



**KOTHARI PETROCHEMICALS PTE. LTD.**

**Annual Report**  
**Year ended 31 March 2016**

**(Company Registration No. 201319295W)**

We are pleased to submit this annual report to the members of the Company together with the financial statements for the financial year ended 31 March 2016.

## **Opinion of the Directors**

In our opinion:

- (a) the financial statements set out on pages 5 to 17 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date, 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

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

Frank Tsiang Jiang  
Rangarajarathinam Nagarathinam

## **Directors' Interests in Shares and Debentures**

No director who held office at the end of the 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.

## **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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **Share Options**

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

## **Auditors**

The auditors, CWS & Associates, have indicated their willingness to accept re-appointment.

The Board of Directors:

  
.....  
**FRANK TSIANG JIANG**  
*Director*  
.....  
**RANGARAJARATHINAM NAGARATHINAM**  
*Director*

## **Independent Auditors' Report to the Members of Kothari Petrochemicals Pte. Ltd.**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Kothari Petrochemicals Pte. Ltd. (the "Company") set out on pages 5 to 17, which comprise the balance sheet as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility 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 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 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

*Report on Other Legal and Regulatory Requirements*

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

  
CWS & Associates  
*Public Accountants and  
Chartered Accountants*

SINGAPORE  
19 April 2016

	Note	2016 US\$	2015 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Subsidiary	3	75,000	75,000
Loan to subsidiary	4	850,000	850,000
Total non-current assets		925,000	925,000
<b>Current assets</b>			
Other receivables	5	950	6,471
Cash and cash equivalents		54,690	59,743
Total current assets		55,640	66,214
<b>Total assets</b>		<b>980,640</b>	<b>991,214</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Other payables	6	3,599	3,599
Total current liabilities		3,599	3,599
<b>Capital and reserves</b>			
Share capital	7	1,000,000	1,000,000
Accumulated losses		(22,959)	(12,385)
Total equity		977,041	987,615
<b>Total liabilities and equity</b>		<b>980,640</b>	<b>991,214</b>

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

	<b>Note</b>	<b>2016 US\$</b>	<b>2015 US\$</b>
<b>Revenue</b>		–	–
Administrative expenses		(10,574)	(8,712)
<b>Loss from operations</b>	<b>8</b>	<b>(10,574)</b>	<b>(8,712)</b>
Income taxes	<b>9</b>	–	–
<b>Loss for the year</b>		<b>(10,574)</b>	<b>(8,712)</b>
Other comprehensive income for the year		–	–
<b>Total comprehensive loss for the year</b>		<b>(10,574)</b>	<b>(8,712)</b>

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

	<b>Share capital US\$</b>	<b>Accumulated losses US\$</b>	<b>Total US\$</b>
<b>2016</b>			
<b>At 1 April 2015</b>	1,000,000	(12,385)	987,615
<b>Loss for the year</b>	-	(10,574)	(10,574)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive loss for the year</b>	-	(10,574)	(10,574)
<b>At 31 March 2016</b>	<u>1,000,000</u>	<u>(22,959)</u>	<u>977,041</u>
<b>2015</b>			
<b>At 1 April 2014</b>	750,000	(3,673)	746,327
<b>Loss for the year</b>	-	(8,712)	(8,712)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive loss for the year</b>	-	(8,712)	(8,712)
<b>Issue of ordinary shares</b>	250,000	-	250,000
<b>At 31 March 2015</b>	<u>1,000,000</u>	<u>(12,385)</u>	<u>987,615</u>

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

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
<b>Operating activities</b>		
Loss before taxation	(10,574)	(8,712)
Operating loss before working capital changes	(10,574)	(8,712)
Changes in working capital:		
Other receivables	5,521	(6,471)
Cash used from operations	(5,053)	(15,183)
<b>Cash flows from operating activities</b>	<b>(5,053)</b>	<b>(15,183)</b>
<b>Financing activities</b>		
Issue of ordinary shares	–	250,000
Loan to subsidiary	–	(850,000)
<b>Cash flows from financing activities</b>	<b>–</b>	<b>(600,000)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,053)</b>	<b>(615,183)</b>
Cash and cash equivalents at beginning of year	59,743	674,926
<b>Cash and cash equivalents at end of year</b>	<b>54,690</b>	<b>59,743</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash at bank	54,690	59,743

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

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The financial statements were authorised for issue by the directors on 19 April 2016.

## **1. Domicile and activities**

KOTHARI PETROCHEMICALS PTE. LTD. (the "Company") is a private limited company incorporated in the Republic of Singapore.

The registered office of the Company is at 1 Raffles Place, #39-01, One Raffles Place, Singapore 048616.

The principal activities of the Company are that of investment holding and trading in petrochemical products. There have been no significant changes in the nature of these activities during the financial year.

The Company did not trade during the financial year.

