

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Board of Directors of Tri-K Industries, Inc. Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Tri-K Industries, Inc. ("the Company"), prepared for the purpose of inclusion in consolidated financial statement of Galaxy Surfactants Limited ("Holding Company") which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 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 financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the preparation of these financial statements, prepared for the inclusion in the consolidated financial statements of the Holding Company that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the

Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility 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 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 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 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 financial 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 the 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.
- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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, including any significant deficiencies in internal control 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.

#### **Other Matter**

On account of COVID-19 related restrictions, management was not able to perform year end physical verification at Owned premises, consequently we were not able to observe the physical verification of the stock. Accordingly, we have performed alternate procedures to audit the existence of Inventory as per the guidance provided in SA- 501 "Audit Evidence – Specific Considerations for Selected Items" which includes inspection of supporting documentation relating to purchase, production, sales, and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial statements. Our report on the financial statement is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. Based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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- b. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- c. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

**Restriction in Use**

The report is provided solely for the information and the purpose of preparation of Consolidated Financial Statements of the Galaxy Surfactants Limited Group for the year ended March 31, 2021. It should not be distributed to any other third party prior our written consent.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Kedar Raje**  
(Partner)  
(Membership No. 102637)  
(UDIN: 21102637AAAABZ8471)

Place: Pune  
Date: May 12, 2021



**TRI-K INDUSTRIES INC.**  
**Balance Sheet as at 31st March, 2021**

Figures in US\$

Particulars	Note	2021	2020
<b>I. ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	2	7,548,203	7,778,986
(b) Right-of-use assets	3	1,735,800	1,757,071
(c) Capital Work-in-Progress		-	81,491
(d) Other Intangible Assets	4	17,012	22,985
(e) Goodwill		362,915	362,915
(f) Financial Assets			
Loans	5	90,798	90,798
(g) Deferred Tax Assets (Net)	7	-	-
(h) Income tax assets (Net)		429,993	1,036,515
(i) Other Non-Current Assets	8	3,088	12,245
		<b>10,187,789</b>	<b>11,143,006</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	9	9,010,811	7,640,742
(b) Financial Assets			
(i) Trade Receivables	10	7,690,400	8,445,839
(ii) Cash and Cash Equivalents	11	7,946,907	1,931,307
(iii) Loans	5	-	18,490
(iv) Other Financial Assets	6	5,489	10,142
(d) Other Current Assets	8	118,543	110,750
		<b>24,772,150</b>	<b>18,157,270</b>
<b>Total Assets</b>		<b>34,959,939</b>	<b>29,300,276</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	12	1,000	1,000
(b) Other Equity		27,392,979	21,969,509
		<b>27,393,979</b>	<b>21,970,509</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
Lease Liabilities	13	1,651,487	1,683,810
(b) Deferred Tax Liabilities (Net)	7	24,353	129,988
(c) Other Non-current Liabilities	14	-	-
		<b>1,675,820</b>	<b>1,793,798</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Trade Payables	15	-	-
- Due of Micro and small enterprise		-	-
- Due of Other than micro and small enterprise		4,800,554	4,865,121
(ii) Lease Liabilities	13	233,785	212,437
(iii) Other Financial Liabilities	16	78,904	154,512
(b) Other Current Liabilities	14	424,107	172,449
(c) Provisions	17	352,790	131,450
(d) Current Tax Liabilities (Net)		-	-
		<b>5,890,140</b>	<b>5,535,969</b>
<b>Total Equity and Liabilities</b>		<b>34,959,939</b>	<b>29,300,276</b>

The accompanying notes 1 to 43 are an integral part of the Financial Statements

In terms of our report attached

Deloitte Haskins & Sells LLP  
Chartered Accountants



Kedar Raje  
Partner

For and on behalf of the Board



Uday Kamat  
Director



Shirish Sawale  
Chief Operating Officer

Place: Pune

Date: 12th May, 2021

Place: Mumbai

Date: 12th May, 2021

Place: New Jersey

Date: 12th May, 2021

# TRI-K INDUSTRIES INC.

## Statement of Profit and Loss as at 31st March, 2021

Figures in USD

Particulars	Note	2020-2021	2019-2020
Revenue from operations	I 18	50,460,747	47,952,582
Other Income	II 19	52,773	124,634
<b>Total Income (I + II)</b>	III	<b>50,513,520</b>	<b>48,077,216</b>
<b>EXPENSES</b>	IV		
Cost of materials consumed	20	4,414,237	3,598,104
Purchases of Stock-in-trade	21	26,664,832	22,839,845
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(1,377,118)	2,777,558
Employee benefits expense	23	8,865,041	8,249,389
Finance costs	24	65,209	77,846
Depreciation and amortisation expense	25	820,516	552,451
Other expenses	26	4,556,208	5,466,060
<b>Total Expenses</b>	IV	<b>44,008,928</b>	<b>43,561,053</b>
<b>Profit before tax (III - IV)</b>	V	<b>6,504,595</b>	<b>4,516,163</b>
Tax Expense	VI 27		
Current Tax		1,186,760	440,999
Deferred Tax		(105,635)	610,459
<b>Total Tax Expense</b>	VI	<b>1,081,125</b>	<b>1,051,458</b>
<b>Profit for the year (V - VI)</b>	VII	<b>5,423,470</b>	<b>3,464,705</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
(ii) Items that will be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations			
<b>Total other comprehensive income</b>	VIII	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>5,423,470</b>	<b>3,464,705</b>
Earnings per equity share: (No par value)	28		
Basic		18,078	11,549
Diluted		18,078	11,549

The accompanying notes 1 to 43 are an integral part of the Financial Statements

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Deloitte Haskins & Sells LLP  
Chartered Accountants

