

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

Registration Number: 200705642E

Financial Statements

And

Other Financial Information

FOR THE YEAR ENDED 31 MARCH 2021

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

DIRECTORS

Anandan Ilavarasu
Harikrishnan s/o Muthusamy
Vasandam d/o Raju

SECRETARY

Harikrishnan s/o Muthusamy

REGISTERED OFFICE

519 Balestier Road,
#04-02 Le Shantier,
Singapore 329852

REGISTRATION NUMBER: 200705642E

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SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

DIRECTORS' STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

The directors are pleased to present their statement to the members together with the financial statements of Shilpa Impex Pte. Ltd. (the "Company") for the financial year ended 31 March 2021.

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 2021 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: -

Natarajan Alaguraja	(Resigned on 16 August 2020)
Anandan Ilavarasu	(Appointed on 30 September 2020)
Harikrishnan s/o Muthusamy	(Appointed on 27 September 2021)
Vasandam d/o Raju	

3 Arrangements to enable directors to acquire shares or debentures

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

4 Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, 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:

	No. of Ordinary Shares			At the end of the year
	At the beginning of the year	Bought	Sold	
Natarajan Alaguraja	2	-	2	-
Anandan Ilavarasu	-	2	-	2

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

DIRECTORS' STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

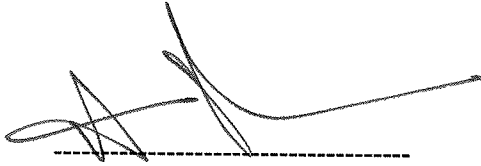
5 Share options

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

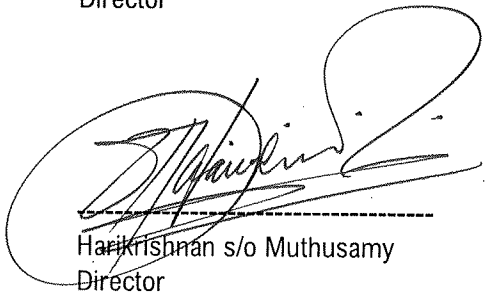
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

On behalf of the Board of Directors,



Anandan Ilavarasu
Director



Harikrishnan s/o Muthusamy
Director

Singapore

Date: 30 SEP 2021

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

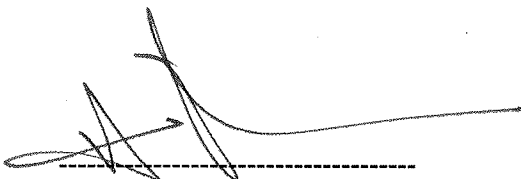
FOR THE YEAR ENDED 31 MARCH 2021

REGISTRATION NUMBER: 200705642E

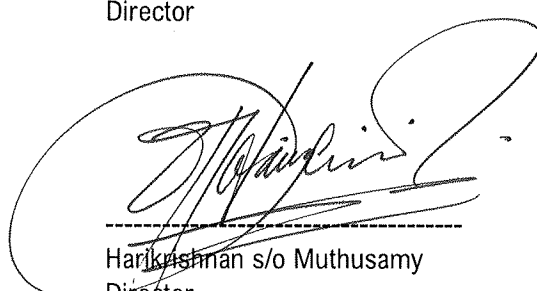
STATEMENT BY AN EXEMPT PRIVATE COMPANY EXEMPT FROM AUDIT REQUIREMENTS UNDER SECTION 205C (3) OF THE COMPANIES ACT

WE, THE DIRECTORS OF THE ABOVEMENTIONED COMPANY HEREBY DECLARE THAT:

- a) As the financial year ended 31 March 2021, the Company is exempt from audit requirement as the Company qualifies as small Company, as it has complied with the following criteria:-
 - i) It is a private company in the financial year ended 31 March 2021;
 - ii) It meets the following criterion for immediate past two consecutive financial years:
 - Total revenue is less than S\$10 million;
 - Total assets is less than S\$10 million;
 - Number of employees is less than 50
- b) No notice has been received from any member under section 205B(6) requiring the Company to obtain an audit of its account in relation to the financial year; and
- c) The accounting and other records required to be kept by the Company in accordance with Section 199 of the Companies Act have been so kept.



