PIDILITE INNOVATION CENTRE PTE. LTD.

Company Registration Number: 200619063N

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2021

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DIRECTORS' STATEMENT
For the financial year ended 31 March 2021

The directors present their statement to the member of Pidilite Innovation Centre Pte. Ltd. (the "Company") together with the audited financial statements of the Company for the financial year ended 31 March 2021.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

(ii) 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 as follows:

Dien Pandiman	
Sanjay Bahadur	
Shanker Iyer	Appointed on 2 February 2021

3 ARRANGEMENTS TO ENABLE THE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50, the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	At the beginning of financial year	At the end of financial year
	Ordinary shares	
Ultimate holding company, Pidilite Industries Limited		
Sanjay Bahadur	16,450	17,800

5 SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

6 AUDITOR

Helmi Talib LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the directors

DIEN PANDIMAN
Director

SHANKER IYER
Director

Date: 26 April 2021

Helmi Talib LLP

Registration No. (UEN): T20LL1986E
Chartered Accountants of Singapore
An Independent Member Firm of IAPA

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PIDILITE INNOVATION CENTRE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pidilite Innovation Centre Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

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

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

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.

Responsibilities of Management and Directors for 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.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Continued)

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

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

Report on Other Legal and Regulatory Requirements

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

Helmi Talib LLP

HELMI TALIB LLP
Public Accountants and
Chartered Accountants

Singapore

Date: 26 April 2021

Partner-in-charge : Mari Jane Tiburcio
PAB No. : 01780

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 March 2021

	Note	2021 $	2020 $
Revenue	6	2,064,590	1,504,892
Other income	7	229,668	516,438
Expenses			
Changes in inventories of finished goods		(48,513)	7,615
Purchases consumed and related costs	8	(569,517)	(783,443)
Employee benefits expense	9	(992,922)	(961,318)
Depreciation of property, plant and equipment		(169,662)	(170,765)
Finance costs	10	(19,313)	(12,282)
Other expenses	11	(136,996)	(158,966)
		(1,936,923)	(2,079,159)
Profit/(loss) before income tax		357,335	(57,829)
Income tax expense	12 (a)	(9,819)	(50,190)
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		347,516	(108,019)

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

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	659,501	94,032
Fixed deposit	14	300,000	500,000
Trade and other receivables	15	382,992	361,998
Inventories	16 (a)	203,758	284,990
Total current assets		1,546,251	1,241,020
Non-current asset			
Property, plant and equipment	17	464,401	300,802
Total non-current asset		464,401	300,802
Total assets		2,010,652	1,541,822
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	18	259,912	349,430
Lease liabilities	19	205,110	128,691
Income tax payable	12 (c)	9,819	-
Total current liabilities		474,841	478,121
Non-current liabilities			
Lease liabilities	19	197,318	72,724
Total non-current liabilities		197,318	72,724
Total liabilities		672,159	550,845
Equity			
Share capital	20	995,155	995,155
Accumulated profits/(losses)		343,338	(4,178)
Total equity		1,338,493	990,977
Total liabilities and equity		2,010,652	1,541,822

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

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2021

2021

	Share capital $	Accumulated profits/(losses) $	Total $
Equity			
At the beginning of financial year	995,155	(4,178)	990,977
Comprehensive income			
Total comprehensive income for the financial year	-	347,516	347,516
At the end of financial year	995,155	343,338	1,338,493

2020

	Share capital $	Accumulated profits/(losses) $	Total $
Equity			
At the beginning of financial year	995,155	103,841	1,098,996
Comprehensive loss			
Total comprehensive loss for the financial year	-	(108,019)	(108,019)
At the end of financial year	995,155	(4,178)	990,977

