



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF TATVA CHINTAN PHARMA CHEM LIMITED

Auditor's Report on the Special Purpose Financial Statements

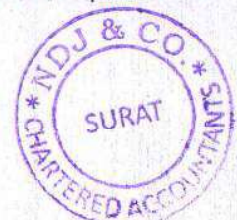
Opinion

We have audited the accompanying Special Purpose financial statements of **Tatva Chintan USA Inc.** (the 'Company') which comprises the Balance Sheet as at March 31, 2021, the statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity and Statement of Cash Flow for the year then ended, and notes to the Special Purpose financial statements, including summary of significant accounting policies and other explanatory information. (hereinafter referred as the "Special Purpose Standalone financial statements"). The Special Purpose Standalone Financial Statements have been prepared by the Management of the Company for the limited purpose of facilitating the preparation of the consolidated financial statements of Tatva Chintan Pharma Chem Limited as at and for the year ended March 31, 2021 in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') and to assist Tatva Chintan Pharma Chem Limited (formerly known as "Tatva Chintan Pharma Chem Private Limited"), the holding Company to comply with the requirements of Section 129(3) of the Companies Act, 2013 ('the Act').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Standalone financials statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Standalone financial statements.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted Public Company.

Emphasis of Matter

We draw your attention to Note 26 to the Special Purpose Standalone financial statements, which explains the uncertainties and the Management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification done by the Management was impracticable under the then prevailing lock-down restrictions imposed by the Government and we have therefore, relied on the related alternative audit procedures to obtain comfort over the existence and condition of inventory at year end.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report but does not include the Special Purpose Standalone financial statements and our auditor's report thereon.

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

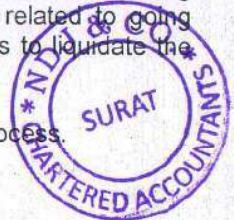
In connection with our audit of the Special Purpose Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Special Purpose Standalone financial statements or our knowledge obtained 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.

Responsibility of Management for the Special Purpose Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Special Purpose Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act read with the companies (Indian Accounting standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Standalone 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 Board of Directors is also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibility for the Audit of Special Purpose Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 Special Purpose Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Standalone 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Special Purpose Standalone Financials in place and the operating effectiveness of such controls.
- 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 ability of the Company 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 Special Purpose Standalone 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.
- Evaluate the overall presentation, structure and content of the Special Purpose Standalone financial statements, including the disclosures, and whether the Special Purpose Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



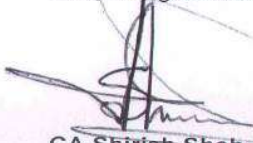
Restriction on Distribution and Use

Our report is intended solely for the use of Board of Directors of Tatva Chintan Pharma Chem Limited for the preparation of their consolidated financial statements for the year ended and as at March 31, 2021, and compliance with the requirement of section 129(3) as aforesaid and is not intended to be and should not be used by anyone other than the specified parties.

For NDJ & Co.,

Chartered Accountants

Firm's Registration Number: 136345W



CA Shirish Shah

Partner

Membership No. 035742

UDIN No:- 21035742AAAAEK6267

Date: 15 June 2021

Place: Surat



TATVA CHINTAN USA INC.
BALANCE SHEET AS AT 31 MARCH 2021

(Amount in USD)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	24	354
Total non-current assets		24	354
Current assets			
Inventories	4	5,55,569	5,69,768
Financial assets			
(i) Trade receivables	5	15,53,219	9,58,186
(ii) Cash and cash equivalents	6	2,01,400	1,33,822
Other Current Assets	7	-	2,425
Total current assets		23,10,188	16,64,201
Total Assets		23,10,212	16,64,555
Equity and liabilities			
Equity			
Equity share capital	8	1,00,000	1,00,000
Other equity	9	6,87,451	5,25,626
Total equity		7,87,451	6,25,626
Liabilities			
Current liabilities			
Financial Liabilities			
(i) Trade payables	10	14,75,276	10,19,635
Current tax Liabilities (Net)	11	41,110	19,294
Other Current Liabilities	12	6,375	-
Total current liabilities		15,22,761	10,38,929
Total equity and liabilities		23,10,212	16,64,555
Significant accounting policies and other explanatory information	2		

The accompanying notes from 1 to 29 are an integral part of these Special Purpose financial statements.
As per our report of even date attached

For NDJ & Co.
Chartered Accountants
Firm Reg. No.136345W

(CA. Shirish Shah)
Partner
M. No.: 035742



For and on behalf of the Board of Directors of
Tatva Chintan USA INC.