Kedar Rajee  
Partner

Place: Pune  
Date: 12th May, 2021

For and on behalf of the Board

Uday Kamat  
Director

Place: Mumbai  
Date: 12th May, 2021

Shirish Sawale  
Chief Operating Officer

Place: New Jersey  
Date: 12th May, 2021

**TRI-K INDUSTRIES INC.**  
**Statement of Changes In Equity**

**A) Equity Share Capital**

**Figures in USD**

Particulars	2021	2020
Issued and Subscribed :		
Balance as at the beginning of the year	1,000	1,000
Balance as at the end of the year	1,000	1,000
[Refer Note 12]		

**B) Other Equity**

**Figures in USD**

Particulars	Retained Earnings (Reserves and Surplus)
	USD
Balance as at 31st March, 2019	18,504,804
Profit for the year	3,484,705
Other Comprehensive Income	-
Total Comprehensive Income for the year	21,989,509
Balance as at 31st March, 2020	21,989,509
Profit for the year	5,423,470
Other Comprehensive Income	-
Total Comprehensive Income for the year	27,392,979
Balance as at 31st March, 2021	27,392,979

Retained earnings: This balance represents the cumulative profits of the company.

This reserve can be utilized in accordance with the bye-laws of the company.

The accompanying notes 1 to 43 are an integral part of the Financial Statements

In terms of our report attached

**Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Kedar Raje**  
Partner

Place: Pune  
Date: 12th May, 2021

For and on behalf of the Board

**Uday Kamat**  
Director

Place: Mumbai  
Date: 12th May, 2021

**Shirish Sawale**  
Chief Operating Officer

Place: New Jersey  
Date: 12th May, 2021

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**TRI-K INDUSTRIES INC.**  
**Cash Flow Statement**

Particulars	2020-2021	2019-2020
	USD	USD
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit After Tax	5,423,470	3,464,705
Adjustments for :		
Income tax expense	1,081,125	1,051,458
Finance costs	65,209	77,846
Loss / (Gain) on disposal of property, plant and equipment	1,085	6,027
Depreciation and amortisation expense	820,516	552,451
Foreign exchange differences (Net)	(22,952)	(15,982)
Liabilities/Provision no longer required written back	(5,460)	(85,550)
Reversal of allowance for credit losses (net)	(7,929)	-
Bad debts	-	24,707
Interest Income	(5,575)	(27,381)
	1,926,019	1,583,576
<b>Operating Profit before Working Capital changes</b>	<b>7,349,489</b>	<b>5,048,281</b>
<b>Changes in :</b>		
Decrease / (Increase) in trade receivables & Other Assets	793,355	(2,255,907)
(Increase) / decrease in Inventories	(1,370,069)	2,938,095
Increase in trade payables & Other Liabilities	392,097	755,767
	(184,617)	1,437,955
<b>Cash generated from operations</b>	<b>7,164,872</b>	<b>6,486,236</b>
Income Taxes Paid	(580,239)	(1,569,348)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>6,584,633</b>	<b>4,916,888</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Payment to acquire Property, Plant and Equipment and Other Intangible Assets	(288,451)	(5,125,702)
Interest Received	5,575	27,381
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(282,876)</b>	<b>(5,098,321)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of Lease Liabilities	(286,157)	(275,150)
Interest paid	-	(2,909)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(286,157)</b>	<b>(278,059)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,015,600</b>	<b>(459,492)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>1,931,307</b>	<b>2,390,799</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>7,946,907</b>	<b>1,931,307</b>

The above cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard (IND AS) 7 - Statement of Cash flows.

The accompanying notes 1 to 43 are an integral part of the Financial Statements

In terms of our report attached

Deloitte Haskins & Sells LLP  
Chartered Accountants

Kedar Raje  
Partner

Place: Pune  
Date: 12th May, 2021

For and on behalf of the Board

Uday Kamat  
Director

Place: Mumbai  
Date: 12th May, 2021

Shirish Sawale  
Chief Operating Officer

Place: New Jersey  
Date: 12th May, 2021



**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**A. Corporate Information**

TRI-K Industries, Inc. was incorporated on March 22, 1974 under the laws of the State of New Jersey vide certificate of incorporation bearing NJCorp number 8948946400 as "TRI-KEM INC" which was subsequently changed to "TRI-K Industries, Inc." on November 19, 2008. The registered office of TRI-K Industries, Inc. is situated at 2, Stewart court, Denville, New Jersey 07834, USA. TRI-K Industries, Inc. became a subsidiary of Rainbow Holdings GmbH with effect from July 01, 2009 and an associate company of Galaxy Holdings (Mauritius) Limited with effect from March 25, 2010. By virtue of the above, TRI-K Industries, Inc. has become 100% step down subsidiary of Galaxy Surfactants Limited with effect from March 25, 2010.

TRI-K Industries, Inc. is currently engaged, inter alia, in the business of sourcing, manufacturing and distributing a broad range of cosmetic ingredients and technologies for the global cosmetic and personal care industry and manufacture of proteins having manufacturing location at New Hampshire.

**B. Significant accounting policies**

**a) Statement of compliance**

These Standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

**b) Basis of preparation and presentation**

The financial statements are prepared in accordance with the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The principal accounting policies are set out below.

**c) Revenue Recognition:**

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

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## TRI-K INDUSTRIES Inc.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

#### **Other Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### **d) Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes, any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying asset up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation on these assets commences when assets are ready for their intended use which is generally on commissioning. Items of Property Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning less its residual value, on a straight line basis over their useful lives at the following rates:

Description	Estimated useful lives (No. of Years)
Leasehold Improvements	As per lease agreement
Machinery & Equipment	5-10
Furniture and fixtures	7
Computers and equipment	3
Building	39
Freehold Land is not depreciated.	