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Profit/(loss) before income tax		357,335	(57,829)
Adjustments for:			
Depreciation of property, plant and equipment	17	253,931	253,141
Interest expense	10	19,313	12,282
Impairment of inventories	16	5,565	6,641
Interest income	7	(816)	(6,580)
Reversal of impairment of inventories	16	(4,638)	(1,226)
Rental concession and property tax rebate	7	(34,190)	-
Unrealised foreign exchange gain - net		-	(8)
Total adjustments to profit account		239,165	264,250
Total operating cash flows before changes in working capital		596,500	206,421
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(21,793)	44,939
Decrease/(increase) in inventories		80,305	(30,161)
(Decrease)/increase in trade and other payables		(89,518)	26,583
Total changes in working capital		(9,213)	41,361
Cash generated from operations		565,494	247,782
Interest income received		1,615	5,702
Income tax paid	12 (c)	-	(50,190)
Net cash flows from operating activities		567,109	203,294
Cash flows from investing activity			
Purchase of property, plant and equipment (See note below)		(2,367)	(45,394)
Cash flows used in investing activity		(2,367)	(45,394)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	19	(179,960)	(222,084)
Interest expense paid on lease liabilities	10, 19	(19,313)	(12,282)
Proceeds from decrease in fixed deposit		200,000	-
Net cash flows from/(used in) financing activities		727	(234,366)
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		565,469	(76,466)
Effect of exchange rate changes in balance of cash held in foreign currency		-	8
Net increase/(decrease) in cash and cash equivalents		565,469	(76,458)
Cash and cash equivalents at the beginning of financial year		94,032	170,490
Cash and cash equivalents at the end of financial year	13	659,501	94,032

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

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2021

	Note	2021 $	2020 $
Note:			
Reconciliation of additions per movement in property, plant and equipment and statement of cash flows:			
Additions in property, plant and equipment	17	417,530	58,094
Less: Property, plant and equipment acquired under lease liabilities	19	(415,163)	(12,700)
Purchase of property, plant and equipment per statement of cash flows		2,367	45,394

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

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

1 CORPORATE INFORMATION

Pidilite Innovation Centre Pte. Ltd. (the "Company") is domiciled and incorporated in Singapore on 20 December 2006 with its registered office at 61 Science Park Road, #03-11/12, The Galen, Singapore 117525.

The principal activities of the Company are those of research and development on chemicals including manufacturing and trading of waterproofing and emulsion paints. There have been no significant changes in the nature of these activities during the financial year.

The Company's immediate and ultimate holding companies are Pidilite International Pte. Ltd. and Pidilite Industries Limited, companies incorporated in Singapore and India, respectively.

2 IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in order closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's significant operations are in Singapore which has been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Company's financial performance reflected in this set of financial statements for the year ended 31 March 2021:

(i) The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(ii) In 2020, the Company has received rental rebates for its leased factory and office premises. The effects of such rental concessions received are disclosed in Note 7.

(iii) The Company has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 March 2021. The significant estimates and judgement applied on impairment of trade receivables, and inventories are disclosed in Note 4 to the financial statements.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2022. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "$") which is the Company's functional currency.

The accounting policies adopted are consistent with those of the previous financial year except for those as described in Note 3.2 to the financial statements.

3.2 Adoption of new and amended standards and interpretations

On 1 April 2020, the Company has adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Early adoption of amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The Company has early adopted the amendment to FRS 116 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification.

The Company has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions including property tax rebate of $34,190 (Note 7) was recognised as negative variable lease payments under other income during the financial year.

3.3 Standards issued but not yet effective

The following are the new or amended Standards and Interpretations that are not yet applicable, but may be early adopted for the current financial year.

		Description	Effective for annual periods beginning on or after
Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116	:	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to FRS 16	:	Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to FRS 37	:	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Standards issued but not yet effective (Continued)

The following are the new or amended Standards and Interpretations that are not yet applicable, but may be early adopted for the current financial year. (Continued)

		Description	Effective for annual periods beginning on or after
Various	:	Annual Improvements to FRSs 2018 – 2020	1 January 2022
Amendments to FRS 1		Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023

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

3.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

3.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

		Years
Laboratory equipment	-	5
Computers	-	3
Furniture and fixtures	-	5
Manufacturing equipment	-	5
Office equipment	-	5
Motor vehicle	-	5
Renovation	-	5

Included in property, plant and equipment are the right-of-use assets for the factory premise and office premise which is depreciated using the straight-line method over the shorter of its lease terms and useful lives. The lease terms and the estimated lives of the factory premise and office premise are 2 and 99, and 3 and 99 years, respectively.