(Mr. Chintan N. Shah)
Director

(Mr. Shekhar R. Somani)
Secretary

Date : 15 June 2021
Place : Surat

TATVA CHINTAN USA INC.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Amount in USD)

	Notes	For the Period ended 31 March 2021	For the Period ended 31 March 2020
Income			
Revenue from operations	13	59,07,348	97,85,196
Other income	14	78,666	1,15,936
Total revenue		59,86,014	99,01,133
Expenses			
Purchases of Stock-in-trade	15	54,44,992	88,11,986
Changes In Inventories	16	14,199	3,26,026
Finance costs	17	-	213
Depreciation and amortisation expense	3	330	330
Other expenses	18	3,04,815	4,06,287
Total expenses		57,64,336	95,44,841
Profit before tax		2,21,678	3,56,291
Tax expense			
Current tax		(59,853)	(82,258)
Tax of earlier years		-	4,086
		(59,853)	(78,172)
Profit after tax		1,61,825	2,78,119
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plan obligations		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		1,61,825	2,78,119
Earnings per equity share			
Basic	25	1.62	2.78
Diluted	25	1.62	2.78
Significant accounting policies and other explanatory information	2		

The accompanying notes from 1 to 29 are an integral part of these Special Purpose financial statements.
As per our report of even date attached

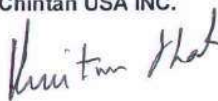
For NDJ & Co.
Chartered Accountants
Firm Reg.No.136345W


(CA. Shirish Shah)

Partner
M. No.: 035742
Date : 15 June 2021
Place : Surat



For and on behalf of the Board of Directors of
Tatva Chintan USA INC.



(Mr. Chintan N. Shah)
Director



(Mr. Shekhar R. Somani)
Secretary

TATVA CHINTAN USA INC.
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2021

(Amount in USD)

Particulars	For the Period ended 31 March 2021	For the Period ended 31 March 2020
1 CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	2,21,678	3,56,291
Adjustments for Non Cash and non operating Items		
Depreciation and Amortisation Expenses	330	330
Operating profit before working capital changes	2,22,007	3,56,621
Change in working Capital		
Decrease in Inventory	14,199	3,26,026
(Increase) in Trade Receivables and others	(5,92,607)	(3,31,727)
(Increase)/Decrease in Trade payable and others	4,62,016	(1,11,304)
Cash Generated from Operations	1,05,615	2,39,616
Less: Taxes Paid	(38,037)	(1,17,383)
Cash Generated from Operations after tax (ii)-(iii)	(A) 67,578	1,22,233
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Asset	-	-
Cash Generated from Investing activities	(B) -	-
3 CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceed from borrowings	-	-
Cash Generated from Financing activities	(C) -	-
NET INCREASE IN CASH (A+B+C)	67,578	1,22,233
CASH AND CASH EQUIVALENTS		
Opening Balance	1,33,822	11,589
Closing Balance	2,01,400	1,33,822
Net Increase in Cash as above	67,578	1,22,233

Note:

- (a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.
(b) Figures in bracket indicate cash outgo.

The accompanying notes from 1 to 29 are an integral part of these Special Purpose financial statements.
As per our report of even date attached

For NDJ & Co.
Chartered Accountants
Firm Reg.No.136345W

(CA. Shirish Shah)
Partner
M. No.: 035742
Date : 15 June 2021
Place : Surat



For and on behalf of the Board of Directors of
Tatva Chintan USA INC.