Depreciation on additions/deletions during the year is provided on pro-rata basis from/up to the month of such addition/deletion.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**e) Intangible Assets:**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives so as to reflect the pattern in which the assets economic benefits are consumed. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation of intangible asset is included in Depreciation and amortisation expense in statement of profit & Loss account.

Amortization of intangibles is provided using the straight-line method at the following useful lives:

Description	Estimated useful lives (No. of months)
Customer relationships	120
Computer software	3

**Goodwill:**

In the erstwhile GAAP (USGAAP), the Company had elected the accounting standard that permitted private companies to amortize goodwill on a straight line basis over ten years or a shorter period if management determines it is more appropriate. Under Ind AS, the Company has stopped amortisation of such goodwill from the date of transition (April 1,2016). From April 1, 2016, such un-amortised Goodwill is not amortised, but is tested at the entity level for impairment when a triggering event occurs that indicates that the fair value of the entity unit may be less than its carrying amount. Any impairment would be recognized for the difference between the fair value of the entity unit and its carrying amount.

**Research & Development:**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical and economic feasibility and marketability has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

**f) Inventories:**

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**g) Leases:**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases, if any, are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**h) Foreign exchange transactions and translations:**

Transactions in foreign currencies i.e. other than the Company's functional currency of US Dollars are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on revaluation are recognised in profit or loss in the period in which they arise.

**i) Employee Benefits:**

Employee benefits include compensated absences.

*Defined contribution plans*

The Company's contribution to 401(K) plan and Medical benefits are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

The Company has a profit sharing plan that covers employees who have completed at least 1,000 hours of service during the plan year and are employed on the last day of the plan year. The plan provides for discretionary contributions as determined by the board of directors. There were no contributions to the profit sharing plan for the years ended March 31, 2021 and 2020.

The Company has a 401(k) Plan to provide retirement and incidental benefits for its employees. Employees may elect to contribute a percentage of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company matches employee contributions in an amount equal to (i) 100% of the employee contributions that are not in excess of 3% of compensation, plus (ii) 50% of the amount of the employee contributions that exceed 3% of the compensation but do not exceed 5% of compensation. All matching contributions vest immediately.

**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

In addition, the Plan provides for discretionary contributions as determined by the board of directors. Company matching contributions to the Plan total \$210,514 and \$196,628 for the years ended March 31, 2021 and 2020, respectively. No discretionary contributions were made in the years ended March 31, 2021 and 2020.

*Defined benefit plans - Short term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leaves in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. These benefits are unfunded.

**j) Borrowing Costs:**

All borrowing costs are charged to the Statement of Profit and Loss except:

- Borrowing costs that are attributable to the acquisition or construction of qualifying tangible and intangible assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- Expenses incurred on raising long term borrowings are amortised using effective interest rate method over the period of borrowings.

**k) Taxes on Income**

The Company utilises the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes result primarily from temporary differences related to inventories, accounts receivable, net property and equipment, goodwill and other intangible assets for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax expense or benefit is recognized as a result of the change in the deferred tax assets or liabilities during the year. Based on consideration of all available evidence regarding their utilization, net deferred tax assets are recorded to the extent that it is more likely than not that they will be realized. Where, based on the weight of all available evidence, it is more likely than not that some amount of a deferred tax asset will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

The authoritative guidance prescribes a minimum probability threshold that a tax position must meet Before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. At March 31, 2021 and 2020, the Company has not recognized any uncertain tax benefits in the financial statements. There are no material tax related interest or penalties included in these financial statements. Taxes on income comprises of current taxes and deferred taxes.



**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**l) Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate pre-tax discount rate to determine whether there is any indication that those assets have suffered any impairment loss. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**m) Provisions and Contingent Liabilities:**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. In the event the time value of money is material provision is carried at the present value of the cash flows required to settle the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. When 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.

**n) Financial instruments, Financial assets, Financial liabilities and Equity instruments:**

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

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

**Classification and subsequent measurement**

**Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their

**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

respective classification.

On initial recognition, a financial asset is classified as measured at -

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) ; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes all derivative financial assets.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on de-recognition is recognised in profit or loss.

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

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Compound instruments**

An issued financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and the residual value is recognised as equity component of financial instrument. The liability component is subsequently measured at amortised cost, whereas the equity component is not remeasured after initial recognition. The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognised directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortised using effective interest method.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**Financial guarantee contracts and loan commitments**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

Financial guarantee contracts and loan commitments issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**Impairment of financial assets**

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**o) Use of Estimates and judgement:**

The preparation of financial statements in conformity with Ind-AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical accounting judgements and key source of estimation uncertainty**

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

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**TRI-K INDUSTRIES Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

*Useful lives of property, plant and equipment and intangible assets*

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortisation expense in future periods.

*Fair value measurements and valuation processes*

Some of the Company's assets and liabilities are measured at fair value at each balance sheet date or at the time they are assessed for impairment. 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 valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities require estimates to be made by the management and are disclosed in the notes to the financial statements.

*Receivables and Credit Policies*

Accounts receivable are uncollateralized customer obligations due under normal trade terms which are generally up to ninety days from the invoice date. Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices exceeding credit terms are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or if unspecified are applied to their earliest unpaid invoices. The Company's accounts receivable are reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all accounts receivable balances that exceed credit terms and based on an assessment of current credit worthiness, estimates the portion if any of the balance that will not be collected. The need for a reserve is also evaluated periodically by management.