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect to those property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, fixed deposit and cash on hand and are subject to an insignificant risk of changes in value.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials, packaging materials and trading finished goods – Purchases costs on a moving average method; and
- Manufactured finished goods – Raw materials costs are assigned on a moving average method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

3.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial instruments (Continued)

(a) Financial assets (Continued)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

3.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of financial assets (Continued)

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

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

3.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

3.12 Share capital and share issuance expenses

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

3.13 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

3.14 Employee benefits

(a) Defined contribution plan

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution provision scheme. Contributions to CPF are recognised as compensation expenses in the same period as the employment that gives rise to the contribution. The Company has no further payment obligations once the contributions have been paid.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employee benefits (Continued)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they are accrued to employees. Unused annual leave is allowed to be carried forward to the following calendar year and have to be utilised within the following calendar year. Any unused entitlement carried forward in the following calendar year will be forfeited by the end of that calendar year.

3.15 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The lease term and the estimated lives of the factory premise and office premise are 2 and 99, and 3 and 99 years, respectively.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 3.6.

The Company's right-of-use assets are presented within property, plant and equipment under leasehold buildings and disclosed in Note 17 to the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Leases (Continued)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are disclosed in Note 19(b) to the financial statements.

Covid-19-Related Rent Concessions

The Company has applied the amendment to FRS 116 Leases: Covid-19-Related Rent Concessions. The Company applies the practical expedient allowing it not to assess whether a rent concession related to Covid-19 is a lease modification. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, the Company assesses whether there is a lease modification.

3.16 Revenue recognition

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Revenue recognition Continued)

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

(a) Research and development fees

Research and development fees are recognised when the services have been performed, rendered and mutually accepted by the parties as per related terms and conditions.

(b) Technical consultancy fees

Revenue from technical consultancy fees are recognised when services have been performed and rendered in accordance with the Technical Consultancy Services Agreement.

(c) Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns.

(d) Royalty income

Royalty income is recognised as and when sales of goods are recognised and in accordance with the substance of the relevant agreement.

(e) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

3.17 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Taxes (Continued)

(a) Current income tax (Continued)

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

(c) Goods and services tax ("GST")

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

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST tax included.

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

3.18 Related party

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Related party (Continued)

A related party is defined as follows: (Continued)

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

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a 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 other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

Key management personnel

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgements made in applying accounting policies

(a) Determination of functional currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

4.1 Judgements made in applying accounting policies (Continued)

(b) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain 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.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Provision for expected losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs and the carrying amounts of the Company's trade receivables is disclosed in Notes 15 and 21 to the financial statements.

(b) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 March 2021 was $464,410 (2020: $300,802).

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

4.2 Key sources of estimation uncertainty (Continued)

(c) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Company's inventories as at 31 March 2021 was $203,758 (2020 $284,990).

(d) Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

5 RELATED PARTY TRANSACTIONS

Apart from the disclosures made elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial year at terms agreed between the parties.

(a) Related party transactions

	2021 $	2020 $
Ultimate holding company, Pidilite Industries Limited		
Research and development fees (Note 6)	(1,504,880)	(702,000)
Royalty income (Note 7)	-	(493,985)
Technical consultancy fees (Note 6)	-	(60,000)
Purchases of raw materials	27,071	140,183
Reimbursement of expenses	23,078	19,432

	2021 $	2020 $
Immediate holding company, Pidilite International Pte. Ltd.		
Reimbursement of expenses	4,212	4,546

5 RELATED PARTY TRANSACTIONS (Continued)

Apart from the disclosures made elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial year at terms agreed between the parties. (Continued)

(a) Related party transactions (Continued)

	2021 $	2020 $
Related company, Pidilite Bamco Limited		
Royalty income (Note 7)	-	(8,298)
Purchases of raw materials	43,398	118,553

	2021 $	2020 $
Related company, Cipy Polyurethanes Pvt Ltd		
Reimbursement of expenses	2,262	-