(Mr. Chintan N. Shah) (Mr. Shekhar R. Somani)
Director Secretary

Date : 15 June 2021
Place : Vadodara

TATVA CHINTAN USA INC.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021
 (All amounts in US Dollar, except otherwise stated)

Particulars	As at	
	31 March 2021 Amount In \$	31 March 2020 Amount In \$
Equity shares of USD 1 each	1,00,000	1,00,000
Total	1,00,000	1,00,000

Particulars	(Amount in USD)	
	Retained Earnings	Total
Balance as at 31 March 2019	2,47,507	2,47,507
Profit/(loss) for the year	2,78,119	2,78,119
Other Comprehensive Income for the period, net of tax	-	-
Balance as at 31 March 2020	5,25,626	5,25,626
Profit/(loss) for the year	1,61,825	1,61,825
Other Comprehensive Income for the period, net of tax	-	-
Balance at 31 March 2021	6,87,451	6,87,451

The accompanying notes from 1 to 29 are an integral part of these Special Purpose financial statements.
 As per our report of even date attached

For NDJ & Co.
 Chartered Accountants
 Firm Reg.No.136345W



(Signature)
 (CA. Shirish Shah)
 Partner
 M. No.: 035742
 Date : 15 June 2021
 Place : Surat

For and on behalf of the Board of Directors of
 Tatva Chintan USA INC.

(Signature)

(Mr. Chintan N. Shah)
 Director
 (Mr. Shekhar R. Somani)
 Secretary

TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1) Corporate information:

Tatva Chintan USA Inc. ("the Company") is a wholly owned subsidiary of Tatva Chintan Pharma Chem Limited (formerly known as Tatva Chintan Pharma Chem Private Limited), Company incorporated in India.

The Company is primarily engaged in trading of Quaternary compounds, Pharma and Agro Products, specialty chemicals in USA, manufactured by its Parent company.

2) Significant Accounting Policies:

a) Statement of Compliance and Basis of preparation:

The special purpose financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 (the 'Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereunder.

These special purpose financial statements have been prepared for the limited purpose of facilitating the preparation of the consolidated financial statements of Tatva Chintan Pharma Chem Limited, the Holding Company, as at and for the year ended 31 March 2021 in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') and to assist the Holding Company Tatva Chintan Pharma Chem Limited to comply with the requirements of section 129(3) of the Act.

These special purpose financial statements were approved by the Board of Directors of Tatva Chintan Pharma Chem Limited the Holding Company, and authorized for issue on 15 June 2021.

b) Significant accounting judgements, estimates and assumptions

The preparation of the Special Purpose financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of special purpose standalone financial statements and reported amounts of revenues and expenses during the periods. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the special purpose standalone financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the special purpose standalone financial statements.

Estimates

The preparation of the special purpose financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

Judgements

The Company's management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements, while formulating the Company's accounting policies:

- i. **Useful lives of property, plant and equipment** - The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.
- ii. **Impairment of property, plant and equipment** - For property, plant and equipment and intangibles an assessment is made at each reporting date to determine whether there is an indication that the carrying amount may not be recoverable or previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.
- iii. **Inventories** -The Company estimates the net realisable value (NRV) of its inventories by taking into account estimated selling price and estimated costs necessary to make the sale, Net of any obsolescence considering the past trend. Inventories are written down to NRV where such NRV is lower than their cost.

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the Liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the special purpose Standalone Ind AS Financials Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Special purpose Ind AS Summary Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

d) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenses and financing costs related to acquisition and construction of the concerned assets and any attributable cost of bringing the asset to the condition of its intended use.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other asset. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reviewed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

Gains or losses arising from the retirement or disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. These are included in profit or loss within other gains/ (losses).

e) Depreciation and amortization:

Depreciation on tangible Property, Plant and Equipment has been provided on the basis of useful life as stated in Schedule II of the Companies Act, 2013 using the straight-line method.

The following are the estimated useful lives:

Class of Assets	Useful Lives estimated by the management (years)
Computer	3 / 6 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f) Investments and other financial assets:

i) Classification

The Company classifies its financial assets in the following measurement categories:



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss); and
- those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Initial measurement

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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

iii) Subsequent measurement – Debt instruments

Subsequent measurement of the debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments in the following three categories:

• **Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not a part of the hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• **Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the statement of profit and loss. When financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains / losses. Interest income from these financial assets is included in finance income using the effective interest rate method.

