contingencies & commitments

Contingent liabilities, of which the probability of settlement is not remote at the statement of financial position date, are none.

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

20. 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.

20.1 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 US Dollars. As such the Company's sales and purchases 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 2021

	<u>SGD</u> US\$	<u>Others</u> US\$	<u>Total</u> US\$
<u>Financial assets</u>			
Cash & cash equivalents	2,664	-	2,664
	<u>2,664</u>	<u>-</u>	<u>2,664</u>
<u>Financial liabilities</u>			
Trade & other payables	7,954	-	7,954
	<u>7,954</u>	<u>-</u>	<u>7,954</u>

Foreign currency sensitivity

If the relevant foreign currency change against United States Dollars (US\$) 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:

	<u>Financial Assets</u>		<u>Financial Liabilities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
(net of tax @ 17%):	US\$	US\$	US\$	US\$
Profit/ (loss)	221	2	(661)	(856)
Other equity	-	-	-	-
	<u>221</u>	<u>2</u>	<u>(661)</u>	<u>(856)</u>

If the foreign currency *weakens* by 10% against the functional currency of the Company, statement of comprehensive income and other equity have equal but opposite effect.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

20. Financial risk management (cont'd)

20.1 Market risk (cont'd)

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

20.2 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 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 Company uses a provision matrix to measure the 12-month expected credit losses and/or lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macro-economic factors affecting the ability of the customers to settle the receivables. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

The Company's credit risk exposure in relation to trade receivables under SFRS 109 as at *31 March 2021* are set out in the provision matrix as follows:

Description	0 - 30 days	31 - 60 days	61 - 90 days	91 days & above	TOTAL
	US\$	US\$	US\$	US\$	US\$
Ageing for previous year 2020 (A)	22,139	-	-	-	22,139
Bad debts / provision during 2020 (B)	-	-	-	-	-
Credit loss % (C)=(B/A)	-	-	-	-	-
Ageing for current year 2021 (D)	19,182	-	-	-	19,182
Credit loss expected in current year {(D x C) or actual provision, whichever is higher}	-	-	-	-	-

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

	<u>2021</u> US\$	<u>2020</u> US\$
<u>By geographical areas:</u>		
Singapore	-	-
Others	19,182	22,139
	<u>19,182</u>	<u>22,139</u>
<u>By types of customers:</u>		
Related parties	19,182	22,139
Non-related parties	-	-
	<u>19,182</u>	<u>22,139</u>

20.3 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. At the statement of financial position date, assets held by the Company for managing liquidity risk included cash & cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

20. Financial risk management (cont'd)

20.3 Liquidity risk (cont'd)

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):-

31st March 2021	Maturity <u>< 1 year</u>	Maturity <u>2 - 5 years</u>	<u>Total</u>	Applicable <u>Interest Rate</u>
<u>Financial Liabilities</u>	US\$	US\$	US\$	Note No. #
Trade & other payables	7,954	-	7,954	NIL
Contract liability	-	-	-	NIL
	<u>7,954</u>	<u>-</u>	<u>7,954</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 group 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.

20.4 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. 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.

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>2021</u> US\$	<u>2020</u> US\$
Net debt	(944)	6,824
Total equity	1,682,931	1,690,654
Total capital	<u>1,681,987</u>	<u>1,697,478</u>
Gearing ratio (%)	<u>-</u>	<u>0.40%</u>

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

	<u>2021</u> US\$	<u>2020</u> US\$
Total liability	7,954	10,311
Tangible net worth	<u>1,682,931</u>	<u>1,690,654</u>
Leverage ratio	<u>0.005 times</u>	<u>0.006 times</u>

20.5 Fair value measurements

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value measurements are not applicable to the Company as there are no financial instruments of the types 1, 2 or 3 exists as at the date of statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

21. Subsequent events and Going concern

The Coronavirus Disease 2019 (“COVID-19”) pandemic has significantly impacted entities, disrupting their operations, financial, risk management and internal control systems. At the same time, the global financial markets and prices of several commodities are experiencing unprecedented volatility.

The Company makes assumptions and judgements for the recognition of gains and losses, and the potential impact on going concern, amongst other key considerations in preparing these financial statements, as below;

i) Disruption in operations: Impact of COVID-19

There is no material uncertainty about the entity’s ability to continue as a going concern and hence the going concern assumption remains appropriate as at the date of issuance of the financial statements.

(ii) Rent concessions

There are no rent concessions have been granted to lessees in variety of forms, including payment holidays and deferral of lease payments.

(iii) Revenue from contracts with customers

Management estimates the amount of price concessions using the expected value method, taking into account relevant information known and available to management (including the Company’s experience in providing price concessions for goods of dissatisfactory quality and customers’ payment patterns). In estimating the amount of price concessions from ‘prompt payment discounts’ for the financial year ended 31 March 2021, management had incorporated their recent experience that payments from certain customers were less ‘prompt’ as compared to prior years before the COVID-19 pandemic.

The management is closely monitoring the Company’s operations, liquidity and resources and is actively working to minimize the current and future impact of any unprecedented situation or uncertainty which might arise due to Coronavirus disease (COVID-19). According to the management’s assessment, these financial statements do not include any adjustment that might result from the outcome of any such uncertainty and the current COVID-19 pandemic situation does not pose any significant material risk to business operations and going concern status of the Company as of the date of the issuance of these financial statements.

22. 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 2021 and which the Company has not early adopted.

FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
(effective for annual periods beginning on or after 1 January 2023)

FRS 16 Property, Plant and Equipment: Proceeds before Intended Use
(effective for annual periods beginning on or after 1 January 2022)

FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
(effective for annual periods beginning on or after 1 January 2022)

23. Authorization of the financial statements

These financial statements of the Company as at 31st March 2021 and for the financial year then ended were authorized and approved for issuance in accordance with a resolution of the Board of Directors of **Gravita Global Pte. Ltd.** on 27th May 2021.

GRAVITA GLOBAL PTE. LTD.
(Incorporated in The Republic of Singapore)
Detailed Statement of Comprehensive Income
For the period from 1st April 2020 to 31st March 2021

Description	2021 US\$	2020 US\$
Revenue		
SALES	- 54,892	- 67,827
	- 54,892	- 67,827
Cost of revenue		
Purchases (FGoods)	50,840	64,789
	50,840	64,789
Gross (Profit)/ Loss	- 4,052	- 3,038
Other Income		
Interest income	- 4,274	-
Gain on foreign exchange - unrealised	-	-
Gain on foreign exchange - realised	-	-
	- 4,274	-
Administrative expenses		
Audit fee	6,625	7,164
Bank charges	1,038	1,099
Exchange difference	216	- 50
Legal and professional fee		3,491
Postage	46	-
Professional service charges	645	-
Rental of locker	735	1,567
Subscription fee		-
Telephone and fax charges	309	263
	9,614	13,534
Staff Costs		
Salaries, bonus and allowances	-	-
Staff welfare	6,458	7,012
	6,458	7,012

Other expenses		
Others expenses	- 23	22
	- 23	22
(Profit) / Loss from Operations	7,723	17,530
Finance costs		
Interest expense	-	2,621
	-	2,621
(Profit) / Loss for the year	7,723	20,151
Taxation		
Taxation	-	-
	-	-
Deferred Tax		
Deferred Tax	-	-
	-	-
(Profit) / Loss after tax	7,723	20,151
Other Comprehensive Income (OCI)		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be reclassified subsequently to profit or loss:	-	-
	-	-
TOTAL COMPREHENSIVE (INCOME) / LOSS	7,723	20,151