RUCHI INDUSTRIES PTE. LTD.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of **RUCHI INDUSTRIES PTE. LTD.** (the "company") for the financial year ended 31 March 2019.

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 2019 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:

Vijay Kumar Jain
RM Muthaiah

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following director who held office at the end of the financial year, had an interest in the shares of the company and its related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 as stated below:

Name of directors and corporations in which interests are held	Number of equity shares of par value Rs2.00 per share	
	At beginning of year	At end of year
Ruchi Soya Industries Limited (Ultimate holding company)		
Vijay Kumar Jain	141	141

RUCHI INDUSTRIES PTE. LTD.

DIRECTORS' STATEMENT – cont'd

5. **SHARE OPTIONS**

During the financial year, no share options were granted to subscribe for unissued shares of the company.

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

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

6. **INDEPENDENT AUDITOR**

The independent auditor, Rama & Co., Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board

Vijay Kumar Jain Director	RM Muthaiah Director

Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF RUCHI INDUSTRIES PTE. LTD.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of **RUCHI INDUSTRIES PTE. LTD.** (the "company"), which comprise the statement of financial position as at 31 March 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We draw the attention to Note 1(b) to the financial statements which indicates that the Company's current liabilities exceeded its current assets by **US$2,870** for the financial year ended 31 March 2019. There exists a material uncertainty about the ability of the company to continue as a going concern and the company is dependent on the financial support from its holding company. However, the holding company is currently undergoing Insolvency Resolution Process under the Insolvency and Bankruptcy Code 2016. Given the uncertainty surrounding the outcome of the Insolvency proceedings as at the date of our report, we are unable to satisfy ourselves as to the appropriateness of the going concern assumption in the preparation of these financial statements of the company. In the event that there is no such financial support from holding company, 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.

Other Information

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

…2/-

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF RUCHI INDUSTRIES PTE. LTD. – cont'd

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 responsibility is to conduct an audit of the company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

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.

RAMA & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date:

RUCHI INDUSTRIES PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 US$	2018 US$
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	(7)	**6,000,000**	6,000,000
Accumulated losses		**(5,917,569)**	(5,942,273)
Total equity		**82,431**	57,727
Non-current liability:			
Other payables and accruals	(8)	**683,347**	710,064
Total non-current liability		**683,347**	710,064
Current liabilities:			
Other payables and accruals	(8)	**2,250**	2,250
Income tax payable	(13)	**2,000**	-
Total current liabilities		**4,250**	2,250
Total liabilities		**687,597**	712,314
Total equity and liabilities		**770,028**	770,041
ASSETS			
Non-current asset:			
Investment in subsidiaries	(9)	**768,648**	768,648
Total non-current assets		**768,648**	768,648
Current assets:			
Other receivables	(10)	**-**	-
Cash and cash equivalents	(11)	**1,380**	1,393
Total current assets		**1,380**	1,393
Total assets		**770,028**	770,041

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI INDUSTRIES PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDER 31 MARCH 2019

	Note	2019 US$	2018 US$
Revenue		**-**	-
Other income	(12)	**29,333**	4
Total revenue		**29,333**	4
Cost and expenses			
Other expenses		**(2,629)**	(7,465,262)
Profit/(loss) before income tax		**26,704**	(7,465,258)
Income tax expense	(13)	**(2,000)**	-
Profit/(loss) for the year		**24,704**	(7,465,258)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) the year		**24,704**	(7,465,258)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI INDUSTRIES PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital	Retained earnings/ (Accumulated losses)	Total
	US$	US$	US$
Balance as at 1 April 2017	6,000,000	1,522,985	7,522,985
Total comprehensive loss for the year	-	(7,465,258)	(7,465,258)
Balance as at 31 March 2018	6,000,000	(5,942,273)	57,727
Total comprehensive income for the year	-	24,704	24,704
Balance as at 31 March 2019	6,000,000	(5,917,569)	82,431

