

**KOTHARI PETROCHEMICALS HK LIMITED**

**Director's Report  
and  
Audited Financial Statements  
for the period from 12th August, 2013  
(Date of Incorporation) to 31st March, 2014**

**黎應森會計師事務所**

**SAM LAI & CO.**

**Certified Public Accountants**

**Hong Kong**

**Kothari Petrochemicals HK Limited**  
**Report of the Director**

The director has pleasure in submitting her first annual report together with the audited financial statements of the Company for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014.

**Principal Activity**

The principal activity of the Company during the period was trading of petrochemicals

**Results**

The results of the Company during the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014 and the state of the Company's affairs at that date are set out in the financial statements on pages 5 to 11.

**Share Capital and Reserves**

The details of share capital of the Company are set out in note 8 to the Company's financial statements.

There were no movements in reserves except for the changes to retained earning which arose from the profit for the period and payment of dividend.

**Director**

The director who held office during the period and at the date of this report was :

JULIANTY Clara                      (Appointed on 12th August, 2013)

According to the Clause (13) of the Article of Association of the Company, the director shall retire from office and shall be eligible for re-election in the next annual general meeting.

The Company did not enter into any contract, other than the contacts of service with the director or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.



**Kothari Petrochemicals HK Limited**  
**Report of the Director**

**Arrangements to purchase shares or debentures**

At no time during the period was the Company, its holding company or its ultimate holding company a party to any arrangements to enable the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Director's Interests in Contracts of Significance**

No contracts of significance to which the Company, its holding company or its ultimate holding company was a party and in which the director of the Company had material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

**Auditor**

The auditor, Messrs. Sam Lai & Co., shall retire but, being eligible, offer themselves for re-appointment.



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Sole Director

Hong Kong, 2nd May, 2014



## Sam Lai & Co.

Certified Public Accountants

黎應森會計師事務所

☎ 2543 2125 自 9285 2474 Fax 2543 2115

Sam Lai

C.P.A. F.C.C.A. A.T.I.H.K. LL.B. M.B.A. MSc. B.Econ.

香港執業會計師 英國特許公認資深會計師 香港稅務學會會員

英國法律學士 工商管理學碩士 企業經濟學碩士

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF KOTHARI PETROCHEMICALS HK LIMITED**

(Incorporated in Hong Kong with Limited Liability)

#### **Report on the Financial Statements**

We have audited the financial statements of Kothari Petrochemicals HK Limited set out on pages 5 to 11, which comprise the statement of financial position as at 31st March, 2014, and the statement of income and retained earnings and statement of cash flows for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014, and a summary of significant accounting policies and other explanatory notes.

#### **Director's responsibility for the financial statements**

The director is responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

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

**Sam Lai & Co.**

Certified Public Accountants

黎應森會計師事務所

☎ 2543 2125 自 9285 2474 Fax 2543 2115

**Sam Lai**

C.P.A. F.C.C.A. A.T.I.H.K. LL.B. M.B.A MSc. B Econ.

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英國法律學士 工商管理學碩士 企業經濟學碩士

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st March, 2014 and its profit and cash flows for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014 in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



SAM LAI & CO.

Certified Public Accountants

Hong Kong, 2nd May, 2014

**Kothari Petrochemicals HK Limited**  
**Statement of Income and Retained Earnings**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

	Note	US\$
Revenue	3	81,825.69
Cost of Goods Sold		<u>(77,324.70)</u>
Gross Profit		4,500.99
Administrative Expenses		<u>(2,011.06)</u>
Profit before Tax	4	2,489.93
Income Tax Expenses	5	<u>-</u>
Profit for the Period and Retained Earning at End of Period		<u><u>2,489.93</u></u>

The notes on pages 8 to 11 form part of these financial statements.



**Kothari Petrochemicals HK Limited**  
**Statement of Financial Position**  
**as at 31st March, 2014**

	Note	US\$
<b>Current Assets</b>		
Trade Receivable		81,825.69
Bank Balance		<u>75,000.00</u>
		<u>156,825.69</u>
 <b>Current Liabilities</b>		
Amount due to Ultimate Holding Company	7	(77,324.70)
Accrued Expenses		<u>(2,011.06)</u>
		<u>(79,335.76)</u>
 <b>Net Assets</b>		 <u><u>77,489.93</u></u>
 <b>Equity</b>		
Share Capital	8	75,000.00
Retained Earning		<u>2,489.93</u>
		<u><u>77,489.93</u></u>

The financial statements on pages 5 to 11 were approved and authorised for issue by the sole director on 2nd May, 2014 and is by:

Approved by:



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Sole Director

The notes on pages 8 to 11 form part of these financial statements.



