



**KOTHARI PETROCHEMICALS HK LIMITED**

**Director's Report  
and  
Audited Financial Statements  
for the year ended 31st March, 2016**

**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 annual report together with the audited financial statements of the Company for the year ended 31st March, 2016.

During the financial year, the Company is a wholly owned subsidiary of Kothari Petrochemicals Pte. Limited, and the ultimate holding company is Kothari Petrochemicals Limited, a company incorporated in India.

**Principal Activity**

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

**Results**

The results of the Company during the year ended 31st March, 2016 and the state of the Company's affairs at that date are set out in the financial statements on pages 5 to 14.

**Share Capital and Reserves**

The details of share capital of the Company are set out in note 11 to the Company's financial statements.

There were no movements in reserves except for the changes to retained earnings which arose from the profit for the year.

**Director**

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

Clara JULIANTY

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.

**Arrangements to Purchase Shares or Debentures**

At no time during the year 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.



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

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

Except for note 12 of the Company's financial statement, 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 year.

**Auditor**

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



---

Sole Director

Dated : 14th April, 2016

**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 14, which comprise the statement of financial position as at 31st March, 2016, and the statement of income and retained earnings and statement of cash flows for the year then ended, 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**

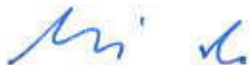
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and 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.

**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, 2016 and its profit and cash flows for the year then ended 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, 14th April, 2016

**Kothari Petrochemicals HK Limited**  
**Statement of Income and Retained Earnings**  
**for the year ended 31st March, 2016**

	Note	2016 US\$	2015 US\$
Revenue	3	1,769,479.99	2,344,478.17
Cost of Goods Sold		<u>(1,682,752.60)</u>	<u>(2,208,203.28)</u>
Gross Profit		86,727.39	136,274.89
Other Income	4	32,625.26	23,984.40
Administrative Expenses		(19,516.50)	(27,878.23)
Other Operating Expenses		<u>(33,908.83)</u>	<u>(20,552.07)</u>
Profit before Tax	5	65,927.32	111,828.99
Income Tax Expense	6	<u>-</u>	<u>-</u>
Profit for the Year		65,927.32	111,828.99
Retained Earnings at Beginning of Year		<u>114,318.92</u>	<u>2,489.93</u>
Retained Earnings at End of Year		<u><u>180,246.24</u></u>	<u><u>114,318.92</u></u>

The notes on pages 8 to 14 form part of these financial statements.

**Kothari Petrochemicals HK Limited**  
**Statement of Financial Position**  
**as at 31st March, 2016**

	Note	<u>2016</u> US\$	<u>2015</u> US\$
<b>Non-Current Assets</b>			
Financial Assets at Fair Value through Profit or Loss	8	<u>815,539.10</u>	<u>849,447.93</u>
<b>Current Assets</b>			
Trade Receivable		38,829.16	255,525.41
Prepayment		4,583.20	4,440.00
Bank Balances		<u>306,516.57</u>	<u>177,082.22</u>
		<u>349,928.93</u>	<u>437,047.63</u>
<b>Current Liabilities</b>			
Amount due to Ultimate Holding Company	9	(55,860.50)	(243,048.90)
Accrued Expenses		<u>(4,361.29)</u>	<u>(4,127.74)</u>
		<u>(60,221.79)</u>	<u>(247,176.64)</u>
<b>Net Current Assets</b>		<u>289,707.14</u>	<u>189,870.99</u>
<b>Non-Current Liabilities</b>			
Amount due to Immediate Holding Company	10	<u>(850,000.00)</u>	<u>(850,000.00)</u>
<b>Net Assets</b>		<u>255,246.24</u>	<u>189,318.92</u>
<b>Equity</b>			
Share Capital	11	75,000.00	75,000.00
Retained Earnings		<u>180,246.24</u>	<u>114,318.92</u>
		<u>255,246.24</u>	<u>189,318.92</u>

The financial statements on pages 5 to 14 were approved and authorised for issue by the sole director on 14th April, 2016 and is signed by:

  
 \_\_\_\_\_  
 Sole Director

The notes on pages 8 to 14 form part of these financial statements.

**Kothari Petrochemicals HK Limited**  
**Statement of Cash Flows**  
**for the year ended 31st March, 2016**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<b>Operating Activities</b>		
Profit Before Tax	65,927.32	111,828.99
Adjustment for :		
Dividend Income	(32,568.45)	(23,975.65)
Fair Value Loss on Listed Investments	33,908.83	11,938.21
Operating Profit before Changes in Working Capital	67,267.70	99,791.55
Decrease (Increase) in Trade Receivable	216,696.25	(173,699.72)
Increase in Prepayment	(143.20)	(4,440.00)
(Decrease) Increase in		
Amount due to Ultimate Holding Company	(187,188.40)	165,724.20
Increase in Accrued Expenses	233.55	2,116.68
Increase in Amount due to Immediate Holding Company	-	850,000.00
Cash Generated from Operating Activities and		
Net Cash Generated from Operating Activities	<u>96,865.90</u>	<u>939,492.71</u>
<b>Investing Activities</b>		
Purchase of Listed Investments	-	(861,386.14)
Dividends Received from Listed Investments	32,568.45	23,975.65
Net Cash Generated from (Used in) Investing Activities	<u>32,568.45</u>	<u>(837,410.49)</u>
Net Increase in Cash and Cash Equivalents	129,434.35	102,082.22
Cash and Cash Equivalents, at Beginning of the Year	<u>177,082.22</u>	<u>75,000.00</u>
Cash and Cash Equivalents, at End of the Year	<u><u>306,516.57</u></u>	<u><u>177,082.22</u></u>
Cash and Cash Equivalents		
Bank Balances	<u><u>306,516.57</u></u>	<u><u>177,082.22</u></u>

The notes on pages 8 to 14 form part of these financial statements.