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI INDUSTRIES PTE. LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 US$	2018 US$
Cash flows from operating activities:			
Profit/(loss) before income tax		**26,704**	(7,465,258)
Adjustment for:			
Impairment of investment in subsidiaries		**-**	3,759,012
Other receivables written off		**-**	2,860,798
Provision of doubtful debt		**-**	839,502
Profit/(loss) before working capital changes		**26,704**	(5,946)
Other payables and accruals		**-**	247
Net cash from/(used in) operating activities		**26,704**	(5,699)
Cash flows from financing activities:			
Advances to related party		**-**	(32,200)
Advances from subsidiary		**-**	39,263
Net cash from financing activities		**-**	7,063
Financing activity:			
Repayment to subsidiary	(15)	**(26,717)**	-
Net cash used in financing activity		**(26,717)**	-
Net (decrease)/increase in cash and cash equivalents		**(13)**	1,364
Cash and cash equivalents at beginning of year		**1,393**	29
Cash and cash equivalents at end of year		**1,380**	1,393

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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

1. **GENERAL**

a) Corporate information

Ruchi Industries Pte. Ltd. (the “company”) (Registration number: 200923577N) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

22 North Canal Road, #01-00
Singapore 048834

The principal activities of the company are that of an investment holding company and general wholesale imports and exports.

b) Going concern assumption

The Company’s current liabilities exceeded its current assets by **US$2,870** for the financial year ended 31 March 2019. This condition indicate the existence of a material uncertainty which may cast significant doubt about the company’s ability to continue as going concern.

The company is dependent on the financial support of the holding company to carry out its business activities. However, the holding company is currently undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code 2016, the outcome of which will be known after the process is completed.

The directors are of the view that it is appropriate to prepare these financial statements on a going concern basis on the assumption that the company will receive continuing financial support from the holding company after completion of Corporate Insolvency Resolution Process.

If the company is unable to continue in operational existence for the foreseeable future, the company may be unable discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position.

c) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2019 were authorised for issue by the Board of the Directors on ___________.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purpose, fair value measurements are described in Note 5.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

(a) Adoption of new and revised FRSs and INT FRSs

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and are effective for financial periods beginning on or after 1 April 2018. The adoption of these new/ revised FRSs and INT FRSs does not result in substantial changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as discussed below:

FRS 109: Financial Instruments

The Company adopted FRS 109 from 1 April 2018, which did not have any significant financial impact on the current period. Details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2. Changes in Accounting Policies – cont'd

(a) Adoption of new and revised FRSs and INT FRSs – cont'd

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous FRS 39 categories for financial assets held to maturity, loans and receivables and available for sale. The adoption of FRS 109 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivatives financial instruments. The impact of FRS 109 on the classification and measurement of financial assets is set out below.

Under FRS 109, on initial recognition, a financial asset is classified as measured at amortised cost, fair value to other comprehensive income ("FVOCI"), or fair value to profit or loss ("FVTPL"). Derivative financial instruments are typically measured at FVTPL. However, if these instruments qualify for hedge accounting under FRS 109, then the effective portion of changes in fair value of the instrument is recognised in other comprehensive income while the ineffective portion is recognised in profit or loss. The classification of financial asset under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Impairment of financial assets

FRS 109 replaces, the incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. Under FRS 109, credit losses are recognised earlier than under FRS 39. The following financial assets have been subjected to the expected credit loss model under FRS 109,

- trade receivables recognised under FRS 115
- debt instruments carried at amortised cost; and
- other receivables at amortised costs.

There is no material change in the provision for impairment for the above financial assets from the application of the expected credit loss impairment model.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.2. Changes in Accounting Policies – cont'd

b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective are as follows:

Reference	Description	Effective date (annual periods) beginning on or after
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019
FRS 109	Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.3. Functional and Foreign Currency

(a) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the company operates to be United States dollars. The financial statements of the company are presented in United States dollars.

