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**ISGEC INVESTMENTS PTE. LTD.**

*(Company Registration No. 201928153N)*

Financial Statements For The Year Ended March 31, 2021

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# ISGEC Investments Pte. Ltd.

*(Incorporated in the Republic of Singapore)*

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## Directors

Dinesh Gupta

Alok Chander Kaura

Narasimhan Mohan

## Secretary

Toh Li Ping, Angela

## Registered Office

120 Robinson Road

#08-01

Singapore 068913

## Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

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# **ISGEC Investments Pte. Ltd.**

## **Directors' Statement**

*For the financial year ended March 31, 2021*

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The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2021.

### **1 Directors**

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

Dinesh Gupta

Alok Chander Kaura

Narasimhan Mohan

### **2 Arrangements to enable directors to acquire shares and debentures**

Neither during nor at the end of 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 through the acquisition of shares in, or debentures of the Company or any other body corporate.

### **3 Directors' interest in shares and debentures**

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act.

### **4 Share options**

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares of 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.

## ISGEC Investments Pte. Ltd.

### Directors' Statement

*For the financial year ended March 31, 2021*

#### 5 Auditors

The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.


#### 6 Directors' opinion

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 March 31, 2021 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; 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.

On behalf of the board of directors

  
\_\_\_\_\_  
Dinesh Gupta

  
\_\_\_\_\_  
Alok Chander Kaura

Date: May 12, 2021

INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ISGEC INVESTMENTS PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021  
*(Incorporated in the Republic of Singapore)*

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ISGEC INVESTMENTS PTE. LTD. (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2021 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 (SSA). Our responsibilities under those standards are further described in the *Auditors' 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.

### Material Uncertainty Related to Going Concern

We draw attention to **Note 2** in the financial statements, which states that the financial statements have been prepared on the going concern basis as its holding company has agreed to provide continuing financial support to the Company to enable the Company to meet obligations as and when they fall due. Our opinion is not qualified in respect of this matter.

### Other Information

Management is responsible for the 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.

INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ISGEC INVESTMENTS PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021  
*(Incorporated in the Republic of Singapore)*

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Other Information *(Cont'd)*

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, 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.

Auditors' 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 SSA 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 SSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ISGEC INVESTMENTS PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021  
*(Incorporated in the Republic of Singapore)*

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Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

*Natarajan & Swaminathan*

Natarajan & Swaminathan  
Public Accountants and Chartered Accountants Singapore

Date: May 12, 2021

# ISGEC Investments Pte. Ltd.

## Statement of Financial Position

As at March 31, 2021

	Note	<u>2021</u>	<u>2020</u>
		S\$	S\$
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	4	<u>138</u>	<u>138</u>
<b>Total non-current assets</b>		<u>138</u>	<u>138</u>
<b>Current assets</b>			
Other receivables	5	5,435,365	1,616,344
Cash at bank		<u>471,488</u>	<u>556,015</u>
<b>Total current assets</b>		<u>5,906,853</u>	<u>2,172,359</u>
<b>Total assets</b>		<u><u>5,906,991</u></u>	<u><u>2,172,497</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	10,000	10,000
Accumulated losses		<u>(192,688)</u>	<u>2,305</u>
<b>(Capital deficiency)/Total equity</b>		<u>(182,688)</u>	<u>12,305</u>
<b>Non-current liability</b>			
Loan from holding company	7	<u>5,831,000</u>	<u>2,100,000</u>
<b>Total non-current liability</b>		<u>5,831,000</u>	<u>2,100,000</u>
<b>Current liabilities</b>			
Other payables and accruals	8	<u>258,679</u>	<u>60,192</u>
<b>Total current liabilities</b>		<u>258,679</u>	<u>60,192</u>
<b>Total liabilities</b>		<u>6,089,679</u>	<u>2,160,192</u>
<b>Total equity and liabilities</b>		<u><u>5,906,991</u></u>	<u><u>2,172,497</u></u>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*



**ISGEC Investments Pte. Ltd.**  
**Statement of Comprehensive Income**

*For the financial year ended March 31, 2021*

	Note	<u>2021</u>	<u>2020</u>
		S\$	S\$
Revenue		-	-
Other income	9	158,286	73,482
Operating expenses		(160,356)	(19,224)
Finance cost	10	(192,923)	(51,953)
(Loss)/Profit before income tax	11	(194,993)	2,305
Income tax expense	12	-	-
(Loss)/Profit after income tax		(194,993)	2,305
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(194,993)</u>	<u>2,305</u>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# ISGEC Investments Pte. Ltd.

