Nexia Singapore PAC

BEETEL TELETECH SINGAPORE PRIVATE LIMITED

Company Registration No. 201136049H

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2024

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DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The directors are pleased to present their statement to the member together with the audited financial statements of Beetel Teletech Singapore Private Limited (the Company) for the financial year ended 31 March 2024.

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 2024 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:

Lim Puay Chong Vincent
Sanjeev Kumar Chhabra

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose 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.

4. Directors' interests in shares or debentures

None of the directors of the Company holding office at the reporting date had any interest in the shares or debentures of the Company or any related corporations either at the beginning or end of financial year.

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.

6. Auditor

Nexia Singapore PAC has expressed its willingness to accept re-appointment as auditor.

The Board of Directors,

Sanjeev Kumar Chhabra Director	Lim Puay Chong Vincent Director

Date: 26 April 2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BEETEL TELETECH SINGAPORE PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BEETEL TELETECH SINGAPORE PRIVATE LIMITED (the Company), which comprise the statement of financial position of the Company as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BEETEL TELETECH SINGAPORE PRIVATE LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
BEETEL TELETECH SINGAPORE PRIVATE LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Nexia Singapore PAC

Nexia Singapore PAC
Public Accountants and
Chartered Accountants
Singapore

(Engagement Partner: LIANG JIANRONG)

Date: 26 April 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Note	2024 USD	2023 USD
Revenue	4	4,235,225	6,836,784
Cost of sales		(3,849,643)	(6,402,133)
Gross profit		385,582	434,651
Other income	5	21,881	-
Selling and distribution expenses		(63,355)	(25,638)
Administrative and other operating expenses		(204,537)	(142,922)
Finance costs	6	(8,777)	(41,444)
Profit before tax	7	130,794	224,647
Income tax expense	8	(5,297)	(33,944)
Profit for the year, representing total comprehensive income for the year		125,497	190,703

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 USD	2023 USD
ASSETS			
Non-current assets			
Deferred tax assets	9	-	-
Capitalised contract costs	10	73,330	136,205
		73,330	136,205
Current assets			
Capitalised contract costs	10	113,117	316,939
Inventories	11	371,757	901,050
Trade receivables	12	209,993	1,690,162
Other receivables	13	-	17,340
Cash and cash equivalents	14	430,025	160,575
		1,124,892	3,086,066
Total assets		1,198,222	3,222,271
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1	1
Retained earnings		916,516	791,019
Equity attributable to owners of the Company		916,517	791,020
Non-current liability			
Contract liabilities	16	77,124	143,506
		77,124	143,506
Current liabilities			
Contract liabilities	16	166,332	418,510
Trade payables	17	2,250	871,096
Other payables	18	25,196	29,336
Borrowings	19	-	956,924
Income tax payable		10,803	11,879
		204,581	2,287,745
Total liabilities		281,705	2,431,251
Total equity and liabilities		1,198,222	3,222,271

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Share capital USD	Retained earning USD	Total USD
At 1 April 2022	1	2,600,316	2,600,317
Profit for the year, representing total comprehensive income for the year	-	190,703	190,703
Transaction with owner, recognised directly in equity			
Contribution by and distribution to owners			
Dividends < Note 20 >	-	(2,000,000)	(2,000,000)
Total transactions with owners	-	(2,000,000)	(2,000,000)
At 31 March 2023	1	791,019	791,020
At 1 April 2023	1	791,019	791,020
Profit for the year, representing total comprehensive income for the year	-	125,497	125,497
At 31 March 2024	1	916,516	916,517