(b) Foreign Currency Transactions

Transactions in foreign currencies have been converted into United States dollars at the average monthly exchange rates. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted into United States dollars at the rates of exchange approximating to those ruling at that date. Exchange differences are dealt with in the statement of comprehensive income.

2.4. Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the company’s financial statements, investments in the subsidiaries are accounted for cost less any impairment losses.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.4. Subsidiaries – cont'd

These financial statements are separate financial statements of Ruchi Industries Pte. Ltd. One set of consolidated financial statements of the company and its subsidiaries is not prepared as the company itself is a wholly-owned subsidiary of another corporation, which prepares consolidated financial statements available for public use. The registered office of the ultimate holding company, Ruchi Soya Industries Limited preparing the consolidated financial statements, is Ruchi House, Royal Palms, Survey No. 169, Aarey Milk Colony, Near Mayur Nagar, Goregaon (East), Mumbai – 400 065, Maharashtra, India.

2.5. Impairment of Non-financial Assets

At the end of each reporting period, 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). Where 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Where 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 (or cash-generating unit) in prior periods.

A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, 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.

2.6. Income taxes

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

a) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

2.6. Income taxes – cont'd

b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the end of the each reporting period 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 deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

2.7. Related Party Disclosure

A related party is defined as follows:

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 a parent of the company.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

2.7. Related Party Disclosure – cont’d

b) An entity is related to a 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 group 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 entity 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); or
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person’s children and spouse or domestic partner;
(b) children of that person’s spouse or domestic partner; and
(c) dependants of that person or that person’s spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS 24 - Related Party Disclosures.

2.8. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

2.9. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.10. Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the end of reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes the financial statements when material.

3. **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropriate, a shorter year.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets

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

a) Classification of financial assets

Financial assets are classified, at initial recognition, as either measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through 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 financial asset not at fair value through profit or loss, transaction costs. 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.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding. This 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.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commit to purchase or sell the asset.

For purpose 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 (debt instruments).
- Financial assets designated 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

3. **FINANCIAL INSTRUMENTS – cont'd**

3.1. Financial Assets – cont'd

b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade receivables, and other financial assets that held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

The Company has balances of cash and cash equivalents that are held within a business model, whose objective is collecting contractual cash flows. Cash and cash equivalents were classified as loans and receivables under FRS 39 are classified as financial assets at amortised cost under FRS 109.

i) Cash and cash equivalents

Cash and cash equivalents comprises the total amount of money held at the bank by the Company.

Other than financial assets at amortised cost, the company does not designate any financial assets under any other category under FRS 109.

c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. ECL 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.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. **FINANCIAL INSTRUMENTS – cont'd**

3.1. Financial Assets – cont'd

c) Impairment of financial assets – cont'd

ECLs are recognised in two stages:-

i) 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 months ECL).
ii) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For contract assets, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. 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.

The Company considers a financial asset in default when contractual payments are 60 days due. However, in certain cases, the Company 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 enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

d) Derecognition of financial assets

A financial asset is primary derecognised when:

i) the rights to receive cash flows from the asset have expired or,

ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 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.

Where 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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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.

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

d) Derecognition of financial assets – cont'd

Continuing involvement that takes form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.2. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

Ordinary share capital is classified as equity.

b) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instruments. 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 fair value through profit or loss, directly attributable transaction costs.