## Statement of Changes in Equity

For the financial year ended March 31, 2021

	Note	Share capital	Accumulated profits/(losses)	Total
		S\$	S\$	S\$
Balance as at 27.08.2019 <i>(Date of incorporation)</i>		1	-	1
Issue of shares	7	9,999	-	9,999
Total comprehensive income for the period		-	2,305	2,305
Balance as at 31.03.2020		10,000	2,305	12,305
Total comprehensive loss for the year		-	(194,993)	(194,993)
Balance as at 31.03.2021		10,000	(192,688)	(182,688)

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# ISGEC Investments Pte. Ltd.

## Statement of Cash Flows

For the financial year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
	S\$	S\$
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(194,993)	2,305
Adjustments for:		
Interest income	(158,286)	(32,698)
Interest expense	192,923	51,953
Operating (loss)/profit before working capital changes	(160,356)	21,560
Other receivables	(3,660,735)	(1,583,646)
Other payables and accruals	5,564	8,239
Net cash used in operating activities	<u>(3,815,527)</u>	<u>(1,553,847)</u>
<b>Cash flows from financing activities</b>		
Investment in subsidiary	-	(138)
Net cash used in investing activities	<u>-</u>	<u>(138)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	10,000
Loan from holding company	3,731,000	2,100,000
Net cash from financing activities	<u>3,731,000</u>	<u>2,110,000</u>
Net (decrease)/increase in cash and cash equivalents	(84,527)	556,015
Cash and cash equivalents brought forward	556,015	-
Cash and cash equivalents carried forward	<u>471,488</u>	<u>556,015</u>
<b>Cash and cash equivalents comprise:-</b>		
Cash at bank	471,488	556,015
	<u>471,488</u>	<u>556,015</u>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

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

### 1 Corporate information

The Company (Registration No. 201928153N) is a private limited Company incorporated and domiciled in Singapore.

The registered office and place of business is at 120 Robinson Road, #08-01, Singapore 068913.

The principal activities of the Company are to act as investment holding company.

There have been no significant changes in the nature of these activities during the financial year.

#### *Holding company*

The Company is a wholly owned subsidiary of 'Isgec Heavy Engineering Limited', a listed company incorporated in the Republic of India, which is also the ultimate holding company.

#### *Subsidiary*

Refer Note 3 to the financial statements for details of the subsidiary and its principal activity.

### 2 Going concern

The Company incurred a loss after tax of S\$194,993 during the financial year ended March 31, 2021 and as of that date, the Company's total liabilities exceeded its total assets by S\$182,688. The financial statements have been prepared on a going concern basis on the assumption that financial support from holding company will continue to be available. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further costs, which might arise. The directors are satisfied that financial support from holding company will be available as and when required.

### 3 Significant accounting policies

#### a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. These financial statements are the separate financial statements of ISGEC Investments Pte. Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is a subsidiary of 'Isgec Heavy Engineering Limited', a company incorporated in India, which prepares consolidated financial statements available to the public. The registered office of Isgec Heavy Engineering Limited is as follows:

Isgec Heavy Engineering Limited  
Radaur Road, Yamuna Nagar,  
Haryana - 1350001, India

The financial statements are expressed in Singapore Dollar (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

**3 Significant accounting policies (Cont'd)****a) Basis of preparation (Cont'd)**

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer Note 3(b) to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS 1/FRS 8	(Amendments)	: Definition of Material
FRS 103	(Amendments)	: Definition of a Business
FRS 109/FRS 39/FRS 107	(Amendments)	: Interest Rate Benchmark Reform

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

**b) Critical judgments in applying the entity's accounting policies**

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgments (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

*Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Investment in subsidiary

Investment in subsidiary is stated at cost less impairment loss, if any. In determining if there is any impairment, the management evaluates the market and economic environment in which the entity operates, the economic performance, the forecasted results, the net assets values, and the operating cash flow of this entity. The evaluation of these factors involves a significant degree of management judgment.