The Company's immediate holding company during the financial year is Kothari Petrochemicals Limited, which is incorporated in the Republic of India.

## **2. Summary of significant accounting policies**

### **(a) Basis of preparation**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which are stated at fair value: certain property, plant and equipment, and certain financial assets and financial liabilities.

The financial statements are presented in United States Dollar which is the Company's functional currency.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 2. Summary of significant accounting policies (cont'd)

### (b) *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

### (c) *Subsidiaries and principles of consolidation*

#### *Subsidiaries*

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Company generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### *Principles of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the holding company. Consistent accounting policies are applied to like transactions and events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

The financial statements of the Company are, however, separate financial statements as it has elected in accordance with FRS 110.4(a) exemptions from presenting consolidated financial statements. The Company's immediate holding company will produce consolidated financial statements that are available for public use at Kothari Building, No. 115, Mahatma Gandhi Road Nungambakkam, Chennai, Republic of India.

### (d) *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

## 2. Summary of significant accounting policies (cont'd)

### (d) *Financial assets (cont'd)*

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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 is recognised in profit or loss.

#### *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

### (e) *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

#### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

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## 2. Summary of significant accounting policies (cont'd)

### (e) *Impairment of financial assets (cont'd)*

#### *Assets carried at amortised cost (cont'd)*

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets have been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### (f) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and cash at banks, including fixed deposits. These also include bank overdrafts that form an integral part of the Company's cash management.

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## 2. Summary of significant accounting policies (cont'd)

### (g) *Financial liabilities*

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

### (h) *Income and deferred tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current 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.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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## 2. Summary of significant accounting policies (cont'd)

### (i) *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 such indication exists, or when an annual impairment assessment 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### **3. Subsidiary**

	2016 US\$	2015 US\$
Unquoted equity, at cost	<u>75,000</u>	<u>75,000</u>

*Details of the subsidiary are as follows:*

Name of subsidiary	Place of incorporation and business	Percentage of ownership 2016	2015
*Kothari Petrochemicals HK Limited	Hong Kong	100%	100%

*\* Audited by other firms.*

### **4. Loan to subsidiary**

The borrowing is receivable as follows:

	2016 US\$	2015 US\$
Receivable after 1 year but within 5 years	<u>850,000</u>	<u>850,000</u>
<i>Classified as:</i>		
Non-current assets	<u>850,000</u>	<u>850,000</u>

Loan to subsidiary is non-trade in nature, unsecured, interest-free and payable on 18 June 2017.

### **5. Other receivables**

	2016 US\$	2015 US\$
Prepayments	<u>950</u>	<u>6,471</u>

### **6. Other payables**

These are accrued operating expenses.

## 7. Share capital

	2016		2015	
	No. of shares	US\$	No. of shares	US\$
Fully paid ordinary shares, with no par value:	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>

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

## 8. Loss from operations

The following items have been included in arriving at loss from operations:

	2016 US\$	2015 US\$
General expenses	2,582	2,027
Professional fees	<u>3,333</u>	<u>2,083</u>

## 9. Income taxes

	2016 US\$	2015 US\$
<b>Current tax expense</b>		
Current year	<u>-</u>	<u>-</u>
<i>Reconciliation of tax charge</i>		
	2016 US\$	2015 US\$
Loss before taxation	<u>(10,574)</u>	<u>(8,712)</u>
Income tax using Singapore tax rate of 17% (2015: 17%)	(1,798)	(1,481)
Non-deductible expenses	<u>1,798</u>	<u>1,481</u>
	<u>-</u>	<u>-</u>

## **10. Financial instruments**

### **(a) Financial risk management objectives and policies**

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risks management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

### **(b) Liquidity risk**

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. The financial assets and liabilities of the Company as presented in the balance sheet are due within 12 months from the reporting date and approximate the contracted undiscounted payments.

### **(c) 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 maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Company's net debt to equity ratio was as follows:

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Total liabilities	3,599	3,599
Less: Cash and cash equivalents	(54,690)	(59,743)
Net debt	<u>(51,091)</u>	<u>(56,144)</u>
 Total equity	 977,041	 987,615
Capital and net debt	<u>925,950</u>	<u>931,471</u>
Gearing ratio	<u>(6%)</u>	<u>(6%)</u>

### **(d) Fair values**

As at 31 March 2016 and 31 March 2015, the carrying amounts of financial assets and liabilities approximated their fair values.

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
<b>Revenue</b>	—	—
Less: Operating expenses		
<b>Administrative expenses</b>		
Audit fees	2,500	2,500
Bank charges	160	336
General expenses	2,582	2,027
Printing, postage and stationery	59	59
Professional fees	3,333	2,083
Secretarial fees	1,400	1,167
Tax fees	500	500
Transportation	40	40
	<u>10,574</u>	<u>8,712</u>
<b>Loss for the year</b>	<u>(10,574)</u>	<u>(8,712)</u>