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Note	2024 USD	2023 USD
Cash flows from operating activities			
Profit before tax		130,794	224,647
Adjustments for:			
Reversal of allowance for expected credit losses		-	(13,342)
Reversal of allowance for obsolete inventories		-	(18,496)
Impairment loss on capitalised contract costs		88,523	-
Interest expense		8,777	41,444
		228,094	234,253
Change in working capital:			
Inventories		529,293	(505,456)
Trade receivables		1,480,169	(1,474,584)
Capitalised contract costs		178,174	(152,752)
Other receivables		17,340	30,398
Trade payables		(868,846)	445,187
Contract liabilities		(318,560)	319,991
Other payables		(4,140)	9,800
Cash generated from / (used in) operations		1,241,524	(1,093,163)
Income tax paid		(6,373)	-
Net cash generated from / (used in) operating activities		1,235,151	(1,093,163)
Cash flows from financing activities			
Proceeds of loan		-	950,000
Repayment of loan		(956,924)	-
Loan interest paid		(8,777)	(34,520)
Dividend paid		-	(2,000,000)
Net cash used in financing activities		(965,701)	(1,084,520)
Net increase / (decrease) in cash and cash equivalents		269,450	(2,177,683)
Cash and cash equivalents at 1 April		160,575	2,338,258
Cash and cash equivalents at 31 March	14	430,025	160,575

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

1. Corporate Information

Beetel Teletech Singapore Private Limited (the Company) is a limited liability company which is incorporated and domiciled in Singapore with its registered office and principal place of business at 150 Orchard Road #08-01 Orchard Plaza Singapore 238841.

The principal activities of the Company are those of wholesale of telecommunications equipment (excluding hand phones) and wholesale of audio and video equipment except electrical and electronic components (e.g. radio and television sets, sound reproducing and recording equipment).

The immediate holding company is Beetel Teletech Limited, a company incorporated in India. With effect from 01 January 2024, the ultimate holding company was changed to Bharti Airtel Limited, incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange of India.

2. Material accounting policy information

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 Dollar (USD), which is the Company’s functional currency. All financial information presented in United States Dollar has been rounded to the nearest dollar, unless otherwise indicated.

The financial statements of the Company have been prepared on the basis that it will continue to operate as going concern.

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 period beginning on 1 April 2023. The adoption of these standards did not have any material effect on the financial statements of the Company.

2. Material accounting policy information (Continued)

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 116 *Leases*: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to FRS 1 *Presentation of Financial Statements*: Non-current Liabilities and Covenants	1 January 2024
Amendments to FRS 7 *Statement of Cash Flows and FRS 107 Financial Instruments: Disclosures:* Supplier Finance Arrangements	1 January 2024
Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability	1 January 2025
Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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. Material accounting policy information (Continued)

2.5 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.

Subsequent measurement

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.

2. Material accounting policy information (Continued)

2.5 Financial instruments (Continued)

(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, net of 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.

2.6 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).

2. Material accounting policy information (Continued)

2.6 Impairment of financial assets (Continued)

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 Cash and cash equivalents

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

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance in provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.9 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 the amount of the obligation can be estimated reliably.

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

2. Material accounting policy information (Continued)

2.10 Dividends

Interim dividends are recorded in the financial year in which they declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.11 Borrowings

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

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised cost using effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or a reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

2.12 Borrowing costs

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

2. Material accounting policy information (Continued)

2.13 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

(a) Sale of goods

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

(b) Rendering of services

Revenue from service orders and term projects is recognised over the period in which the service are provided and the entity satisfies the performance obligation generally when the significant acts have been completed and when transfer of control occurs.

2.14 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 by the end of the reporting period.

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.

2. Material accounting policy information (Continued)

2.14 Taxes (Continued)

(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.

(c) Goods and Services Tax (GST)

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

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

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

2.15 Share capital

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

2. Material accounting policy information (Continued)

2.16 Related parties transactions

A party is related to an entity is:

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

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of parent of the Company;

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

(i) The entity and the Company are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third party and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the 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.

3.1 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.

3.2 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.

(a) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of a changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Company's inventories as at 31 March 2024 was USD371,757 (2023: USD901,050).

3. Significant accounting judgments and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 22.

The carrying amount of the Company's trade receivables as at 31 March 2024 was USD209,993 (2023: USD1,690,162).

(c) Income taxes

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determine is made.