Provision for expected credit losses of other receivables

The Company uses a provision matrix to calculate ECLs for other 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.

**3 Significant accounting policies (Cont'd)****b) Critical judgments in applying the entity's accounting policies (Cont'd)**Provision for expected credit losses of other receivables (Cont'd)

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.

**c) Foreign currency transactions***(i) Functional currency*

The functional currency of the Company is Singapore Dollar, being the currency of the primary economic environment in which it operates.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**d) Investment in subsidiary**

Subsidiary is entity over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or

Investment in the subsidiary is carried at cost less accumulated impairment losses, if any, in the Company's statement of financial position. On disposal of investment in subsidiary, the differences between disposal proceeds and the carrying amounts of the investment is recognised in the profit or loss.

**e) Impairment of non-financial assets**

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**3 Significant accounting policies (Cont'd)****e) Impairment of non-financial assets (Cont'd)**

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**f) Financial instruments**

Financial instruments comprise financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Financial assets*****Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**3 Significant accounting policies (Cont'd)**

## f) Financial instruments (Cont'd)

## (i) Financial assets (Cont'd)

Trade receivables do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

*Subsequent measurement*

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")
- Financial assets elected at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss ("FVPL")

The Company's relevant financial assets category are financial assets at amortised cost.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes other receivables and cash at bank.



**3 Significant accounting policies (Cont'd)**

## f) Financial instruments (Cont'd)

## (i) Financial assets (Cont'd)

*Derecognition*

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

*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 and other 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.

**3 Significant accounting policies (Cont'd)**

## f) Financial instruments (Cont'd)

## (i) Financial assets (Cont'd)

*Impairment of financial assets (Cont'd)*

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 makes judgmental assessment for financial asset in default when contractual payments are past due.

The Company considers 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.

## (ii) Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value.

The Company's financial liabilities include other payables and accruals and borrowings.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification.

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 as well as through the amortisation process.

*Derecognition*

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

## g) Related company

Related company refers to members of the holding company's group of companies.

### 3 Significant accounting policies (Cont'd)

h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank.

i) Other income

The other income is recognised on the following basis:

*Interest income*

Interest income is recognised on an accrual basis.

j) Finance cost

Interest expense and similar charges are expensed in the profit or loss in the year in which they are incurred.

k) Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 4 Investment in subsidiary

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Unquoted equity shares, at cost	<u>138</u>	<u>138</u>

Details of subsidiary is as follows:

Name of subsidiary	Country of incorporation/ place of business	Principal activity	Percentage of equity held		Cost	
			<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
			%	%	S\$	S\$
Bioeq Energy Holding One	Cayman Islands	Investment company	100	100	<u>138</u>	<u>138</u>

### 5 Other receivables

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Subsidiary	14,994	6,504
Related companies	5,214,387	1,562,142
Interest accrued on loan to related company.	190,984	32,698
Deposit	15,000	15,000
	<u>5,435,365</u>	<u>1,616,344</u>

The amount due from subsidiary and related company are unsecured, interest free and repayable on demand, except due from a certain related company of S\$5,157,305 (2020:S\$1,516,454). This amount bears an interest of 5.75% (2020:6%) per annum. S\$3,362,875 is repayable by October 2021 and S\$1,794,430 is repayable by December 2022 if there is no demand for repayment prior to these dates.

The other receivables that are not denominated in Singapore Dollar are as follows:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Euro	24,650	21,376
United States Dollar	<u>5,363,284</u>	<u>1,555,656</u>

### 6 Share capital

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
	No. of shares issued	S\$	No. of shares issued	S\$
Ordinary shares issued and fully paid				
Balance at beginning of year	10,000	10,000	1	1
Shares issued	-	-	9,999	9,999
Balance at end of year	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

In 2020, the Company had issued 9,999 ordinary shares for a total cash consideration of S\$9,999.

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

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 7 Loan from holding company

The Company has entered into an agreement with its holding company to avail loan of upto S\$9,433,900 (US\$7,000,000) which is drawn down in multiple tranches. The loan is unsecured and is repayable in full by September 2022.