**Kothari Petrochemicals HK Limited**  
**Statement of Cash Flows**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

	US\$
<b>Operating Activities</b>	
Profit Before Tax and	
Operating Profit before Changes in Working Capital	2,489.93
Increase in Trade Receivable	(81,825.69)
Increase in Amount due to Ultimate Holding Company	77,324.70
Increase in Accrued Expenses	<u>2,011.06</u>
Cash Generated from Operating Activities and	
Net Cash Generated from Operating Activities	<u>-</u>
<b>Financing Activities</b>	
Issuance of Share Capital	<u>75,000.00</u>
Net Cash Generated form Financing Activities	<u>75,000.00</u>
Net Increase in Cash and Cash Equivalents and	
Cash and Cash Equivalents, at End of the Period	<u><u>75,000.00</u></u>

The notes on pages 8 to 11 form part of these financial statements.





**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

**1. Company Information**

The Company is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at Suite 1803-4, 18/F., St. George's Building, No. 2 Ice House Street, Central, Hong Kong.

The principal activity of the Company during the period was trading of petrochemicals.

These financial statements have been approved for issue by the Sole Director on 2nd May, 2014.

**2. Basis of Preparation and Accounting Policies**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. The measurement basis used in the preparation of the financial statements is historical cost. The following are the specific accounting policies that are necessary for a proper understanding of the financial statements.

**a) *Foreign Currency Translation***

**i) *Functional and Presentation Currency***

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in US Dollars, which is the Company's functional and presentation currency.

**ii) *Transactions and Balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**b) *Cash and Cash Equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**c) *Trade and Other Receivables***

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.



**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

**2. Basis of Preparation and Accounting Policies (cont'd)**

**d) Income Tax**

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable 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 (other than in a business combination) 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits 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 period 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 with in equity.

**e) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts and rebates.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer.

**f) Related Parties**

For the purpose of these financial statements, related party includes a person and entity as defined below :

- (a) A person or a close member of that person's family is related to the Company if that person :
- (i) is a member of the key management personnel of the Company or of the holding company ;
  - (ii) has control over the Company ; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.



**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

**2. Basis of Preparation and Accounting Policies (cont'd)**

*f) Related Parties (cont'd)*

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

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- (ii) either entity is an association or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of a third entity.
- (iv) either 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 port employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant voting power in the entity.

**3. Revenue**

	US\$
Sale of Goods	81,825.69

**4. Profit before Tax**

Profit before taxation is stated at :

	US\$
<i>Charging:</i>	
Auditor's Remuneration	1,173.12

**5. Income Tax Expenses**

No provision for profits tax has been made in these financial statements as the Company's incomes are derived from offshore sources.

No provision for deferred taxation has been made in these financial statements as the effect of temporary differences is immaterial to the Company.

**6. Director's Remuneration**

Director's remuneration disclosed in accordance with the provisions of Section 161 of the Companies Ordinance is as follows:

	US\$
Fee	Nil
Emoluments	Nil



**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

**7. Amount due to Ultimate Holding Company**

The amount due is representing the trade payable to the ultimate holding company, being interest-free, unsecured and payable on demand.

**8. Share Capital**

	US\$
Authorised	
7,500 Ordinary Shares of US\$10.00 each	<u>75,000.00</u>
Issued and Fully Paid	
7,500 Ordinary Shares of US\$10.00 each	<u>75,000.00</u>

- i) Upon incorporation, the authorised share capital was 1,000 ordinary shares of US\$10.00 each. All the shares were issued and fully paid on incorporation.
- ii) On 8th November, 2013, the authorised share capital was increased to 7,500 ordinary shares of US\$10.00 each.
- iii) On 11th November, 2013, 6,500 ordinary shares of US\$10.00 each were allotted to the shareholder to provide additional share capital.

**9. Related Party Transactions**

During the period, the Company had the following materials transactions in the ordinary course of business with its related companies:

	US\$
Purchase of Goods from Ultimate Holding Company	<u>77,324.70</u>

**10. Immediate Parent and Ultimate Holding Company**

At 31st March, 2014, the director considers the immediate parent is Kothari Petrochemicals PTE. Ltd., a company incorporated in Singapore, and the ultimate holding company is Kothari Petrochemicals Limited, a company incorporated in India.



**Kothari Petrochemicals HK Limited**  
**Detailed Profit and Loss Account**  
**for the period from 12th August, 2013 (Date of Incorporation) to 31st March, 2014**

*(for Management Information Only)*

	US\$
<b>Revenue</b>	
Sale of Goods	81,825.69
<b>Cost of Goods Sold</b>	
Purchase of Goods	<u>(77,324.70)</u>
<b>Gross Profit</b>	<u>4,500.99</u>
<b>Less: Administrative Expenses</b>	
Accounting Fee	335.18
Auditor's Remuneration	1,173.12
Professional Fees	<u>502.76</u>
	<u>(2,011.06)</u>
<b>Profit before Tax</b>	<u><u>2,489.93</u></u>