• **Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of hedging relationship is recognized in the statement of profit and loss. Interest income from these financial assets is included in finance income.



TATVA CHINTAN USA INC.

**NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2021**

iv) Subsequent measurement – Equity instruments

The Company subsequently measures all equity instruments at fair value. When the management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

v) Impairment of financial assets

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized.

vi) Derecognition of financial assets

A financial asset is derecognized when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the Company has transferred an asset, it evaluates whether it has transferred substantially all the risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has neither transferred a financial asset nor retains substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset.

g) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Fair value measurement of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), correlation and volatility.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

h) Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank, cash on hand and short term highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Inventories:

Finished Goods are valued at lower of cost and net realizable value. The cost is determined on first in, first out (FIFO) method and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

j) Revenue recognition:

- The Company earns revenue primarily from sale of Quaternary compounds, Pharma and Agro Products and specialty chemicals. The Company is primarily engaged in selling of Quaternary compounds, Pharma and Agro Products and specialty chemicals.
- Ind AS 115 "Revenue from Contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.
 - Identify the contract(s) with a customer;
 - Identify the performance obligations;
 - Determine the transaction price;
 - Allocate the transaction price to the performance obligations;
 - Recognize revenue when or as an entity satisfies performance obligation.



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.
- Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates, sales return on transfer of control in respect of ownership to the buyer which is generally on dispatch of goods and any other taxes or duties collected on behalf of the Government which are levied on sales. Discounts given include rebates, price reductions and other incentives given to customers. No element of financing is deemed present as the sales are made with a payment term which is consistent with market practice.
- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.
- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.
- Revenue is recognized at point in time when the performance obligation with respect to Quaternary compounds, Pharma and Agro Products and specialty chemicals or rendering of services to the Customer which is the point in time when the customer receives the goods and services.

Contract Balances

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

- Other incomes are recognized on accrual basis.

k) Leases:

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date,



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition i.e. April 1, 2017.

Short-term leases and leases of low-value assets The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less, leases of low-value assets and cancellable leases. The Company recognises the lease payments associated with these leases as an expense in Profit and loss account.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature. The Company has not given any asset on lease therefore the same doesnot apply to the company.

l) Income tax:

The major tax jurisdiction for the Company is in United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

m) Provisions, contingent liabilities and contingent assets:

A provision is made when there is a present obligation (legal or constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are determined based on the present value of the management's best estimate of the amount required to settle the present obligation at the end of the reporting period. The discount rate used to determine present value is a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

n) Impairment of assets:

Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Non-financial assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or change in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of profit and loss for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of assets' fair value less costs of disposal and value in use.

If, at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

o) Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the company.

p) Earnings per share:

Earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share, the net profit or loss attributable to equity shareholders of the company by the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Foreign currency transactions
Functional currency

The functional currency of the Company is the US Dollar (USD).

r) Cash flow statement:

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

s) Recent accounting pronouncements:

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of material - amendments to Ind AS 1 and Ind AS 8
- Definition of business - amendments to Ind AS 103
- Covid-19 related concessions - amendments to Ind AS 116
- Interest rate benchmark reform - amendments to Ind AS109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



TATVA CHINTAN USA INC.
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
 MARCH 2021

3 Property, Plant And Equipments

(Amount in USD)

Particulars	Computer	Total
Cost		
Balance as on 31st March 2019	1,041	1,041
Addition	-	-
Deletion	-	-
Balance as on 31st March 2020	1,041	1,041
Addition	-	-
Deletion	-	-
Balance as on 31st March 2021	1,041	1,041
Accumulated Depreciation		
Balance as on 1st April 2019	357	357
During the year	330	330
Balance as on 31st March 2020	687	687
During the year	330	330
Balance as on 31st March 2021	1,016	1,016
Net balance as on 31st March 2020	354	354
Net balance as on 31st March 2021	24	24



(Amount in USD)