A reconciliation of liabilities arising from the financing activity is as follows:

	At beginning of year	Cash flows	Non-cash changes		At end of year
			Accretion of interest	Others	
	S\$	S\$	S\$	S\$	S\$
<u>2021</u>					
Unsecured loan	2,100,000	3,731,000	192,923	(192,923)	5,831,000
<u>2020</u>					
Unsecured loan	-	2,100,000	51,953	(51,953)	2,100,000

### 8 Other payables and accruals

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Interest accrued on loan from holding company	208,144	44,160
Withholding tax payable	36,732	7,793
Accrued expenses	13,803	8,239
	<u>258,679</u>	<u>60,192</u>

### 9 Other income

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Interest income from related company	158,286	32,698
Foreign exchange gain	-	40,784
	<u>158,286</u>	<u>73,482</u>

### 10 Finance cost

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Interest on loan from holding company	<u>192,923</u>	<u>51,953</u>

### 11 (Loss)/Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):-

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 11 (Loss)/Profit before income tax (Cont'd)

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Foreign exchange loss/(gain)	<u>135,089</u>	<u>(40,784)</u>

### 12 Income tax expense

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Current year	<u>-</u>	<u>-</u>

No provision for income tax has been setup in 2021 in view of the losses incurred.

In 2020, the income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

	<u>2020</u>
	S\$
Profit before income tax	<u>2,305</u>
Tax expense at rate of 17%	392
Non-taxable income	(5,559)
Non-deductible items	9,566
Deferred tax arising during the year not recognised	<u>(4,399)</u>
Income tax expense for the financial year	<u>-</u>

Deferred tax asset is not recognised in the financial statements as there are no significant temporary differences.

### 13 Holding company and related company transactions

Some of the Company's transactions and arrangement are with holding company and related company and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with these parties are unsecured, interest free and repayable on demand unless otherwise stated.

During the financial year, the Company entered into the following transactions:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Holding company:		
Interest expense	<u>192,923</u>	<u>51,953</u>
Related company:		
Interest income	<u>158,286</u>	<u>32,698</u>

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 14 Financial instruments, financial and capital risk management

#### (a) Categories of financial instruments

The following table sets out the financial instruments as at the statement of financial position date:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
<b>Financial assets</b>		
At amortised cost:		
- Other receivables	5,435,365	1,616,344
- Cash at bank	471,488	556,015
<b>Total financial assets</b>	<u>5,906,853</u>	<u>2,172,359</u>
<b>Financial liabilities</b>		
At amortised cost:		
- Loan from holding company	5,831,000	2,100,000
- Other payables and accruals	221,947	52,399
<b>Total financial liabilities</b>	<u>6,052,947</u>	<u>2,152,399</u>

#### (b) Fair value measurements

##### Fair value hierarchy

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

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There are no financial assets measured at fair value.

##### Assets and liabilities not measured at fair value

###### *Other receivables, cash at bank and other payables*

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

###### *Loan from holding company*

Loan from holding company approximate the fair value as it is subject to interest rate close to market rate of interests for similar arrangements.

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 14 Financial instruments, financial and capital risk management (Cont'd)

#### (c) Financial risk management

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

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.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial 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. The Company has no significant liquidity risk. It maintains a level of cash and cash equivalents that is sufficient for working capital purposes.

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.

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	
	S\$	S\$	S\$	S\$
<u>2021</u>				
<b>Financial assets</b>				
Other receivables	5,435,365	5,929,607	5,929,607	-
Cash at bank	471,488	471,488	471,488	-
Total undiscounted financial assets	5,906,853	6,401,095	6,401,095	-
<b>Financial liabilities</b>				
Loan from holding company	(5,831,000)	(6,333,924)	-	(6,333,924)
Other payables and accruals	(221,947)	(221,947)	(221,947)	-
Total undiscounted financial liabilities	(6,052,947)	(6,555,871)	(221,947)	(6,333,924)
<b>Total net undiscounted financial liabilities</b>	<b>(146,094)</b>	<b>(154,776)</b>	<b>6,179,148</b>	<b>(6,333,924)</b>



# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 14 Financial instruments, financial and capital risk management (Cont'd)