Anandan Ilavarasu
Director



Harikrishnan s/o Muthusamy
Director

Singapore

Date: 30 SEP 2021

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 US\$	2020 US\$
ASSETS			
<u>Non-current Assets</u>			
Equipment	4	-	-
Investment	5	633,626	525,138
		<u>633,626</u>	<u>525,138</u>
<u>Current Assets</u>			
Trade receivables	6	-	729,640
Cash and cash equivalents	7	11,066	23,015
		<u>11,066</u>	<u>752,655</u>
Total assets		<u>644,692</u>	<u>1,277,793</u>
LIABILITIES AND EQUITY			
<u>Current Liabilities</u>			
Trade and other payables	8	767,532	1,486,271
Provision for income tax		-	-
		<u>767,532</u>	<u>1,486,271</u>
<i>Net current liabilities</i>		<i>(756,466)</i>	<i>(733,616)</i>
<i>Net liabilities</i>		<i>(122,840)</i>	<i>(208,478)</i>
<u>Shareholder's equity</u>			
Share capital	3	1	1
Accumulated losses		(122,841)	(208,479)
		<u>(122,840)</u>	<u>(208,478)</u>
Total liabilities and equity		<u>644,692</u>	<u>1,277,793</u>

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 US\$	2020 US\$
Sales	9	641,171	2,955,033
Cost of sales	10	<u>(641,214)</u>	<u>(2,933,883)</u>
Gross (loss)/profit		(43)	21,150
Administrative expenses	11	(22,807)	(37,247)
Share of profit from associate	5	<u>108,488</u>	<u>63,248</u>
Profit before income tax		85,638	47,151
Income tax credit	12	<u>-</u>	<u>202</u>
PROFIT FOR THE YEAR		85,638	47,353
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>85,638</u>	<u>47,353</u>

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital US\$	Accumulated Losses US\$	Total US\$
Balance as at 31 March 2019	1	(255,832)	- 255,831
Total comprehensive income for the year	-	47,353	47,353
Balance as at 31 March 2020	1	(208,479)	(208,478)
Total comprehensive income for the year	-	85,638	85,638
Balance as at 31 March 2021	1	(122,841)	(122,840)

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 US\$	2020 US\$
Cash flows from operating activities:			
Profit before income tax		85,638	47,151
Adjustment for:			
Share of profit from associate		(108,488)	(63,248)
Operating (loss) before working capital changes		<u>(22,850)</u>	<u>(16,097)</u>
Decrease/(increase) in trade and other receivables		729,640	(553,369)
(Decrease)/increase in trade and other payables		(718,739)	567,015
Cash used in operations		<u>(11,949)</u>	<u>(2,451)</u>
Income tax refunded		-	202
Net cash used in operating activities		<u>(11,949)</u>	<u>(2,249)</u>
Net decrease in cash and cash equivalent		(11,949)	(2,249)
Cash and cash equivalent at beginning of the year		<u>23,015</u>	<u>25,264</u>
Cash and cash equivalent at end of the year	7	<u><u>11,066</u></u>	<u><u>23,015</u></u>

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

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

1 Corporate information

Shilpa Impex Pte. Ltd. (the "Company") is a private limited liability Company which domiciled and incorporated in Singapore. The registered office of the Company is located at 519 Balestier Road, #04-02 Le Shantier, Singapore 329852.

The principal activities of the Company are to import and export of cotton yarn, cotton fabrics and all kinds of textile goods. There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Company for financial year ended 31 March 2021 were authorized for issue in accordance with the resolution of the directors on **30 SEP 2021**

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements are presented in United States Dollars (US\$) which is the Company's functional currency.

Going concern

The financial statements of the Company have been prepared on a going concern basis notwithstanding the net capital deficiency of US\$122,840 and US\$208,478 as at 31 March 2021 and 31 March 2020 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the undertaking of its Directors, to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

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 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

2 Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

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

Description	Effective for annual period beginning on or after
Amendment to FRS 116 <i>Leases: Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to FRS 109 <i>Financial Instruments</i> , FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , FRS 107 <i>Financial Instruments: Disclosures</i> , FRS 104 <i>Insurance Contracts</i> , FRS 116 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to FRS 16 <i>Property, Plant and Equipment: 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 the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Foreign currency transactions and balances

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

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

2.5 Equipment and depreciation

All items of equipment are initially recorded at cost. Subsequent to recognition, equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful life is:

Computer

1 year

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

2 Summary of significant accounting policies (continued)

2.5 Equipment and depreciation (continued)

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

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

2.6 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2.7 Investment

An associate is an entity over which the Associate Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Company account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Company's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

2 Summary of significant accounting policies (continued)

2.7 Investment (continued)

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been change recognised in the other comprehensive income by the associates, the Company recognizes its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and associate are eliminated to the extent of the interest in the associates.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investment in associate. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2.8 Financial instruments

a) Financial assets

Initial recognition and measurement

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

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

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

a) Financial assets (continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

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

Derecognition

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

b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

2 Summary of significant accounting policies (continued)

2.9 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 recognizes 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 60 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.