**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the year ended 31st March, 2016**

**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 year was trading of petrochemicals.

These financial statements have been approved for issue by the Sole Director on 14th April, 2016.

**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 statement of financial position.

**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 year ended 31st March, 2016**

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

**d) *Financial Instruments***

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial Assets*

Financial assets are classified into the following specified categories : financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments, 'available-for-sale' (AFS) financial assets and 'loans and receivable'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carry amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

*Financial Assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- i) it has been acquired principally for the purpose of selling it in the near term; or
- ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- iii) it is a derivative that is not designated and effective as a hedging instrument.

**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the year ended 31st March, 2016**

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

**d) *Financial Instruments (Cont'd)***

A financial asset other than a financial asset held for trading may be designate as at FVTPL upon initial recognition if:

- i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii) it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

*Held-to-Maturity Investments*

Hold-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, if any.

Impairment losses on held-to-maturity investments are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between its carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

*Available-for-Sale Investments*

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loan and receivables or held-to-maturity investments. At each ending date of reporting period subsequent to initial recognition, available-for-sale investments are measured at fair value. Changes in fair value are recognised in equity, until the investment is disposed of or its determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale investment are recognised in profit and loss. Impairment losses on available-for-sale equity investments will not reverse in profit and loss in subsequent periods.

*Loan and Receivables*

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances) are measured at amortised cost using the effective interest method, less any impairment.

**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the year ended 31st March, 2016**

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

**e) 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.

**f) 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.
- Dividend income is recognised when the right of receipt is established.

**g) 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 year ended 31st March, 2016**

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

**g) 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**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Sale of Goods	<u>1,769,479.99</u>	<u>2,344,478.17</u>

**4. Other Income**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Bank Interest Income	56.81	8.75
Dividend Income	<u>32,568.45</u>	<u>23,975.65</u>
	<u>32,625.26</u>	<u>23,984.40</u>

**5. Profit before Tax**

Profit before taxation is stated at :

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<i>Charging:</i>		
Auditor's Remuneration	2,193.55	1,974.19
Fair Value Loss on Listed Investments	<u>33,908.83</u>	<u>11,938.21</u>

**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the year ended 31st March, 2016**

**6. Income Tax Expense**

No provision for profits tax has been made in these financial statements as the Company's incomes are derived from offshore sources (2015 : NIL).

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

**7. Director's Remuneration**

Director's remuneration disclosed in accordance with the provisions of Section 383(1) of the Companies Ordinance is as follows:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Fee	Nil	Nil
Emoluments	<u>Nil</u>	<u>Nil</u>

**8. Financial Assets at Fair Value through Profit or Loss**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Listed Investments :		
Cost	861,386.14	861,386.14
Less: Fair Value Loss	<u>(45,847.04)</u>	<u>(11,938.21)</u>
Debt securities listed outside Hong Kong, at Market Value	<u>815,539.10</u>	<u>849,447.93</u>
 Fair Value Loss on Listed Investments during the year	 <u>33,908.83</u>	 <u>11,938.21</u>

**9. 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.

**10. Amount due to Immediate Holding Company**

The amount due is representing the net advances from the immediate holding company, being interest-free, unsecured and repayable in June, 2017.

**Kothari Petrochemicals HK Limited**  
**Accounting Policies & Explanatory Notes to the Financial Statements**  
**for the year ended 31st March, 2016**

**11. Share Capital**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Issued and Fully Paid : 7,500 Ordinary Shares	<u>75,000.00</u>	<u>75,000.00</u>

**12. Related Party Transactions**

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

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Purchase of Goods from Ultimate Holding Company	<u>1,682,752.60</u>	<u>2,208,203.28</u>

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

At 31st March, 2016, the director considers the immediate parent to be Kothari Petrochemicals PTE. Ltd., a company incorporated in Singapore, and the ultimate holding company to be Kothari Petrochemicals Limited, a company incorporated in India.

**Kothari Petrochemicals HK Limited**  
**Detailed Profit and Loss Account**  
**for the year ended 31st March, 2016**

*(for Management Information Only)*

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<b>Revenue</b>		
Sale of Goods	1,769,479.99	2,344,478.17
<b>Cost of Goods Sold</b>		
Purchase of Goods	<u>(1,682,752.60)</u>	<u>(2,208,203.28)</u>
<b>Gross Profit</b>	86,727.39	136,274.89
<b>Other Income</b>		
Bank Interest Income	56.81	8.75
Dividend Income	<u>32,568.45</u>	<u>23,975.65</u>
	<u>119,352.65</u>	<u>160,259.29</u>
<b>Less: Administrative Expenses</b>		
Accounting Fee	1,651.61	1,637.42
Auditor's Remuneration	2,193.55	1,974.19
Bank Charges	4,408.35	4,973.75
Business Registration Fee	340.00	340.00
Loss on Exchange	75.66	38.28
Marketing Expense	5,459.83	12,235.00
Professional Fees	516.13	516.13
Secretarial Fee	<u>4,871.37</u>	<u>6,163.46</u>
	<u>(19,516.50)</u>	<u>(27,878.23)</u>
<b>Less: Other Operating Expenses</b>		
Transaction Costs on Investments	-	8,613.86
Fair Value Loss on Listed Investments	<u>33,908.83</u>	<u>11,938.21</u>
	<u>(33,908.83)</u>	<u>(20,552.07)</u>
<b>Profit before Tax</b>	<u>65,927.32</u>	<u>111,828.99</u>