Financial liabilities carried at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Financial liabilities at amortised cost are classified within "other payables" on the statement of financial position.

i) Other payables

Other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Equity and Financial Liabilities – cont'd

c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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

3.3. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an obligation to settle on a net basis, or realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1. Critical judgement in applying the company's accounting policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Income taxes

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – cont'd

4.1. Critical judgement in applying the company's accounting policies – cont'd

(b) Determination of functional currency

The company measures foreign currency transactions in the functional currency of the company. In determining the functional currencies of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency is determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

4.2. Key sources of estimation uncertainty

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

a) Impairment of investment in subsidiaries

The company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiaries. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. The carrying amount of investment in subsidiaries is disclosed in Note 9 to the financial statements.

b) Provision

Provisions are recognised in accordance with the accounting policy in Note 2.8. To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the company takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE

5.1. Categories of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities included in the statement of financial position, the categories and the headings in which they are included are as follows:

	2019 US$	2018 US$
Financial assets		
At amortised costs		
- Cash and cash equivalents	**1,380**	1,393
Financial liabilities		
At amortised costs		
- Other payables and accruals	**685,597**	712,314

Further quantitative disclosures are included throughout these financial statements.

5.2 Financial Risk Management Policies and Objectives

The Company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal. The Company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

There has been no change to the company’s exposure to the financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The company’s exposure to credit risk arises primarily from loan to subsidiary, trade receivables and cash and cash equivalents. The company transacts only with recognised and creditworthy counterparties. The Company place its cash deposits with reputable banks and financial institutions.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information such as the following:

a) credit rating information supplied by publicly available financial information;
b) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and
c) 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 the counterparty is more than 30 days past due in making contractual payment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE**

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Credit impaired

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Default event

The Company considers a financial asset in default when the counterparty fails to make contractual payments, within 90 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the the counterparty is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Write-off

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due.

Financial assets are written off (either partially or in full) to the extent that there is no reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

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

Category	**Definition of category**	**Basis for recognising expected credit loss provision (ECL)**	**Basis for calculating interest revenue**
Grade I (Performing)	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected credit losses.	Gross carrying amount.
Grade II (Under performing)	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses.	Gross carrying amount.
Gross III (Default)	Interest and/or principal repayments are 90 days past due.	Lifetime expected credit losses.	Amortised cost of carrying amount (net of credit allowance
Write-off	Interest and/or principal is more than 365 days past due or there is evidence indicating the counterparty is in severe financial difficulty and there is no reasonable expectation of recovery	Amount is written off	Amount is writte off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

There are no receivables to be provide expected credit losses at current financial year.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd**

5.2. Financial Risk Management Policies and Objective – cont'd

a) Credit Risk – cont'd

Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

b) Interest Rate Risk

The company has no interest-bearing assets and liabilities and therefore is not exposed to interest rate risk.

c) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future years.

The company transacts mainly in United States dollars and Singapore dollars. Management believes that the foreign exchange rate risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

The company's exposure to foreign exchange rate risk against Singapore dollars is as follows:

	2019 US$	2018 US$
Financial assets		
Cash and cash equivalents	**1,366**	1,379
Financial liabilities		
Other payables and accruals	**(3,381)**	(2,802)
Net foreign currency exposure	**(2,015)**	(1,423)

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd**

5.2. Financial Risk Management Policies and Objective – cont'd

c) Foreign Currency Exchange Rate Risk – cont'd

Sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole period. A 10% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

A 10% strengthening of United States Dollar against the following currencies with all variables held constant would increase/(decrease) statement of comprehensive income by the amount shown below:

	2019 US$	2018 US$
Net foreign currency impact	**(202)**	(142)

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

d) Liquidity Risk

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to receive or pay.

			Contractual undiscounted cash flows		
2019	**Effective interest rate (%)**	**Carrying amount**	**Within 1 year or repayable on demand**	**Within 2 to 5 years**	**Total**
		US$	**US$**	**US$**	**US$**
Financial liabilities					
Other payables and accruals	-	**685,597**	**2,250**	**683,347**	**685,597**

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd**

5.2. Financial Risk Management Policies and Objective – cont'd

d) Liquidity Risk – cont'd

2018	Effective interest rate (%)	Carrying amount	Contractual undiscounted cash flows Within 1 year or repayable on demand	Within 2 to 5 years	Total
		US$	US$	US$	US$
Financial liabilities					
Other payables and accruals	-	712,314	2,250	710,064	712,314

e) Fair value of financial assets and financial liabilities

i) Estimation of fair values

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models and option pricing models as appropriate.