	2021 $	2020 $
Related company, Nina Waterproofing Services Pvt Ltd		
Sale of goods	-	(48,450)

(b) Compensation of key management personnel

	2021 $	2020 $
Director		
Director's remuneration and bonus	319,912	315,456
Director's CPF	17,340	17,340
Other benefits	12,200	13,200
	349,452	345,996

6 REVENUE

	2021 $	2020 $
Sale of goods	559,710	742,892
Research and development fees (Note 5)	1,504,880	702,000
Technical consultancy fees (Note 5)	-	60,000
	2,064,590	1,504,892
Timing of render of service and transfer of goods		
At a point in time	2,064,590	1,504,892

7 OTHER INCOME

	2021 $	2020 $
Government grants	191,413	6,880
Rent concession (Notes 19b and 19c)	29,882	-
Property tax rebate	4,308	-
Interest income - bank	816	6,580
Royalty income (Note 5)	-	502,283
Miscellaneous income	3,249	695
	229,668	516,438

In the current financial year, included in government grants are COVID-19 related rent concessions, including property tax rebates received from the lessors of $34,190 to which the Company applied the practical expedient as disclosed in Note 3.3. In addition, included in government grants are COVID-19 Business Support Measures in the form of Job Support Scheme grant of $178,948 provided by the Singapore Government.

8 PURCHASES CONSUMED AND RELATED COSTS

	2021 $	2020 $
Purchases - Raw materials and packaging (Note 16)	331,616	551,333
Labour cost	135,172	129,217
Depreciation of property, plant and equipment	89,487	82,376
Other related costs	12,070	19,283
Sublet fee - factory premises	1,172	1,234
	569,517	783,443

9 EMPLOYEE BENEFITS EXPENSE

	2021 $	2020 $
Salaries and bonuses (including director)	831,849	797,958
Employer's contributions to CPF (including director)	105,841	103,702
Other benefits (including director)	55,232	59,658
	992,922	961,318

10 FINANCE COSTS

	2021 $	2020 $
Interest expense on lease liabilities (Notes 19b and 19c)	19,313	12,282

11 OTHER EXPENSES

	2021 $	2020 $
Repair and maintenance	21,930	17,700
Legal and professional fees	17,773	20,275
Office expenses	16,181	13,867
Insurance	14,801	13,794
License and permits	14,166	19,438
Postage and stationery	9,316	10,791
Utilities	8,518	10,142
Auditor's remuneration	8,200	9,000
Telecommunication expenses	6,604	7,024
Bank charges	4,122	4,634
Gifts and entertainment expenses	3,194	7,775
Licensing fee - rooftop space	2,400	3,600
Foreign exchange loss - net	2,319	3,036
Travelling expenses	395	9,867
Miscellaneous	7,077	8,023
	136,996	158,966

12 INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2021 and 2020 are:

	2021 $	2020 $
Current income tax		
- Current year	9,819	-
- Under-provision in prior years	-	128
	9,819	128
Foreign tax paid on royalty	-	50,062
Income tax expense recognised in profit or loss	9,819	50,190

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12 INCOME TAX EXPENSE (Continued)

(b) Relationship between income tax expense and accounting profit/(loss)

A relationship between income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 March 2021 and 2020 is as follows:

	2021 $	2020 $
Profit/(loss) before income tax	357,335	(57,829)
Tax calculated at a tax rate of 17%	60,746	(9,831)
Deferred tax assets not recognised	12,493	8,967
Non-deductible expenses	1,035	1,161
Income not taxable	(30,421)	(297)
Utilisation of deferred tax not previously recognised	(33,484)	-
Under-provision in prior years	-	128
Others	(550)	-
	9,819	128
Foreign tax paid on royalty	-	50,062
Income tax expense recognised in profit or loss	9,819	50,190

As at the end of the reporting period, the Company has unutilised tax losses of approximately Nil (2020: $99,694) which can, subject to the provisions of Section 23 and Section 37 of the Income Tax Act, be carried forward for set-off against future taxable profits.