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# **TRI-K INDUSTRIES INC.**

## **2 Property, Plant and Equipment**

Figures in USD

Particulars	Freehold Land	Leasehold Improvements	Machinery and Equipment	Furniture and Fixtures	Factory Equipments	Factory Building	Total
<b>(I) Cost</b>							
Balance as at 31st March, 2019	393,087	808,133	1,729,677	513,390	356,233	-	3,800,520
Additions during the year	-	-	2,327,279	152,506	90,855	4,487,556	7,058,196
Disposals during the year	-	-	18,470	60,489	-	-	78,959
Balance as at 31st March, 2020	393,087	808,133	4,038,486	605,407	447,088	4,487,556	10,779,757
Additions during the year	-	-	243,377	3,835	78,954	-	326,166
Disposals during the year	-	653,661	-	-	13,756	-	667,417
Balance as at 31st March, 2021	393,087	154,472	4,281,863	609,242	512,286	4,487,556	10,438,506
<b>(II) Accumulated depreciation</b>							
Balance as at 31st March, 2019	-	701,260	1,270,281	495,018	325,609	-	2,792,168
Depreciation expense for the year	-	25,409	206,616	8,615	23,480	19,175	283,295
Disposals during the year	-	-	14,203	60,489	-	-	74,692
Balance as at 31st March, 2020	-	726,669	1,462,694	443,144	349,089	19,175	3,000,771
Depreciation expense for the year	-	18,319	356,376	26,158	40,175	115,045	556,073
Disposals during the year	-	653,661	-	-	12,880	-	666,541
Balance as at 31st March, 2021	-	91,327	1,819,070	469,302	376,384	134,220	2,890,303
<b>Carrying amount(I-II)</b>							
Balance as at 31st March, 2020	393,087	81,464	2,575,792	162,263	97,999	4,468,381	7,778,986
Balance as at 31st March, 2021	393,087	63,145	2,462,793	139,940	135,902	4,353,336	7,548,203

2.1 Note :

No borrowing costs have been capitalized in any of the years



## TRI-K INDUSTRIES INC.

### 3 Right-of-use Assets

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

Particulars	Figures in USD	
	RoU Assets	Total
<b>(I) Cost</b>		
Balance as at 31st March, 2019	-	-
Additions during the year	2,017,378	2,017,378
Deductions/Adjustments during the year	-	-
<b>Balance as at 31st March, 2020</b>	<b>2,017,378</b>	<b>2,017,378</b>
Additions during the year	229,953	229,953
Deductions/Adjustments during the year	-	-
<b>Balance as at 31st March, 2021</b>	<b>2,247,331</b>	<b>2,247,331</b>
<b>(II) Accumulated amortisation</b>		
Balance as at 31st March, 2019	-	-
Amortisation expense for the year	260,307	260,307
Deductions/Adjustments during the year	-	-
<b>Balance as at 31st March, 2020</b>	<b>260,307</b>	<b>260,307</b>
Amortisation expense for the year	251,224	251,224
Deductions/Adjustments during the year	-	-
<b>Balance as at 31st March, 2021</b>	<b>511,531</b>	<b>511,531</b>
Balance as at 1st April 2020	1,757,071	1,757,071
<b>Balance as at 31st March, 2021</b>	<b>1,735,800</b>	<b>1,735,800</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

### 4 Other Intangible Assets

Particulars	Figures in USD			
	Software	Customer Relationships	Trademarks	Total
<b>(I) Cost</b>				
Balance as at 31st March, 2019	459,543	1,110,000	240,000	1,809,543
Additions during the year	28,474	-	-	28,474
Deductions/Adjustments during the year	-	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>488,017</b>	<b>1,110,000</b>	<b>240,000</b>	<b>1,838,017</b>
Additions during the year	7,246	-	-	7,246
Deductions/Adjustments during the year	-	-	-	-
<b>Balance as at 31st March, 2021</b>	<b>495,263</b>	<b>1,110,000</b>	<b>240,000</b>	<b>1,845,263</b>
<b>(II) Accumulated amortisation</b>				
Balance as at 31st March, 2019	456,183	1,110,000	240,000	1,806,183
Amortisation expense for the year	8,849	-	-	8,849
Deductions/Adjustments during the year	-	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>465,032</b>	<b>1,110,000</b>	<b>240,000</b>	<b>1,815,032</b>
Amortisation expense for the year	13,219	-	-	13,219
Deductions/Adjustments during the year	-	-	-	-
<b>Balance as at 31st March, 2021</b>	<b>478,251</b>	<b>1,110,000</b>	<b>240,000</b>	<b>1,828,251</b>

#### Carrying amount(I-II)

Balance as at March 31, 2020	22,985	-	-	22,985
<b>Balance as at March 31, 2021</b>	<b>17,012</b>	<b>-</b>	<b>-</b>	<b>17,012</b>

- 4.1 The amortization expense of intangible assets have been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.

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# **TRI-K INDUSTRIES INC.**

## **5 Loans**

Figures in USD

Particulars	2021		2020	
	Current	Non- Current	Current	Non- Current
<b>Financial assets at amortised cost :</b>				
Security Deposits				
- Unsecured, considered good	-	90,798	18,490	90,798
<b>TOTAL</b>	-	<b>90,798</b>	<b>18,490</b>	<b>90,798</b>

## **6 Other financial assets**

Figures in USD

Particulars	2021		2020	
	Current	Non- Current	Current	Non- Current
<b>Financial assets at amortised cost (Considered good):</b>				
Other financial assets			10,142	-
Dues from Related Parties	5,489	-	-	-
<b>TOTAL</b>	<b>5,489</b>	-	<b>10,142</b>	-