Management considers that the carrying amounts of trade receivables, cash and cash equivalents, trade and other payables and long-term borrowings that are repriced to market rate, recorded at amortised cost in these financial statements approximate their fair values.

ii) Fair value measurement

The company does not anticipate that the carrying amounts recorded at the end of the reporting period would significantly different from the values that would eventually be received or settled.

5.3. Capital Risk Management Policies and Objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, and obtain new borrowings or redemption of borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt. The company aims to maintain the gearing ratio at a reasonable level. The company's overall strategy remains unchanged during the financial year.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.3. Capital Risk Management Policies and Objectives – cont'd

	2019 US$	2018 US$
Other payables and accruals	**685,597**	712,314
Cash and cash equivalents	**(1,380)**	(1,393)
Net debt	**684,217**	710,921
Total equity	**82,431**	57,727
Total capital	**766,648**	768,648
Gearing ratio	**89%**	92%

The capital structure of the company's mainly consists of equity and remains unchanged during the period. The company reviews the capital structure from time to time and will continue to monitor economic conditions in which its operates and will made adjustments to its capital structure where necessary.

The company is not subject to any externally imposed capital requirements.

6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Ruchi Soya Industries Limited, incorporated in India, which is also the company's ultimate holding company.

There are transactions and arrangements between the company and members of the holding company and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured, repayable on demand and interest free.

7. SHARE CAPITAL

	2019	2018	2019	2018
	Number of ordinary shares		US$	US$
Issued and paid up:				
At beginning of year and end of year	**6,000,000**	6,000,000	**6,000,000**	6,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All shares rank equally with regard the company's residual assets. The company has one class of ordinary shares with no par value, which carry no right to fixed income.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

8. OTHER PAYABLES AND ACCRUALS

	2019 US$	2018 US$
Advances from subsidiary	**683,347**	710,064
Accruals	**2,250**	2,250
	685,597	712,314

	2019 US$	2018 US$
Non-current	**683,347**	710,064
Current	**2,250**	2,250
	685,597	712,314

Advances from subsidiary, Ruchi Agritrading Pte. Ltd., is unsecured, interest free and is repayable on demand.

Other payables and accruals are denominated in the following currencies:

	2019 US$	2018 US$
United States dollar	**682,216**	709,512
Singapore dollar	**3,381**	2,802
	685,597	712,314

9. INVESTMENT IN SUBSIDIARIES

	2019 US$	2018 US$
Unquoted equity shares, at cost	**4,527,660**	4,527,660
Less: Impairment in investment in subsidiaries	**(3,759,012)**	(3,759,012)
	768,648	768,648

Movement in impairment in investment in subsidiaries is as follows:

	2019 US$	2018 US$
At beginning of year	**3,759,012**	-
Current year	**-**	3,759,012
At end of year	**3,759,012**	3,759,012

9. **INVESTMENT IN SUBSIDIARIES – cont'd**

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal activities	Country of incorporation and operation	Cost of investment		Percentage of holding	
			2019 US$	2018 US$	2019 %	2018 %
Ruchi Agri Plantations (Cambodia) Pte. Ltd.	Agricultural investments	Cambodia	**2,000,000**	2,000,000	**100**	100
Ruchi Agri SARL	General Wholesale Trading (Imports & Exports)	Madagascar	**4,849**	4,849	**100**	100
Ruchi Agritrading Pte Ltd	General Wholesale Trading (Imports & Exports)	Singapore	**2,000,100**	2,000,100	**100**	100
Palmolein Industries Pte Ltd	General Wholesale Trading (Imports & Exports)	Cambodia	**5,000**	5,000	**100**	100
Ruchi Middle East DMCC	General Wholesale Trading (Imports & Exports)	United Arab Emirates	**517,711**	517,711	**100**	100

a) Impairment test

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiaries. The review revealed full impairment in value is required for all subsidiaries except for Ruchi Agritrading Pte. Ltd because the company has an outstanding amount due to this subsidiary.