2.10 Cash and cash equivalents

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

2.11 Provisions

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

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

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

2 Summary of significant accounting policies (continued)

2.12 Revenue recognition

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 yarn, fabrics and all kinds of textile goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price. Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2.13 Taxes

a) Current income tax

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

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

b) Deferred tax

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

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

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

SHILPA IMPEX PTE. LTD.

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

2 Summary of significant accounting policies (continued)

2.14 Share capital

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

2.15 Significant accounting estimates and judgments

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

a) Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

b) Key sources of estimation uncertainty

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

Impairment of loans and receivables

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. The carrying amount of the Company loans and receivables at the end of reporting period is disclosed in Note 6 to the financial statements.

3 Share capital

	2021		2020	
	No. of ordinary shares	US\$	No. of ordinary shares	US\$
Issued and fully paid				
At 01 April	2	1	2	1
Issued during the year	-	-	-	-
At 31 March	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote without restriction. All shares rank equally with regard to the Company's residual assets.

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

4 Equipment

	Computer US\$
Cost	
As at 31 March 2019	1,340
Additions	-
As at 31 March 2020	1,340
Additions	-
As at 31 March 2021	1,340
Accumulated depreciation	
As at 31 March 2019	1,340
Depreciation for the year	-
As at 31 March 2020	1,340
Depreciation for the year	-
As at 31 March 2021	1,340
Net book value	
As at 31 March 2021	-
As at 31 March 2020	-

5 Investment

	2021 US\$	2020 US\$
Unquoted equity investment, at cost	525,138	461,890
Share of profit on associate operation	108,488	63,248
Carrying amount of investment	633,626	525,138

Share of profit

	2021 US\$	2020 US\$
At beginning of the year	(57,362)	(120,610)
Share of profit during the year	108,488	56,421
Adjustment for overprovision in share of associate loss from previous year	-	6,827
At end of the year	51,126	(57,362)

Details of the associate are as follows:

Name	Country of Incorporation	Principal Activities	Percentage (%) of ownership interest	
			2021	2020
S.A Aanandan Spinning Mills (P) Limited	India	Manufacture of yarn and fabrics	36.19%	36.19%

The Associate Company is audited by Narayanasamy & Associates, India.

SHILPA IMPEX PTE. LTD.

(Incorporated in Singapore)

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

5 Investment (continued)

The summarised financial information of the Associate, not adjusted of ownership interest held by the Company, is as follows:

	Audited 2021 US\$	Audited 2020 US\$
Statement of financial position		
Current assets	7,315,448	6,971,915
Non-current assets	3,609,052	3,699,667
Total assets	<u>10,924,500</u>	<u>10,671,582</u>
Current liabilities	7,052,934	8,030,861
Non-current liabilities	1,724,018	839,040
Total liabilities	<u>8,776,952</u>	<u>8,869,901</u>
Statement of comprehensive income		
Revenue	<u>18,914,339</u>	<u>18,029,586</u>
Profit after tax	<u>299,774</u>	<u>155,902</u>
Share of profit from associate	<u>108,488</u>	<u>56,421</u>

6 Trade receivables

	2021 US\$	2020 US\$
Trade receivables - third parties	<u>-</u>	<u>729,640</u>

Trade receivables are non-interest bearing and are generally on 60 to 90 days terms. They are recognized at their original invoices amounts which represents their fair values on initial recognition. The trade receivables are neither impaired nor overdue.

7 Cash and cash equivalents

	2021 US\$	2020 US\$
Cash in bank	10,818	22,767
Cash on hand	248	248
	<u>11,066</u>	<u>23,015</u>

Cash and cash equivalents are denominated in the following currencies:

	2021 US\$	2020 US\$
Singapore dollar	-	2,235
United States dollar	11,066	20,780
	<u>11,066</u>	<u>23,015</u>

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

8 Trade and other payables

	2021 US\$	2020 US\$
Trade payables - associate company	670,165	1,424,835
Advances from customer	79,904	8,730
Other payables	2,773	2,773
Accruals	14,690	49,933
	<u>767,532</u>	<u>1,486,271</u>

Trade and other payables are non-interest bearing and are generally on 60 to 90 days term. They are recognized at their original invoices amounts which represents their fair values on initial recognition.