## **7 Deferred Tax Assets / (Liabilities) (Net)**

Figures in USD

Particulars	Deferred Tax Assets			
	On Fiscal allowances on property, plant, equipment and other intangible assets	On Provision for employee benefits	On Others*	Total
<b>Deferred tax assets / (liabilities) As at 31st March, 2019</b>	149,174	83,991	247,306	480,471
(Charge)/credit to Statement of Profit and Loss	(626,106)	(19,279)	34,926	(610,459)
<b>Deferred tax assets / (liabilities) As at 31st March, 2020</b>	(476,932)	64,712	282,232	(129,988)
(Charge)/credit to Statement of Profit and Loss	7,154	92,325	6,157	105,635
<b>Deferred tax assets / (liabilities) As at 31st March, 2021</b>	(469,779)	157,037	288,389	(24,353)
<b>TOTAL</b>	<b>(469,779)</b>	<b>157,037</b>	<b>288,389</b>	<b>(24,353)</b>

\* Others mainly includes deferred tax on inventory reserve and other provision

## **8 Others Assets (Non Financial)**

Figures in USD

Particulars	2021		2020	
	Current	Non- Current	Current	Non- Current
<b>Advances</b>				
Prepaid Expenses	110,693	3,068	100,248	12,245
Other Advances				
- Considered Good	7,850	-	10,502	-
<b>TOTAL</b>	<b>118,543</b>	<b>3,068</b>	<b>110,750</b>	<b>12,245</b>

Other advances include Advances to suppliers etc.

## **9 Inventories (Lower of Cost and Net realisable value)**

Figures in USD

Particulars	2021	2020
Raw Materials [Goods in transit of \$ Nil (As at 31 March 2020 : \$ 87,478)]	843,027	842,510
Work-in-Progress	79,512	70,757
Finished Products	1,007,390	774,186
Stock-in-Trade [Goods in transit of \$ 2,609,166 (As at 31 March 2020: \$ 2,127,688)]	7,065,390	5,930,231
Packing Material	15,492	23,058
<b>TOTAL</b>	<b>9,010,811</b>	<b>7,640,742</b>

9.1 The cost of Inventories recognised as an expense during the year in respect of continuing operations was \$ 31,099,220 (for the year ended March 31, 2020 : \$ 30,638,801)

9.2 The cost of Inventories recognised as an expense includes \$ Nil (During 2019-20 : \$ 109,397) in respect of write downs of inventory to net realisable value, and has been reduced by \$ 106,794 (During 2019-20 : \$ 57,090) in respect of the reversal of such write downs.

9.3 The Company determines the realisable value of inventory based on the latest selling prices, customer orders on hand and margins, adjusted to reflect current and estimated future economic conditions also taking into account estimates of possible effect from the pandemic relating to COVID-19.

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**10 Trade Receivables**

Figures in USD

Particulars	2021	2020
Unsecured, considered good*	7,690,400	8,445,839
Unsecured, considered Doubtful	16,778	24,707
	7,707,178	8,470,546
Less : Allowance for expected credit loss	16,778	24,707
<b>TOTAL</b>	<b>7,690,400</b>	<b>8,445,839</b>

\*Includes amounts due from related parties. Refer to Note 35

- 10.1 The Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

**11 Cash and Bank Balances**

Figures in USD

Particulars	2021	2020
Cash and cash equivalents		
Balances with banks		
- In Current Accounts	954,784	819,647
- In Saving Accounts	8,992,107	1,111,822
	7,946,891	1,931,269
Cash on hand	16	38
<b>TOTAL</b>	<b>7,946,907</b>	<b>1,931,307</b>

**12 Equity Share Capital**

Figures in USD

Particulars	2021	2020
<b>Authorised:</b>		
1000 Equity Shares of no Par Value	1,000	1,000
(Previous Year : 1000 Equity Shares of no Par Value)	1,000	1,000
<b>Issued and Subscribed :</b>		
300 Equity Shares of no Par Value	1,000	1,000
(Previous Year : 300 Equity Shares of no Par Value)	1,000	1,000

**A. Reconciliation of number of Ordinary (Equity) Shares and amount outstanding :**

Figures in USD

Particulars	2021		2020	
	No. of Shares	USD	No. of Shares	USD
<b>Issued and Subscribed :</b>				
Balance as at the beginning of the year	300	1,000	300	1,000
Balance as at the end of the year	300	1,000	300	1,000

**B Terms/Rights attached to Equity Shares**

The Company has only one class of shares. Equity shares are of no par value and each holder of equity shares is entitled to one vote per share.

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.

**C During the period of five years immediately preceding the reporting date:**

- (i) The Company has not issued any shares pursuant to contract(s) without payment being received in cash.
- (ii) The Company has not allotted any shares as fully paid up by way of bonus shares.
- (iii) The Company has not bought back any shares.

**D. Details of Ordinary (Equity) Shares held by shareholders holding more than 5% of the aggregate shares in the Company :**

Name of the Shareholder	2021		2020	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Rainbow Holdings GmbH, Germany	228	76%	228	76%
Galaxy Holdings (Mauritius) Limited	72	24%	72	24%
	300	100%	300	100%

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# **TRI-K INDUSTRIES INC.**

## **13 Lease Liabilities**

Particulars	2021		2020	
	Current	Non Current	Current	Non Current
Lease Liabilities	233,785	1,651,467	212,437	1,663,810
<b>TOTAL</b>	<b>233,785</b>	<b>1,651,467</b>	<b>212,437</b>	<b>1,663,810</b>

Movement of Lease Liabilities is as below:

Particulars	2021	2020
Opening Balance	1,876,247	-
Reclassified on account of adoption of Ind AS 116	-	2,076,460
Additions	-	-
Modification	229,953	-
Finance cost accrued during the period	65,209	74,937
Deletion	-	-
Payment of lease liabilities	(286,157)	(275,150)
Translation Difference	-	-
<b>Closing Balance</b>	<b>1,885,252</b>	<b>1,876,247</b>