b) Others

One set of consolidated financial statements of the company and its subsidiaries is not prepared as the company itself is a wholly-owned subsidiary of another corporation, which prepares consolidated financial statements available for public use. The registered office of the ultimate holding company, Ruchi Soya Industries Limited preparing the consolidated financial statements, is Ruchi House, Royal Palms, Survey No. 169, Aarey Milk Colony, Near Mayur Nagar, Goregaon (East), Mumbai – 400 065, Maharashtra, India.

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

10. OTHER RECEIVABLES

	2019 US$	2018 US$
Other receivables:		
- subsidiaries (Note 9)	**839,502**	839,502
less: allowance for doubtful debt	**(839,502)**	(839,502)
- related party	-	-
	-	-

The loan amount due from subsidiaries and related party is unsecured, interest free and is repayable on demand.

Movement in allowance for doubtful debt is as follows:

	2019 US$	2018 US$
At beginning of year	**839,502**	-
Current year	**-**	839,502
At end of year	**839,502**	839,502

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11. CASH AND CASH EQUIVALENTS

	2019 US$	2018 US$
Cash at bank	**1,380**	1,393

Cash and cash equivalents are denominated in the following currencies:

	2019 US$	2018 US$
United States dollar	**14**	14
Singapore dollar	**1,366**	1,379
	1,380	1,393

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. OTHER INCOME

	2019 US$	2018 US$
Bad debt recovered	**29,320**	-
Foreign currency exchange gain	**13**	4
	29,333	4

13. INCOME TAX EXPENSE

a) Major component of income tax expense

The major components of income tax expense are as follows:

	2019 US$	2018 US$
Current tax	**2,000**	-

b) Relationship between income tax expense and accounting loss

The income tax benefit varied from the amount of income tax expense determined by applying the Singapore Income Tax rate at 17% (2018: 17%) to profit before income tax as a result of the following differences:

	2019 US$	2018 US$
Profit/(loss) before income tax	**26,704**	(7,465,258)
Income tax expense/(benefit) at statutory rate	**4,540**	(1,269,094)
Tax effect of:		
- Tax loss disregarded	**-**	1,269,094
- Tax exemption	**(2,540)**	-
Income tax expense for the year	**2,000**	-

14. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging:

	2019 US$	2018 US$
Impairment in investment in subsidiaries	**-**	3,759,012
Other receivables written off	**-**	2,860,798
Provision of doubtful debt	**-**	839,502

RUCHI INDUSTRIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

Other payables - subsidiary (Note 8)	**2019** **US$**	**2018** **US$**
At beginning of year	**710,064**	670,801
Financing cash flow		
Add: advances from subsidiary	**-**	39,263
Less: repayment to subsidiary	**(26,717)**	-
At end of year	**683,347**	710,064

16. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

RUCHI INDUSTRIES PTE. LTD.

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	2019 US$	2018 US$
Revenue	**-**	-
Other income		
Bad debt recovered	**29,320**	-
Foreign currency exchange gain	**13**	4
	29,333	4
Cost and Expenses		
Other expenses		
Auditor's remuneration:	**(1,500)**	(1,500)
General expenses	**(150)**	(150)
Impairment in investment in subsidiaries	**-**	(3,759,012)
Legal and professional fee	**(604)**	(3,925)
Other receivables written off	**-**	(2,860,798)
Allowance for doubtful debt	**-**	(839,502)
Tax fee	**(375)**	(375)
	(2,629)	(7,465,262)
Profit/(loss) before income tax	**26,704**	(7,465,258)

This schedule does not form part of the audited statutory financial statements.

RUCHI INDUSTRIES PTE. LTD.

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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RUCHI INDUSTRIES PTE. LTD.

(Registration number: 200923577N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019