The potential deferred tax assets arising from these unutilised tax losses has not been recognised in the financial statements because of the uncertainty of future taxable profits.

(c) Movements in income tax payable

	2021 $	2020 $
At the beginning of financial year	-	-
Income tax paid	-	(50,190)
Income tax expense on profit:		
- Current year	9,819	-
- Foreign tax paid on royalty	-	50,062
- Under-provision in prior year	-	128
At the end of financial year	9,819	-

13 CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank	659,152	93,732
Cash in hand	349	300
	659,501	94,032

13 CASH AND CASH EQUIVALENTS (Continued)

Cash at bank is held in non-interest bearing accounts.

For the purpose of presenting the statement of cash flows, cash and cash equivalents are comprised of the balances as shown above

Cash and cash equivalents are denominated in Singapore Dollar.

14 FIXED DEPOSIT

Fixed deposit, denominated in SGD, earns interest rates ranging from 0.15% to 1.27% (2020: 1.27% to 1.35%) per annum and will mature on 11 May 2021 (2020: 11 May 2020).

15 TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
Trade receivables		
- Third parties	142,326	175,093
- Ultimate holding company		
- Pidilite Industries Limited	154,360	91,501
- Related company		
- Cipy Polyurethanes Pvt Ltd	2,262	-
- Pidilite Bamco Limited	-	1,498
	298,948	268,092
Other receivables		
- Deposits	62,372	61,868
- Prepayments	17,499	19,138
- Third parties	4,094	-
- Interest receivable	79	878
- GST receivable	-	7,024
- Advances to employees	-	4,998
	84,044	93,906
	382,992	361,998
Total trade and other receivables (excluding prepayments and GST receivable)	365,493	335,836
Add: Cash and cash equivalents (Note 13)	659,501	94,032
Fixed deposit	300,000	500,000
Total financial assets carried at amortised cost	1,324,994	929,868

Trade receivables

Trade receivables, including amounts due from related companies are recognised at their original invoiced amounts which represent their fair values on initial recognition. Trade receivables are unsecured, non-interest bearing and are settled as per terms mutually agreed between the parties which are generally 30 – 60 days term. Trade receivables are considered to be of short duration and are not discounted and the carrying values approximate its fair value.

15 TRADE AND OTHER RECEIVABLES (Continued)

Expected credit losses

The Company has no allowance recognised for ECLs for trade and other receivables as at 31 March 2021 and 2020 as these are considered to be low credit risk and have low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligation if demanded in the near term.

The aging of trade receivables as at 31 March 2021 and 2020 are disclosed in Note 21 to the financial statements.

Trade and other receivables are denominated in Singapore Dollar.

16 INVENTORIES

(a) Statement of financial position

	2021 $	2020 $
Raw materials	135,078	172,568
Finished goods	77,469	125,983
Packaging materials	14,828	9,362
	227,375	307,913
Less: Allowance for stock obsolescence	(23,617)	(22,923)
	203,758	284,990

(b) Analysis of allowance for stock obsolescence

	2021 $	2020 $
At the beginning of financial year	22,923	18,963
Additions during the year	5,565	6,641
Write-off	(233)	(1,455)
Reversal	(4,638)	(1,226)
At the end of financial year	23,617	22,923

(c) Statement of profit or loss and other comprehensive income

Inventories amounting to $331,616 (2020: $551,333) were recognised as an expense in purchase consumed and related cost and changes in inventories of finished goods in the statement of profit or loss and other comprehensive income (see Note 8).