4. Revenue

Disaggregation of revenue

	2024 USD	2023 USD
Type of good or service		
Sale of goods	3,950,220	6,547,731
Service rendered	285,005	289,053
	4,235,225	6,836,784
Timing of transfer of good and service		
At a point in time	3,950,220	6,547,731
Over time	285,005	289,053
	4,235,225	6,836,784

5. Other income

	2024 USD	2023 USD
Miscellaneous income	21,881	-

6. Finance costs

	2024 USD	2023 USD
Loan interest expense	8,777	41,444

7. Profit before tax

Profit before tax has been arrived at after charging / (crediting):

	2024 USD	2023 USD
Loss on foreign currency translation	2,415	4,772
Reversal of allowance for obsolete inventories	-	(18,496)
Reversal of allowance for expected credit losses	-	(13,342)
Impairment loss on capitalised contract costs	88,523	-

8. Income tax expense

The major components of income tax expense recognised in profit or loss for the years ended 31 March 2024 and 31 March 2023 were:

	2024 USD	2023 USD
Current income tax		
- Current year	10,803	11,879
- Over provision in respect of prior years	(5,506)	-
- Deferred tax assets < Note 9 >	-	22,065
Income tax expense recognised in profit or loss	5,297	33,944

<u>Relationship between tax expense and accounting profit</u>

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2024 and 31 March 2023 were as follows:

	2024 USD	2023 USD
Profit before tax	130,794	224,647
Income tax using the statutory tax rate of 17% (2023: 17%)	22,235	38,190
Adjustments:		
Non-taxable items	-	(5,412)
Non-deductible expenses	15,049	1,384
Income tax rebate	(12,176)	-
Over provision in respect of prior years	(5,506)	-
Effect of partial tax exemption	(12,931)	(8,404)
Deferred tax assets recognised	-	22,065
Benefits from previously unrecognized tax losses	-	(17,972)
Others	(1,374)	4,093
Income tax expense recognized in profit or loss	5,297	33,944

9. Deferred tax assets

Movements in deferred tax assets during the financial year were as follows:

	At 1 April 2022	Recognised in profit or loss < Note 8 >	At 31 March 2023 / 1 April 2023	Recognised in profit or loss <Note 8>	At 31 March 2024
	USD	USD	USD	USD	USD
Deferred tax assets					
Timing difference in allowance on inventories	2,794	(2,794)	-	-	-
Timing difference in allowance on trade receivables	3,297	(3,297)	-	-	-
Others	15,974	(15,974)	-	-	-
	22,065	(22,065)	-	-	-

10. Capitalised contract costs

	2024 USD	2023 USD
Capitalised contract costs		
- Advance payment to suppliers	88,523	142,527
- Deferred costs	186,447	310,617
	274,970	453,144
Less: Allowance for expected credit loss	(88,523)	-
	186,447	453,144
Representing:		
Current	113,117	316,939
Non-current	73,330	136,205
	186,447	453,144
Movement:		
At beginning of year	453,144	300,392
Addition	120,243	445,378
Recognised to profit & loss	(298,417)	(292,626)
Provision for expected credit losses	(88,523)	-
At end of year	186,447	453,144

10. Capitalised contract costs (Continued)

Capitalised contract costs relate directly to the advance payments to suppliers and the costs incurred to fulfil a contact used in satisfying future performance obligations, and are expected to be recovered. Capitalised contract costs would be amortised consistently with the pattern of a revenue for related contract.

11. Inventories

	2024 USD	2023 USD
Statement of financial position:		
Finished goods	371,757	901,050

Movement in allowance for obsolete inventories:

	2024 USD	2023 USD
At 1 April	-	18,496
Reversal of allowance for obsolete inventories	-	(18,496)
At 31 March	-	-

	2024 USD	2023 USD
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	3,849,643	6,402,133

12. Trade receivables

	2024 USD	2023 USD
Trade receivables:		
- Third parties	209,993	1,690,162

Trade receivables are non-interest bearing and are generally on 90 days' terms.

12. Trade receivables (Continued)

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	2024 USD	2023 USD
At 1 April	-	21,815
Written off	-	(8,473)
Reversal of allowance for expected credit loss	-	(13,342)
At 31 March	-	-

13. Other receivables

	2024 USD	2023 USD
Vendor incentive receivables	6,951	6,951
Prepayments	-	5,566
GST receivables	-	11,774
	6,951	24,291
Less: Allowance for expected credit losses	(6,951)	(6,951)
	-	17,340

The movement in allowance for expected credit losses of other receivables computed based on lifetime ECL was as follows:

	2024 USD	2023 USD
At 1 April	6,951	-
Provision for expected credit loss	-	6,951
At 31 March	6,951	6,951

14. Cash and cash equivalents

	2024 USD	2023 USD
Cash at banks	430,025	160,575
Cash and cash equivalents per statement of financial position and statement of cash flows	430,025	160,575

15. Share capital

	2024		2023	
	No of shares	USD	No of shares	USD
Issued and fully paid ordinary shares				
At 1 April and 31 March	1	1	1	1

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

16. Contract liabilities

	2024 USD	2023 USD
Contract liabilities		
- Advance payments by customers	41,117	221,345
- Deferred income	202,339	340,671
	243,456	562,016
Representing:		
Current	166,332	418,510
Non-current	77,124	143,506
	243,456	562,016
Movement:		
At beginning of year	562,016	242,025
Addition	183,493	648,585
Recognised to profit & loss	(480,172)	(317,975)
Reversal due to cancellation	(21,881)	(10,619)
At end of year	243,456	562,016

Contract liabilities relate to the Company's obligation to provide maintenance and support services and supply of goods to customers for which the Company has received advances from customers for sale of goods and service rendered. Contract liabilities are recognised as revenue upon control of goods transferred and over the period services are provided.

17. Trade payables

	2024 USD	2023 USD
Trade payables:		
- Third parties	2,250	871,096

These amounts are non-interest bearing. Trade payables are normally settled on 30 days' terms.

18. Other payables

	2024 USD	2023 USD
Accrued operating expenses	18,003	29,336
GST payables	7,193	-
	25,196	29,336

19. Borrowings

	2024 USD	2023 USD
Current		
- Term loan	-	956,924

Term loan

Term loan is obtained to finance the Company's working capital. Facilities of up to an aggregate principal amount of USD2,000,000 ("Maximum Principal Amount"). The facilities are granted on an uncommitted basis, and are repayable on demand. The tenor of term loan is 6 months. The interest rate charged is 2.75% per annum over SOFR.

Security

The Company's banking facility is unsecured and repayable on demand.

The approximate effective annual interest rate incurred was as follows:

	2024	2023
Term loan	7.50%	6.40%

20. Dividends

	2024 USD	2023 USD
An interim dividend of USD 2,000,000 per share	-	2,000,000

An interim dividend of USD 2,000,000 per ordinary share under one-tier system amounting to USD 2,000,000 in respect of financial year ended 31 March 2023 was declared payable on 6 April 2022.

21. Significant related party transactions

Sales 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:

	2024 USD	2023 USD
Management fee paid to immediate holding company	(45,684)	(58,947)
Dividend paid to immediate holding company	-	(2,000,000)
Credit insurance paid to immediate holding company	(6,400)	(9,493)
Sales promotion and scheme to immediate holding company	(28,988)	-

22. 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 market risk (including interest rate risk and foreign currency risk).

The directors review and agree policies and procedures for the management these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

22. Financial risk management (Continued)

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.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

22. Financial risk management (Continued)

Credit risk (Continued)

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – No credit-impaired
III	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				USD	USD	USD
31 March 2024						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	209,993	-	209,993
Other receivables	13	I	12-month ECL	6,951	(6,951)	-
					(6,951)	
31 March 2023						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	1,690,162	-	1,690,162
Other receivables (excluding prepayments and GST receivables)	13	I	12-month ECL	6,951	(6,951)	-
					(6,951)	

22. Financial risk management (Continued)

Credit risk (Continued)

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables				
	Days past due				
	Not past due USD	<30 days USD	30-90 days USD	>90 days USD	Total USD
31 March 2024					
ECL rate	0%	0%	0%	0%	
Estimated total gross carrying amount at Default	183,561	26,432	-	-	209,993
ECL	-	-	-	-	-
					209,993
31 March 2023					
ECL rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	1,223,578	466,584	-	-	1,690,162
ECL	-	-	-	-	-
					1,690,162

Information regarding loss allowance movement of trade receivables is disclosed in Note 12.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk in trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

22. Financial risk management (Continued)

Credit risk (Continued)

Other receivables

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

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.