	As at 31 March 2021	As at 31 March 2020
4 Inventories (As certified by management) (valued at lower of cost or net realisable value)		
Traded Goods	5,55,569	5,69,768
Total	5,55,569	5,69,768
5 Trade receivables		
Unsecured considered good	15,53,219	9,58,186
Doubtful	-	-
	15,53,219	9,58,186
Less : Provision for ECL	-	-
Total	15,53,219	9,58,186
6 Cash and cash equivalents		
Balances with banks	2,01,400	1,33,822
Total	2,01,400	1,33,822
7 Other Current Asset		
Advance to Customers	-	2,425
Total	-	2,425
8 Share capital		
Issued, subscribed and fully paid up		
Equity shares of USD 1 each	1,00,000	1,00,000
Total	1,00,000	1,00,000

a) Reconciliation of share capital (Equity)

	Numbers	Amounts In \$
Balance at the 1st April 2019	1,00,000	1,00,000
Add : Issued during the year	-	-
Less : Shares bought back during the year	-	-
Balance at the 31st March 2020	1,00,000	1,00,000
Add : Issued during the year	-	-
Less : Shares bought back during the year	-	-
Balance at the 31st March 2021	1,00,000	1,00,000

b) Terms / Rights attached to equity shares :

The Company has only one class of equity shares having a par value of \$ 1 per share. Since it is wholly owned subsidiary of Tatva Chintan Pharma Chem Limited, all rights of shareholder are with the Parent Company. The Board of director of Parent Company controls transfer of equity shares of the deceased share holder. The company has not proposed any dividend for the year.

In the event of Liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Amount in USD)

As at
31 March 2021As at
31 March 2020

c) Name of share holder holding equity shares more than 5%

Name	Number of Shares	Percentage
	As at 31 March 2021	
Tatva Chintan Pharma Chem Limited	1,00,000	100.00%
	As at 31 March 2020	
Tatva Chintan Pharma Chem Limited	1,00,000	100.00%

9 Other Equity

Retained Earnings

Balance at the beginning of the year	5,25,626	2,47,507
Add : Transferred from Statement of Profit and Loss	1,61,825	2,78,119
Balance at the end of the year	6,87,451	5,25,626

10 Trade Payables

For Goods	14,44,687	9,68,520
For Services	30,589	51,115
Total	14,75,276	10,19,635

11 Current tax Liabilities (Net)

Provision for Income Tax	41,110	19,294
	41,110	19,294

12 Other Current Liabilities

Statutory Dues Payable	6,375	-
	6,375	-



TATVA CHINTAN USA INC.
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Amount in USD)

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
13 Revenue		
Revenue from operations		
Sale of Products	58,06,521	96,23,241
Sale of Services	1,00,827	-
	<u>59,07,348</u>	<u>96,23,241</u>
<u>Other operating revenue</u>		
Duty Charges	-	1,61,955
	<u>59,07,348</u>	<u>97,85,196</u>
Total		
Disaggregated revenue information		
Set out below is the disaggregation of company's revenue from contracts with customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.		
Type of Goods or Services		
Phase Transfer Catalysts	19,08,587	19,25,848
Structure Directing Amine	1,96,750	30,42,050
PASC	37,01,184	46,52,601
Others-goods	-	2,742
Others-service	1,00,827	-
Total revenue from contracts with customers	<u>59,07,348</u>	<u>96,23,241</u>
Relation with Customer		
Related Party	-	-
Non Related Party	59,07,348	96,23,241
Total revenue from contracts with customers	<u>59,07,348</u>	<u>96,23,241</u>
Timing of Revenue recognition		
Goods or Services transferred over a period of time	-	-
Goods or Services transferred over a point of time	59,07,348	96,23,241
Total revenue from contracts with customers	<u>59,07,348</u>	<u>96,23,241</u>
14 Other income		
Freight on Sales	78,229	1,15,569
Insurance Claims	-	367
Miscellaneous Income	437	-
Total	<u>78,666</u>	<u>1,15,936</u>
15 Purchases of Stock-in-trade		
Purchases of Stock-in-trade	51,12,575	84,66,268
Add: Direct Expenses	3,32,417	3,45,718
Total	<u>54,44,992</u>	<u>88,11,986</u>



TATVA CHINTAN USA INC.
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Amount in USD)