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17 PROPERTY, PLANT AND EQUIPMENT

	Cost				Accumulated depreciation				Net carrying amount
	At the beginning of financial year $	Additions $	Write-off $	At the end of the financial year $	At the beginning of financial year $	Additions $	Write-off $	At the end of the financial year $	At 31 March 2021 $
Leasehold buildings (Notes 19a and 19c)	409,057	415,163	-	824,220	221,221	216,708	-	437,929	386,291
Laboratory equipment	660,800	-	-	660,800	587,252	21,356	-	608,608	52,192
Computers	33,208	2,367	(4,408)	31,167	31,016	987	(4,408)	27,595	3,572
Furniture and fixtures	40,576	-	-	40,576	40,576	-	-	40,576	-
Manufacturing equipment	88,912	-	-	88,912	78,414	5,646	-	84,060	4,852
Office equipment	33,570	-	(7,406)	26,164	32,500	371	(7,406)	25,465	699
Motor vehicles	76,677	-	-	76,677	64,527	2,558	-	67,085	9,592
Renovation	391,989	-	-	391,989	378,481	6,305	-	384,786	7,203
Total	1,734,789	417,530	(11,814)	2,140,505	1,433,987	253,931	(11,814)	1,676,104	464,401

Leasehold buildings comprise of right-of-use assets acquired under leasing arrangements which comprise of lease contracts for factory premise and office premise. Details of such leased assets are disclosed in Note 19 to the financial statements.

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Cost					Accumulated depreciation				Net carrying amount
	At the beginning of financial year	Effect of adopting FRS 116	Additions	Write-off	At the end of the financial year	At the beginning of financial year	Additions	Write-off	At the end of the financial year	At 31 March 2020
	$	$	$	$	$	$	$	$	$	$
Leasehold buildings (Notes 19a and 19c)	-	409,057	-	-	409,057	-	221,221	-	221,221	187,836
Laboratory equipment	647,208	-	43,417	(29,825)	660,800	601,256	15,821	(29,825)	587,252	73,548
Computers	33,726	-	1,888	(2,406)	33,208	30,341	3,081	(2,406)	31,016	2,192
Furniture and fixtures	40,576	-	-	-	40,576	40,545	31	-	40,576	-
Manufacturing equipment	88,912	-	-	-	88,912	72,741	5,673	-	78,414	10,498
Office equipment	33,570	-	-	-	33,570	32,129	371		32,500	1,070
Motor vehicles	63,888	-	12,789	-	76,677	63,888	639	-	64,527	12,150
Renovation	391,989	-	-	-	391,989	372,177	6,304	-	378,481	13,508
Total	1,299,869	409,057	58,094	(32,231)	1,734,789	1,213,077	253,141	(32,231)	1,433,987	300,802

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

Of the depreciation charge for the financial year of \$253,931 (2020: \$253,141) depreciation amounting to \$89,487 (2020: \$82,376) is included in purchases consumed and related costs.

Included within additions of property, plant and equipment are motor vehicles acquired under lease liabilities of Nil (2020: \$12,700). The carrying amount of motor vehicles held under lease liabilities as at 31 March 2021 are \$9,507 (2020: \$12,065), respectively. Leased assets are pledged as security for the related finance lease liabilities (Note 19).

18 TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade payables		
- Third parties	66,553	101,585
- Ultimate holding company		
- Pidilite Industries Limited	877	64,890
- Related company		
- Pidilite Bamco Limited	21,455	23,733
	88,885	190,208
Other payables		
Accrued operating expenses	167,230	159,222
GST payable	3,797	-
	171,027	159,222
	259,912	349,430
Total trade and other payables (excluding GST payable)	256,115	349,430
Add: Lease liabilities (Notes 19b and 21b)	402,428	201,415
Total financial liabilities carried at amortised cost	658,543	550,845

Trade payables

Trade payables, including amounts due to related parties are unsecured, interest-free and are normally settled in 60 days term. Trade payables are recognised at their original invoiced amounts which represent their fair values on initial recognition. Trade payables are non-interest bearing and are settled as per terms mutually agreed between the parties. Trade payables are considered to be of short duration and are not discounted and the carrying values approximate its fair values.

Trade and other payables are denominated in the following currencies:

	2021 \$	2020 \$
Singapore Dollar	207,160	230,422
Euro	30,420	30,385
Thai Baht	21,455	23,733
United States Dollar	877	64,890
	259,912	349,430

19 LEASES

The Company has lease contracts for its factory premise and office premise. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

The Company also lease agreements for computers and a motor vehicle from third parties. The lease agreements do not have renewal clauses but provide the Company with options to purchase the leased assets at nominal values at the end of the lease term.