## **14 Other Non Financial Liabilities**

Particulars	2021		2020	
	Current	Non Current	Current	Non- Current
Advances received from customers	389,057	-	132,145	-
Others	35,050	-	40,304	-
<b>TOTAL</b>	<b>424,107</b>	<b>-</b>	<b>172,449</b>	<b>-</b>

14.1 Others mainly include deferred rent, government dues & taxes payable, salary deductions payable etc.

## **15 Trade Payables**

Particulars	2021		2020	
	Current	Non Current	Current	Non Current
Trade payable - Micro and small enterprises	-	-	-	-
Trade payable - Other than micro and small enterprises	4,800,554	-	4,865,121	-
<b>TOTAL</b>	<b>4,800,554</b>	<b>-</b>	<b>4,865,121</b>	<b>-</b>

## **16 Other Financial Liabilities**

Particulars	2021		2020	
	Current	Non Current	Current	Non Current
Carried at Amortised Cost:				
Other liabilities	78,904	-	154,512	-
<b>TOTAL</b>	<b>78,904</b>	<b>-</b>	<b>154,512</b>	<b>-</b>

16.1 Other liabilities includes other payables & Capital Creditors.

## **17 Provisions**

Particulars	2021		2020	
	Current	Non Current	Current	Non Current
Other Provision*	352,790	-	131,450	-
<b>TOTAL</b>	<b>352,790</b>	<b>-</b>	<b>131,450</b>	<b>-</b>

\*Other provision represents provision for customer claim.

Movement of other provision is as below:

Particulars	Provision for others	
	2021	2020
Opening Balance	131,450	217,000
Add - Addition during the year #	226,800	-
Less - Deduction during the year	(5,460)	(85,500)
<b>Closing Balance</b>	<b>352,790</b>	<b>131,450</b>

# The Company has made a provision of US\$ 226,800 on account of anticipated claims from customers for inadvertent wrong labelling of products in addition to the provision of uncollectible amounts. Anticipated claim amounts have been determined on a prudence basis, based on information collated by the Company about actual usage by customers and potential claim the customers could make on account of loss of the products manufactured by them.

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**TRI-K INDUSTRIES INC.****18 Revenue from Operations**

Particulars	Figures in USD	
	2020-2021	2019-2020
<b>Revenue from contract with customers</b>		
Sale of products	50,460,747	47,952,582
<b>TOTAL</b>	<b>50,460,747</b>	<b>47,952,582</b>

18.1 Refer note 27 for geography wise revenue from contracts with customers

18.2 The Company has evaluated the impact of COVID-19 resulting from (i) the possible constraints to continue its operations and revisions in costs to fulfill the pending obligations (ii) onerous obligations (iii) penalties, if any, relating to breaches of agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

**19 Other Income**

Particulars	Figures in USD	
	2020-2021	2019-2020
<b>Interest Income</b>		
On financial assets at amortised cost	5,575	27,381
<b>Other Non - Operating Income</b>		
Profit / (Loss) on sale of Property, Plant and Equipment (net)	(1,085)	(6,027)
Liabilities no longer required written back	5,460	85,550
Foreign exchange differences (Net)	(22,952)	(15,982)
Commission received	1,694	617
Reversal of allowance for credit losses (Net)	7,929	-
Others	56,152	33,095
<b>TOTAL</b>	<b>52,773</b>	<b>124,634</b>

\* Other include handling fees charged to customers

**20 Cost of materials consumed**

Particulars	Figures in USD	
	2020-2021	2019-2020
(a) Raw materials	4,378,125	3,574,020
(b) Packing materials	36,112	24,084
<b>TOTAL</b>	<b>4,414,237</b>	<b>3,598,104</b>

**21 Purchase of Stock-in-trade**

Particulars	Figures in USD	
	2020-2021	2019-2020
Purchase Of Traded Goods	26,664,832	22,839,645
<b>TOTAL</b>	<b>26,664,832</b>	<b>22,839,645</b>

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22 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Figures in USD

Particulars	2020-2021	2019-2020
<u>Opening Stock :</u>		
Finished goods	774,186	1,014,679
Work-in-progress	70,757	111,011
Stock-in-trade	5,930,231	8,427,042
	<b>6,775,174</b>	<b>9,552,732</b>
<u>Less: Closing Stock :</u>		
Finished goods	1,007,390	774,186
Work-in-progress	79,512	70,757
Stock-in-trade	7,065,390	5,930,231
	<b>8,152,292</b>	<b>6,775,174</b>
<b>Net (increase) / decrease in inventory</b>	<b>(1,377,118)</b>	<b>2,777,558</b>

23 Employee Benefits Expense

Figures in USD

Particulars	2020-2021	2019-2020
(a) Salaries and wages, including bonus and commission	7,611,583	6,928,338
(b) Payroll Taxes	499,540	505,269
(c) Workmen and staff welfare expenses	753,918	815,782
<b>TOTAL</b>	<b>8,865,041</b>	<b>8,249,389</b>

24 Finance Cost

Figures in USD

Particulars	2020-2021	2019-2020
(a) Interest expense	-	2,909
(b) Other borrowing cost	65,209	74,937
<b>TOTAL</b>	<b>65,209</b>	<b>77,846</b>

25 Depreciation and Amortisation Expense

Figures in USD

Particulars	2020-2021	2019-2020
(a) Depreciation on Property, Plant and Equipment	556,073	283,295
(b) Amortisation of Intangible Assets	13,219	8,849
(c) Amortisation of Right of Use Asset	251,224	260,307
<b>TOTAL</b>	<b>820,516</b>	<b>552,451</b>

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**TRI-K INDUSTRIES INC.****26 Other Expenses**