#### (c) Financial risk management (Cont'd)

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
<u>2020</u>				
<b>Financial assets</b>				
Other receivables	1,616,344	1,607,441	1,607,441	-
Cash at bank	556,015	556,015	556,015	-
Total undiscounted financial assets	2,172,359	2,163,456	2,163,456	-
<b>Financial liabilities</b>				
Loan from holding company	(2,100,000)	(2,302,500)	-	(2,302,500)
Other payables and accruals	(52,399)	(52,399)	(52,399)	-
Total undiscounted financial liabilities	(2,152,399)	(2,354,899)	(52,399)	(2,302,500)
Total net undiscounted financial assets	19,960	(191,443)	2,111,057	(2,302,500)

#### *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 other receivables. For other financial assets (including cash at banks), 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 60 days past the credit due dates, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

Cash at bank are placed with credit worthy financial institutions.

#### Other receivables

The main exposure arises from amount receivable from related company. The Company accessed 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

The Company has no significant concentration of credit risk in relation to any external debtors other than for its receivables from a related company. The management does not foresee any risk of default by the parties.

## 13 Financial instruments, financial and capital risk management (Cont'd)

## (c) Financial risk management (Cont'd)

*Interest rate risk*

The Company's exposure to market risk for changes in interest rate relates to the Company's short-term debt obligations. The interest rates and terms of maturity and repayment of loans of the Company are disclosed in Note 7 to the financial statements.

*Interest rate sensitivity*

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at statement of financial position date and the stipulated change taking place at the beginning of the financial year and had been constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables been constant, the Company's profit before tax for the year ended March 31, 2021 would decrease or increase by S\$3,400 (2020:S\$2,900).

*Foreign currency risk*

The Company is exposed to foreign exchange risk due to some receivables and payables denominated in foreign currencies. The management monitors closely the foreign currency receivables and payables and recovers or pays the receivable or payables at the earliest in order to minimise the foreign exchange risk.

As at financial year end, the carrying of monetary assets and liabilities denominated in currencies other than in Singapore Dollar are disclosed in the respective notes to the financial statements.

*Foreign currency sensitivity analysis*

Any increase or decrease in the following foreign currencies will have an impact on the financial statements:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
<i>Increase in the rate of the foreign currencies by 10% against Singapore Dollar will (increase)/decrease profit before tax by the following amount:</i>		
Euro	2,465	2,138
United States Dollar	<u>536,328</u>	<u>155,566</u>

*A corresponding decrease in the rate of foreign currency will have a vice-versa effect on the profit before tax of the Company.*

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

*Price risk*

The Company has no significant exposure to price risk.

# ISGEC Investments Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2021

### 14 Financial instruments, financial and capital risk management (Cont'd)

#### (d) Capital risk management

The management considers the capital of the Company to mainly consist of shareholders equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2020.

### 15 New accounting standards and FRS interpretations

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued and not effective.

		Effective from annual periods beginning on or after
FRS 1	(Amendments) : Classification of Liabilities as Current or Non-current	January 1, 2023
FRS 16	(Amendments) : Proceeds before intended to use	January 1, 2022
FRS 37	(Amendments) : Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
FRS 103	(Amendments) : Reference to the Conceptual Framework	January 1, 2022
FRS 109/FRS 39/ FRS 107/FRS 104/ FRS 116	(Amendments) : Interest Rate Benchmark Reform - Phase 2	January 1, 2021
FRS 116	(Amendments) : Covid-19 Related Rent Concessions	June 1, 2020
<i>Improvements to FRSs</i>		
Annual Improvements to FRSs 2018 - 2020		January 1, 2022
FRS 41	(Amendments) : Agriculture	January 1, 2022
FRS 101	(Amendments) : First-Time Adoption of Financial Reporting Standards	January 1, 2022
FRS 109	(Amendments) : Financial Instruments	January 1, 2022
FRS 116	(Amendments) : Leases	January 1, 2022

The management anticipates that the adoption of the above FRS and INT FRS does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements of the Company.

### 16 Comparative figures

The current financial statements are for a period of 12 months ended on March 31, 2021. The comparative figures are for the period from August 27, 2019 (being the date of incorporation) to March 31, 2020. Hence the comparative figures and the related disclosures in the financial statements may not be fully comparable.

### 17 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 12, 2021.