(a) Carrying amounts of right-of-use assets under "leasehold buildings", computers and motor vehicles within property, plant and equipment

	Factory premise	Office premise	Computers	Motor vehicles	Total
	$	$	$	$	$
At 1 April 2019	215,515	193,542	1,480	-	410,537
Additions	-	-	-	12,700	12,700
Depreciation	(76,064)	(145,157)	(1,480)	(635)	(223,336)
At 31 March 2020	139,451	48,385	-	12,065	199,901
Additions	-	415,163	-	-	415,163
Depreciation	(76,064)	(140,644)	-	(2,558)	(219,266)
At 31 March 2021	63,387	322,904	-	9,507	395,798

(b) Lease liabilities

The carrying amounts of lease liabilities during the financial year are disclosed below.

	2021	2020
	$	$
Current		
- Lease liabilities	205,110	128,691
Non-current		
- Lease liabilities	197,318	72,724
	402,428	201,415

A reconciliation of lease liabilities arising from financing activities is as follows:

	1 April 2020	Cash flows	Non-cash changes: Acquisition	Non-cash changes: Rent concession	Non-cash changes: Interest	Non-cash changes: Others	31 March 2021
	$	$	$	$	$	$	$
Current	128,691	(126,548)	220,663	(34,190)	19,313	(2,819)	205,110
Non-current	72,724	(72,725)	194,500	-	-	2,819	197,318
	201,415	(199,273)	415,163	(34,190)	19,313	-	402,428

19 LEASES (Continued)

(b) Lease liabilities (Continued)

A reconciliation of lease liabilities arising from financing activities is as follows: (Continued)

	1 April 2019	Cash flows	*Non-cash changes* Acquisition	Interest	31 March 2020
	$	$	$	$	$
Lease liabilities					
- Current	345,130	(234,366)	5,645	12,282	128,691
- Non-current	65,669	-	7,055	-	72,724
	410,799	(234,366)	12,700	12,282	201,415

(c) Amounts recognised in profit or loss

	2021	2020
	$	$
Depreciation of right-of-use assets (Notes 17 and 19a)	219,266	223,336
Interest expense on lease liabilities (Note 10)	19,313	12,282
Rent concession (Note 7)	(29,882)	-
Property tax rebate (Note 7)	(4,308)	-
Total amounts recognised in profit or loss	204,389	235,618

(d) Total cash outflows

The Company had total cash outflows for leases of $199,273 (2020: $234,366).

20 SHARE CAPITAL

	2021		2020	
	No. of shares	$	No. of shares	$
At the beginning and end of financial year	653,341	995,155	653,341	995,155

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

21 FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

21 FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables (excluding prepayments and GST receivable). For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that do not occur on the country of the relevant operating unit, the Company does not offer credit terms without the approval of the Head of Credit Control.

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

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

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors.

The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

21 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The Company considers available reasonable and supportive forward-looking information which includes the following indicators: (Continued)

- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; or
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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

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

The Company categorises receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where financial assets have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets:

(i) Trade receivables

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

21 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets: (Continued)

(i) Trade receivables (Continued)

Summarised below is the information about the credit risk exposure on the Company's trade receivables using provision matrix:

31 March 2021	Current	Less than 30 days	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$	$	$	$	$	$
Gross carrying amount	234,185	41,295	5,844	7,287	10,337	298,948
Less: Allowance for ECLs	-	-	-	-	-	-

31 March 2020	Current	Less than 30 days	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$	$	$	$	$	$
Gross carrying amount	157,602	58,852	17,323	15,750	18,565	268,092
Less: Allowance for ECLs	-	-	-	-	-	-

As disclosed in Note 15 to the financial statements, there is no allowance for ECLs for trade receivables as at 31 March 2021 and 2020.