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
16 Changes in inventories		
Opening Stock		
- Traded Goods	5,69,768	8,95,794
	5,69,768	8,95,794
Closing Stock		
- Traded Goods	5,55,569	5,69,768
	5,55,569	5,69,768
	14,199	3,26,026
Changes in inventories		
17 Finance costs		
Interest expenses		213
- on late payment of statutory dues	-	
	-	213
Total		
18 Other expenses		
Rent	9,507	9,682
Repairs and maintenance		1,109
- Plant & Equipment	438	405
- Others	132	-
Packing Expenses	568	132
Printing and stationery charges	1,166	3,167
Legal and professional fees	6,910	6,943
Rates and taxes	990	2,325
Membership fees and subscription expenses	2,323	4,332
Postage and telephone charges	2,036	1,918
Bank commission and other charges		59,490
Travelling and conveyance expenses		-
Selling and business promotion expenses	2,46,310	2,63,915
Freight clearing and forwarding expenses - export	34,241	48,893
Miscellaneous expenses	194	3,977
	3,04,815	4,06,287
Total		



TATVA CHINTAN USA INC.**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****19 Segment reporting**

The Company is primarily engaged in trading of chemicals. All other activities of the Company revolve around the main business. In line with the organisation structure the reporting system to the CODM and the associated risks and rewards the Company is managed organisationally as a unified entity with various functional heads reporting to the top management and is not organised along product/ service or geographical lines.

	Current year 2020 - 2021	(Amount in USD) Previous year 2019 - 2020
Segment revenue by location of customers:		
Domestic	59,07,348	96,23,241
Overseas	-	-
Total	<u>59,07,348</u>	<u>96,23,241</u>
Carrying amount of non current operating assets by location of assets:		
Domestic	24	354
Overseas	-	-
Total	<u>24</u>	<u>354</u>
Customers contributing more than 10% of the total revenue		
Zeolyst International	-	31.77%
Bayer CropScience LP	18.39%	11.50%
SSC Industries	-	17.31%
Amerchol Corporation	33.37%	19.79%
Evonik Corporation	24.05%	-

Notes:

The segment revenue and total assets includes the revenue and assets respectively, which are identifiable with each segment and amounts allocated to the segments on a reasonable basis.

20 Related parties**a) List of related parties****Relationship****Holding Company**

- Tatva Chintan Pharma Chem Limited (Formely Known as Tatva Chintan Pharma Chem Private Limited)

Key management personnel (KMP)

- Chintan N Shah (Director)
- Ajay M Patel (Treasurer)
- Shekhar R Somani (Secretary)



TATVA CHINTAN USA INC.**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****Notes:**

- (1) The related party relationships have been determined by the management on the basis of the requirements of the Indian Accounting Standard (Ind AS) - 24 'Related Party Disclosures' and the same have been relied upon by the auditors.
- (2) The relationships as mentioned above are pertaining to those related parties with whom transactions have taken place during the year, except KMP and where control exist, in which case the relationships have been mentioned irrespective of transactions with the related parties.

b) Transactions with related parties	(Amount in USD)	
	As at 31 March 2021	As at 31 March 2020
Purchase of traded goods		
Tatva Chintan Pharma Chem Limited	51,12,575	84,66,268
	51,12,575	84,66,268
Trade Payables		
Tatva Chintan Pharma Chem Limited	14,44,687	9,68,520
	14,44,687	9,68,520
Share Capital		
Tatva Chintan Pharma Chem Limited	1,00,000	1,00,000
	1,00,000	1,00,000



21 Financial risk management objectives and policies

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Company are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Company. Risk management reporting is a continuous process.

The Company is exposed to credit, liquidity and market risks (foreign currency risk and interest risk) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments.

Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables). The balances with banks are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

The provision for expected credit loss is recognised on the basis of life-time expected credit losses (simplified approach). Trade receivables are evaluated separately for balances towards progress billings and retention money due from customers. An expected loss rate is calculated at each year-end, based on combination of rate of default and rate of delay. The Company considers the rate of default and delay upon initial recognition of asset, based on the past experience and forward-looking information, wherever available.

b) **Exposure to credit risk**

Financial asset for which loss allowance is measured using 12 months Expected Credit Losses (ECL)

The Company does not expect any losses from the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Financial asset for which loss allowance is measured using Lifetime Expected Credit Losses

	(Amount in USD)	
	As at 31 March 2021	As at 31 March 2020
Trade receivables	15,53,219	9,58,186
The ageing analysis of the receivables has been considered from the date the invoice falls due.		
Up to 1 month	11,03,913	9,45,705
1 to 3 months	4,44,906	12,481
3 to 4 months	-	-
4 to 6 months	4,400	-
more than 6 months	-	-
	15,53,219	9,58,186



TATVA CHINTAN USA INC.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

C) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk, and therefore allocating resources and hedging the Company's financial independence, are some of the central tasks of the Company's treasury department. In order to be able to ensure the Company's solvency and financial flexibility at all times, long-term credit limits and cash and cash equivalents are reserved on the basis of perennial financial planning and periodic rolling liquidity planning. The Company's financing is also secured for the next fiscal year.

Maturity profile of financial liability

The table below provide details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

	(Amount in USD)			
As at 31-03-2021	Up to 6 months	6 months to 12 months	More than 12 months	Total
Trade Payables and Other Payables	14,75,276	-	-	14,75,276
As at 31-03-2020	Up to 6 months	6 months to 12 months	More than 12 months	Total
Trade Payables and Other Payables	10,19,635	-	-	10,19,635



22 Financial instruments-Accounting, classifications and fair value measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluations, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
 Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Carrying amount		Fair Value	
	As at	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Financial assets				
- Trade receivables	15,53,219	9,58,186	15,53,219	9,58,186
- Cash and cash equivalents	2,01,400	1,33,822	2,01,400	1,33,822
Total	17,54,619	10,92,008	17,54,619	10,92,008
Financial liabilities				
- Trade and other payables	14,75,276	10,19,635	14,75,276	10,19,635
Total	14,75,276	10,19,635	14,75,276	10,19,635

The management assessed that cash and cash equivalents including bank balances, trade receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

23 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objectives of the company's capital management is to maximise the shareholder value while providing stable capital structure that facilitate considered risk taking and pursued of business growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, raise/ pay down debt or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants that define capital structure requirements. The company has no borrowed fund. It is wholly managed by its holding

No changes were made in the objectives, policies or processes for managing capital during the aforesaid periods.

24 Disclosures in respect of non-cancellable operating leases

The Company has taken office and warehouse under lease agreement for 12 months.
 Lease payment recognized in the Statement of Profit and Loss Account:

Particulars	(Amount in USD)	
	Year ended 31 March 2021	Year ended 31 March 2020
Lease payments	9,507	9,682



25 Earnings per share

The earnings per share are computed by dividing the net profit / (loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The earnings per share is calculated as under :

Particulars	(Amount in USD)	
	Year ended 31 March 2021	Year ended 31 March 2020
Equity share of USD 1 each.		
General		
Number of shares at the closing of the year	1,00,000	1,00,000
Total equity shares outstanding as on year end	1,00,000	1,00,000
a) Weighted average number of shares for basic EPS	1,00,000	1,00,000
b) Weighted average number of shares for diluted EPS	1,00,000	1,00,000
c) Net Profit after tax	1,61,825	2,78,119
d) Basic Earning Per Share	1.62	2.78
e) Diluted Earning Per Share	1.62	2.78

26 Impact of COVID-19

The outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy, which had some impact on the Company's supply chain during the year. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Company based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing the impact. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and do not foresee any impact on its operations. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

27 Subsequent events

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

28 Approval of Financial Statements

The Financial statements were approved by the Board of Directors on 15 June 2021

29 The audit processes were carried out based on the remote access to the extent available / feasible and necessary records made available by the management through digital medium.

The accompanying notes from 1 to 29 are an integral part of these Special Purpose financial statements.
As per our report of even date attached

For NDJ & Co.
Chartered Accountants
Firm Reg.No.136345W

(CA. Shirish Shah)
Partner
M. No.: 035742
Date : 15 June 2021
Place : Surat



For and on behalf of the Board of Directors of
Tatva Chintan USA INC.

(Mr. Chintan N. Shah)
Director

Date : 15 June 2021
Place : Vadodara

(Mr. Shekhar R. Somani)
Secretary