Particulars	Figures in USD	
	2020-2021	2019-2020
Power and fuel	56,952	51,533
Repairs and maintenance	168,431	213,173
Rent	843,287	1,024,210
Insurance	170,434	161,898
Rates and taxes	70,242	10,173
Travelling and conveyance	80,107	773,106
Freight and forwarding	752,870	754,523
Legal and professional fees (Refer Note 26.1)	1,080,648	1,032,747
Donations	6,998	-
Prov for Doubtful Advances	-	24,707
REACH registration expenses (Net)	3,546	-
Miscellaneous expenses	1,322,693	1,419,990
<b>TOTAL</b>	<b>4,556,208</b>	<b>5,466,060</b>

26.1 Legal & Professional fees include :  
Amounts paid/payable to Statutory Auditors :

Particulars	Figures in USD	
	2020-2021	2019-2020
Audit fees	34,195	42,000
Other services	-	12,250
Out of pocket expenses	5,100	6,750
<b>TOTAL</b>	<b>39,295</b>	<b>61,000</b>

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# **TRI-K INDUSTRIES INC.**

## **27 Income Tax recognised in profit or loss**

Particulars	Figures in USD	
	2020-2021	2019-2020
<b>Current Tax:</b>		
In respect of current year	1,434,609	326,278
In respect of prior years	(247,849)	114,721
	<b>1,186,760</b>	<b>440,999</b>
<b>Deferred Tax:</b>		
In respect of current year origination and reversal of temporary differences	(105,634)	610,459
	<b>(105,635)</b>	<b>610,459</b>
<b>TOTAL</b>	<b>1,081,125</b>	<b>1,051,458</b>

## **28 Earning Per Share (EPS)**

Particulars	Figures in USD	
	2020-2021	2019-2020
Profit for the year	5,423,470	3,484,705
Profit for the year for diluted EPS	5,423,470	3,484,705
Weighted average number of Ordinary (Equity) Shares used in computing basic/ diluted EPS	300	300
Effect of potential Ordinary (Equity) Shares on employee stock options.	-	-
Weighted average number of Ordinary (Equity) Shares used in computing diluted EPS.	300	300
Basic and Diluted Earnings per share (No par value)	18,078	11,549

## **29 The reconciliation of estimated income tax expense at tax rate to income tax expense reported in statement of profit or loss is as follows:**

Particulars	Figures in USD	
	2020-2021	2019-2020
Profit before tax	6,504,595	4,516,163
Applicable income tax rate	23.94%	23.94%
Expected income tax expense	1,557,103	1,081,386
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Effect of concessions and allowances	(233,855)	(203,085)
Effect of expenses / provision not deductible in determining taxable profit	27	8,367
Impact on account of Prior Years Taxation	(247,849)	114,721
Others	5,699	50,089
<b>Reported income tax expense</b>	<b>1,081,125</b>	<b>1,051,458</b>

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## TRI-K INDUSTRIES INC.

### 30 Segment Information

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the whole-time directors, who are the Chief Operating Decision Makers. They are responsible for allocating resources and assessing the performance of operating segments. Accordingly, the reportable segments is only one segment i.e. home and personal care ingredients.

#### Revenue from Type of Product and Services

There is only one operating segment of the company which is based on nature of product. Hence the revenue from external customers shown under geographical information is representative of revenue based on product and services.

#### Geographical Information

Particulars	2021			2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Revenue From External Customers	39,726,296	10,734,451	50,460,747	37,841,667	10,110,915	47,952,582
Non Current Assets*	9,666,997	-	9,666,997	10,015,693	-	10,015,693

\* includes property plant and equipments, intangible assets, capital working in progress and other non-financial non current assets.

#### Information about major customers

During the year ended 31st March 2021 and 31st March 2020 respectively, Revenue from transaction with a single external customer did not amount to 10% or more of the companies revenue from external customer.

### 31 Details of Research & Development

Research and Development expenses for the year amount to \$1,871,989 (2019-20 \$1,710,172 ).

### 32 Fair Value Disclosures

The company does not have financial instruments which are measured at fair value, accordingly fair value disclosures under fair value hierarchies is not required.

The carrying value of other financial assets and liabilities measured at amortized cost represents reasonable estimates of fair value.

### 33 Employee Benefits

#### Defined contribution plan

The Company makes contributions towards 401K & social security for qualifying employees. The Company has recognised \$ 580,438 (2019-20 \$ 562,653) for the year being Company's contribution to 401K & social security, as an expense and included in Employee Benefit Expenses in the Statement of Profit and Loss.

### 34 Commitments

Estimated amount of contracts remaining to be executed of Property, Plant & Equipments (net of advances) and not provided for 2020-21 \$ 10,426 (2019-20 \$ Nil )

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## TRI-K INDUSTRIES INC.

### 35 Related Party Disclosures :

(a) Related parties where control exists :

Sr No	Name of the Company	Relationship
1	Galaxy Surfactants Ltd.	Ultimate Holding Company
2	Galaxy Holdings (Mauritius) Limited, Mauritius	Holding Company
3	Galaxy Chemicals Inc. USA	Fellow Subsidiary

(b) The related party transactions are as under :

Sr No	Nature of Transactions	Ultimate Holding Company		Fellow Subsidiary	
		2020-2021	2019-2020	2020-2021	2019-2020
1	<b>PURCHASES :</b> <b>Goods</b> Galaxy Surfactants Ltd Galaxy Chemicals (Egypt) S.A.E.	14,367,620	13,771,097	4,883,817	3,287,359
2	<b>SALES :</b> <b>Goods</b> Galaxy Surfactants Ltd Galaxy Chemicals (Egypt) S.A.E.	430,348	353,842		
3	<b>FINANCE :</b> <b>Interest Income</b> Galaxy Surfactants Ltd  <b>Interest Expense</b> Galaxy Surfactants Ltd	-	3,079 2,299		
4	<b>Other Transaction :</b> Reimbursements receivable from parties Galaxy Chemicals Inc.			5,489	

(c) The related party balance are as under :

Sr No	Nature of Transactions	Ultimate Holding Company		Fellow Subsidiary	
		2020-2021	2019-2020	2020-2021	2019-2020
1	<b>OUTSTANDINGS :</b> <b>Payable</b> Galaxy Surfactants Ltd Galaxy Chemicals (Egypt) S.A.E.  <b>Receivable</b> Galaxy Surfactants Ltd Galaxy Chemicals Inc.	969,448  203,682	1,258,218  304,687	298,839  5,489	963,077  -

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

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## TRI-K INDUSTRIES INC.