		2024	
	Carrying amount	**Contractual cash flows**	**One year or less**
	USD	USD	USD
Financial assets			
Trade receivables	209,993	209,993	209,993
Cash and cash equivalents	430,025	430,025	430,025
Total undiscounted financial assets	640,018	640,018	640,018
Financial liabilities			
Trade payables	2,250	2,250	2,250
Other payables (excluding GST payables)	18,003	18,003	18,003
Total undiscounted financial liabilities	20,253	20,253	20,253
Total net undiscounted financial assets	619,765	619,765	619,765

22. Financial risk management (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

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. (Continued)

		2023	
	Carrying amount	**Contractual cash flows**	**One year or less**
	USD	USD	USD
Financial assets			
Trade receivables	1,690,162	1,690,162	1,690,162
Cash and cash equivalents	160,575	160,575	160,575
Total undiscounted financial assets	1,850,737	1,850,737	1,850,737
Financial liabilities			
Trade payables	871,096	871,096	871,096
Other payables	29,336	29,336	29,336
Borrowings	956,924	956,924	956,924
Total undiscounted financial liabilities	1,857,356	1,857,356	1,857,356
Total net undiscounted financial liabilities	(6,619)	(6,619)	(6,619)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

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

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2024	2023
	USD	**USD**
Variable rate instruments		
Borrowings	-	956,924

22. Financial risk management (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

The Company's exposure to risk of changes in interest rates relates primarily to the Company's variable interest rate loans which reprices on 12 months as may be agreed with the banks.

Sensitivity analysis for interest rate risk

For the variable rate loans, an increase of NIL (2023: 50) basis point in interest rate at the reporting date would decrease profit before tax by NIL (2023: USD 4,785). A decrease in NIL (2023: 50) basis point in interest rate would have an equal but opposite effect. This analysis assumes that all variables, in particular foreign currency rates, remain constant.

(ii) 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 Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily Singapore Dollar (SGD) and Hong Kong Dollar (HKD).

The Company's currency exposures to the SGD and HKD at the reporting date were as follows:

		2024	
	USD	**SGD**	**Total**
	USD	**USD**	**USD**
Financial assets			
Trade receivables	209,993	-	209,993
Cash and cash equivalents	430,025	-	430,025
	640,018	-	640,018
Financial liabilities			
Trade payables	575	1,675	2,250
Other payables (excluding GST payables)	2,319	15,684	18,003
	2,894	17,359	20,253
Net financial assets / (liabilities)	637,124	(17,359)	619,765
Less: Net financial assets denominated in their respective functional currency	(637,124)	-	(637,124)
Net foreign currency exposure	-	(17,359)	(17,359)

22. Financial risk management (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

The Company's currency exposures to the SGD and HKD at the reporting date were as follows: (Continued)

	2023			
	USD	**SGD**	**HKD**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets				
Trade receivables	1,690,162	-	-	1,690,162
Cash and cash equivalents	160,575	-	-	160,575
	1,850,737	-	-	1,850,737
Financial liabilities				
Trade payables	862,143	7,178	1,775	871,096
Other payables	17,850	11,486	-	29,336
Borrowings	956,924	-	-	956,924
	1,836,917	18,664	1,775	1,857,356
Net financial assets / (liabilities)	13,820	(18,664)	(1,775)	(6,619)
Less: Net financial assets denominated in their respective functional currency	(13,820)	-	-	(13,820)
Net foreign currency exposure	-	(18,664)	(1,775)	(20,439)

10% strengthening of United States Dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit before tax	
	2024	**2023**
	USD	**USD**
Singapore Dollar	(1,736)	(1,866)
Hong Kong Dollar	-	(178)

A 10% weakening of United States Dollar against the above currency would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

23. Fair value of assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables.

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

24. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2024 **USD**	**2023** **USD**
Financial assets measured at amortised cost		
Trade receivables	209,993	1,690,162
Cash and cash equivalents	430,025	160,575
Total financial assets measured at amortised cost	640,018	1,850,737
Financial liabilities measured at amortised cost		
Trade payables	2,250	871,096
Other payables (excluding GST payables)	18,003	29,336
Borrowings	-	956,924
Total financial liabilities measured at amortised cost	20,253	1,857,356

25. 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 in the objectives, policies or processes during the financial year ended 31 March 2024 and 31 March 2023.

26. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 26 April 2024.