Trade and other payables are denominated in the following currencies:

	2021 US\$	2020 US\$
Singapore dollar	5,690	8,381
United States dollar	761,842	1,477,890
	<u>767,532</u>	<u>1,486,271</u>

9 Sales

	2021 US\$	2020 US\$
Sales	<u>641,171</u>	<u>2,955,033</u>

Timing of transfer of goods is at a point in time.

10 Cost of sales

	2021 US\$	2020 US\$
Purchases	<u>641,214</u>	<u>2,933,883</u>

11 Administrative expenses

	Note	2021 US\$	2020 US\$
Accountancy fees		4,391	4,211
Bank charges		4,166	4,189
Commission		-	15,378
Director's fees	13	12,000	12,000
Printing and stationery		110	105
Registered office address fee		220	211
Secretarial fees		439	421
Taxation fees		403	386
Other		1,078	346
		<u>22,807</u>	<u>37,247</u>

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12 Income tax

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2020: 17%) to normal chargeable income after partial tax exemptions, as a result of the following differences:

	2021 US\$	2020 US\$
Accounting profit before income tax	<u>85,638</u>	<u>47,151</u>
Income tax expense	14,558	8,016
Non-deductible expenses	38	-
Tax on share of profit from associate company	(18,443)	(10,752)
Deferred tax asset on unutilised losses, unrecognised	3,847	2,736
Overprovision in respect of prior years	<u>-</u>	<u>(202)</u>
Income tax expense/(credit)	<u>-</u>	<u>(202)</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses is US\$3,847 (2020: US\$187,336) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

13 Significant related party transactions

Sale and purchase of goods and services

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

	Note	2021 US\$	2020 US\$
Purchases	10	<u>641,214</u>	<u>2,933,883</u>

Compensation of key management personnel

		2021 US\$	2020 US\$
Director's fees	11	<u>12,000</u>	<u>12,000</u>

14 Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The 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 abovementioned financial risks and the objectives, policies and processes for the management of these risks.

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

14 Financial risk management (continued)

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.

a) Credit risk

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

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

b) 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 standby credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations and bank borrowings. 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.

	<u>Within one (1) year</u>	
	<u>2021</u>	<u>2020</u>
	<u>US\$</u>	<u>US\$</u>
<u>Financial assets</u>		
Trade receivables	-	729,640
Cash and cash equivalents	11,066	23,015
	<u>11,066</u>	<u>752,655</u>
<u>Financial liabilities</u>		
Trade and other payables	767,532	1,486,271
	<u>767,532</u>	<u>1,486,271</u>
Total net undiscounted financial liabilities	<u>(756,466)</u>	<u>(733,616)</u>

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

14 Financial risk management (continued)

c) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The sensitivity analysis for changes in foreign currency is not disclosed as the effect on profit or loss is considered not significant.

15 Fair value of assets and liabilities

Assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the shortterm 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.

16 Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2021 and 31 March 2020.

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DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	2021 \$	2020 \$
SALES	641,171	2,955,033
LESS: COST OF SALES		
Purchases	<u>(641,214)</u>	<u>(2,933,883)</u>
GROSS (LOSS)/PROFIT	(43)	21,150
LESS: ADMINISTRATIVE EXPENSES		
Accountancy fees	(4,391)	(4,211)
ACRA filing	(48)	(46)
Bank charges	(4,166)	(4,189)
Commission	-	(15,378)
Director's fee	(12,000)	(12,000)
Fines and penalties	(225)	-
Foreign exchange loss	(357)	(289)
General expenses	-	(11)
Printing and stationery	(110)	(105)
Professional charges	(448)	-
Registered office address	(220)	(211)
Secretarial fee	(439)	(421)
Taxation fee	<u>(403)</u>	<u>(386)</u>
	<u>(22,807)</u>	<u>(37,247)</u>
SHARE OF PROFIT FROM ASSOCIATE	<u>108,488</u>	<u>63,248</u>
PROFIT BEFORE INCOME TAX	<u>85,638</u>	<u>47,151</u>

This statement does not form part of these financial statements.