### 36 Capital management

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, customer, creditors and market confidence.

The management and the Board of Directors monitors the return on capital. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

USD		
Particulars	2021	2020
Short term debt	-	-
Long term debt	-	-
Total	-	-
Equity	27,393,979	21,970,509
Long term debt to equity	-	-
Total debt to equity	-	-

USD		
37 Categories of Financial Instruments	2021	2020
<b>A) Financial assets</b>		
a) Measured at amortised cost		
i) Cash and Cash equivalents	7,946,907	1,931,307
ii) Loans	90,798	109,288
iii) Trade Receivable	7,690,400	8,445,839
iv) Other Financial Assets	5,489	10,142
<b>Total Financial Assets</b>	<b>16,733,594</b>	<b>10,496,576</b>
<b>B) Financial liabilities</b>		
a) Measured at amortised cost		
i) Trade Payables	4,800,554	4,065,121
ii) Other Financial Liability	78,904	154,512
iii) Lease Liability	1,885,252	1,676,246
<b>Total Financial liabilities</b>	<b>6,764,710</b>	<b>6,895,879</b>

### 38 Financial Risk Management Framework

The company has reviewed a risk management framework with the board, so as to develop an approach to identify, assess and manage the various risks associated with our business activities in a systematic manner. The framework lays down guiding principles on proactive planning for identifying, analysing and mitigating material risks, both external and internal, and covering operational, financial and strategic risks. After risks have been identified, risk mitigation solutions are determined to bring risk exposure levels in line with risk appetite. The Companies business activities are exposed to a variety of financial risks, namely Credit risk, Liquidity risk, Interest risks and Commodity price risk.

#### A. Market Risk

The Company's size and operations result in it being exposed to the market risks that arise from its use of financial instruments namely Currency risk, Interest risks and Commodity price risk. These risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

##### i) Interest Rate Risk

There are no loan during the year and no outstanding loans in the books of the company, hence no Interest Rate Risk.

##### ii) Commodity Risk

The company is exposed to the price risk associated with purchasing of the raw materials. The company typically do not enter into formal long term arrangements with our vendors. Therefore, fluctuations in the price and availability of raw materials may affect the companies business and results of operations. Management reviews the commodity price risk regularly to avoid material impact on profitability of the company. There are no direct commodity derivatives available to hedge the price risk associated with the major raw material.

#### B. Credit Risk Management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables. The Company's customer base majorly has creditworthy counterparties which limits the credit risk. The companies exposures are continuously monitored and wherever necessary we take advances to minimise the risk.

#### C. Trade Receivables and Advances

The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables/Advances. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. Based on such information the company has evaluated that there is no provision required under expected credit loss model. Further, the company reviews on a periodic basis all receivables/advances having commercial/legal issues which require resolution against which specific provisions are made when found necessary.

Reconciliation of loss allowance for Trade Receivables		
USD		
Particulars	Year Ended 31 March	
	2021	2020
Balance as at beginning of the year	24,707	8,348
Additions during the year	16,778	24,707
Amount of loss reversed / written back	(24,707)	(8,348)
Balance at end of the year	16,778	24,707

39 In respect of other financial assets, the maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial

#### 40 LIQUIDITY RISK

##### (i) Liquidity risk management

Liquidity risk is the risk that we will encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure that we have sufficient liquidity or access to funds to meet our liabilities when they are

##### Maturity profile of financial liabilities

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Particulars	USD				
	Carrying amount in Balance sheet	Less than 1 Year	2nd and 3rd Year	4th and 5th Year	Above 5 years
As at 31st March, 2021					
Trade payables	4,800,554	4,800,554			
Other Financial Liabilities	78,904	78,904			
Lease Liability	1,885,252	233,785	432,082	478,769	740,626
Total	6,764,710	5,113,243	432,082	478,769	740,626
As at 31st March, 2020					
Trade payables	4,865,121	4,865,121			
Other Financial Liabilities	154,512	154,512			
Lease Liability	1,876,248	212,437	488,098	581,693	594,018
Total	6,895,879	5,232,070	488,098	581,693	594,018

#### 41 Sensitivity Analysis

##### Foreign Currency Sensitivity

The company is not exposed to significant foreign currency risks, accordingly changes in exchange rates are unlikely to have a material impact on the profits before tax and pre-tax equity.

##### Interest Rate sensitivity

The company is not exposed to significant interest risks, accordingly changes in interest rates are unlikely to have a material impact on the profits before tax and pre-tax equity.

#### 42 Offsetting of balances

The Company has not offset financial assets and financial liabilities.

#### 43 Subsequent Events

The company has evaluated subsequent events through May 12, 2021, which is the date these financial statements were available to be issued, and has determined that there are no events requiring recognition or disclosure in these financial statements.

For and on behalf of the Board



Uday Kamat  
Director



Shirish Sawale  
Chief Operating Officer

Place: Mumbai  
Date: 12th May, 2021

Place: New Jersey  
Date: 12th May, 2021