(ii) Other receivables

The Company's other receivables comprise mainly deposits. These other receivables are considered to be low credit risk as these have low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligation if demanded in the near term. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

21 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Excessive risk concentration

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

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related companies comprising 52% (2020: 35%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the geographical areas and types of customers of its trade receivables on an on-going basis. The credit risk concentration profile of the Company's trade receivables at the end of the reporting period based on the information provided to the key management is as follows:

	2021		2020	
	$	%	$	%
By geographical areas				
Singapore	133,765	45	165,782	62
India	156,622	52	91,501	34
Indonesia	8,561	3	9,311	3
Thailand	-	-	1,498	1
	298,948	100	268,092	100
By types of customers				
Third parties	142,326	48	175,093	65
Related parties	156,622	52	92,999	35
	298,948	100	268,092	100

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles.

Liquidity risk for the Company is minimal as the Company is able to meet its funding requirements through its operations to meet its liabilities as and when they fall due.

21 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2021			
	Carrying amount	Contractual cash flows	One year or less	One to five years
	$	$	$	$
Financial assets				
Cash and cash equivalents	659,501	659,501	659,501	-
Fixed deposit	300,000	300,000	300,000	-
Trade and other receivables (excluding prepayments and GST receivable)	365,493	365,493	365,493	-
Total undiscounted financial assets	1,324,994	1,324,994	1,324,994	-
Financial liabilities				
Trade and other payables (excluding GST payables)	256,115	256,115	256,115	-
Lease liabilities (Note 19b)	402,428	402,428	205,110	197,318
Total undiscounted financial liabilities	658,543	658,543	461,225	197,318
Total net undiscounted financial assets/(liabilities)	666,451	666,451	863,769	(197,318)

	2020			
	Carrying amount	Contractual cash flows	One year or less	One to five years
	$	$	$	$
Financial assets				
Cash and cash equivalents	94,032	94,032	94,032	-
Fixed deposit	500,000	500,000	500,000	-
Trade and other receivables (excluding prepayments and GST receivable)	335,836	335,836	335,836	-
Total undiscounted financial assets	929,868	929,868	929,868	-
Financial liabilities				
Trade and other payables	349,430	349,430	349,430	
Lease liabilities (Note 19b)	201,415	201,415	128,691	72,724
Total undiscounted financial liabilities	550,845	550,845	478,121	72,724
Total net undiscounted financial assets/(liabilities)	379,023	379,023	451,747	(72,724)

21 FINANCIAL RISK MANAGEMENT (Continued)

Market risks

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

Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The absence of a policy is due to the insignificance of the foreign currency exposure.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar, Euro and Thai Baht.

As at the end of the reporting period, foreign currency balances for cash and cash equivalents and trade and other payables are disclosed in Notes 13 and 18 to the financial statements.

A 3% strengthening of SGD against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit/(loss) net of tax	
	2021	2020
	$	$
Euro	(757)	(757)
Thai Baht	(534)	(591)
United States Dollar	-	(1,583)

A 3% weakening of Singapore Dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from interest bearing fixed deposits and finance lease liabilities at variable rates.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

21 FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk (Continued)

At the reporting date, if the interest rates had been 100 (2020: 100) basis points higher/lower with all other variables held constant, the Company's loss before tax would have been $764 (2020: $3,082) higher/lower, arising mainly as a result of higher/lower net interest income. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

22 FAIR VALUE OF ASSETS AND LIABILITIES

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

(a) Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that are inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not measured at fair value

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

Cash and cash equivalents, other receivables and other payables

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

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to holding companies and related companies) approximate their fair values as they are subject to normal trade credit terms.

22 FAIR VALUES OF ASSETS AND LIABILITIES (Continued)

(b) Assets and liabilities not measured at fair value (Continued)

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

Fixed deposit

The carrying amount of fixed deposit approximates its fair value as it is subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

Lease liabilities

The carrying amount of lease liabilities approximates their fair value at the end of the reporting period as this obligation is computed at prevailing market interest rate and estimated using a present valuation technique.

There have been no transfers between Level 1 and 2 during the financial years ended 31 March 2021 and 2020.

The Company has no fair value measurement recognised in the statement of financial position as at 31 March 2021 and 2020.

23 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities carried at amortised cost were disclosed in Notes 15 and 18.

24 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and accumulated profits/(losses).

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2021 and 2020.