

Company Registration No. 201509751E

Global Car Group Limited and subsidiaries

Annual Financial Statements
31 March 2023



Global Car Group Limited and its subsidiaries

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Global Car Group Limited and its subsidiaries

Directors' statement For the financial year ended 31 March 2023

The directors present their statement to the members together with the audited consolidated financial statements of Global Car Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 March 2023.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date;
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Patrick Lee Hack Ee
Vikram Chopra
Mehul Agrawal
Nael Karim Kassar
Ruchit Agarwal
Daniel Eugene Berce
Shraeyansh Thakur (appointed on 31 October 2023)
Afonso Manuel Leao Da Costa Campos

Arrangements to enable directors to acquire shares and debentures

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

Global Car Group Limited and its Subsidiaries**Directors' statement
For the financial year ended 31 March 2023****Directors' interests in shares and debentures**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, 1967, an interest in shares of the ultimate holding company as stated below:

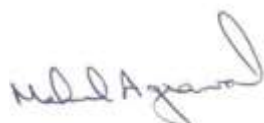
	Held in the name of directors			
	Direct interest		Deemed interest	
	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
<i>Ordinary shares of the Company</i>				
Mehul Agrawal	4,035,357	4,015,357	–	–
Vikram Chopra	4,428,716	4,388,716	–	–
Ruchit Agarwal	242,516	665,379	–	–
<i>Preference shares of the Company</i>				
Nael Karim Kassar	–	–	6,229,000	6,229,000
<i>Share granted under Employee Share Option Plan</i>				
Daniel Eugene Berce	41,248	41,248	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

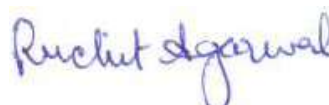
Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:



Mehul Agrawal
Director



Ruchit Agarwal
Director

12 December 2023

Global Car Group Limited and its subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2023

Independent Auditor's Report to the members of Global Car Group Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Global Car Group Limited (formerly known as Global Car Group Pte. Limited) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and Company as at 31 March 2023, the statements of changes in equity of the Group, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Global Car Group Limited and its subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2023

Independent Auditor's Report to the members of Global Car Group Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.

Global Car Group Limited and its subsidiaries

**Independent Auditor's Report
For the financial year ended 31 March 2023**

Independent Auditor's Report to the members of Global Car Group Limited

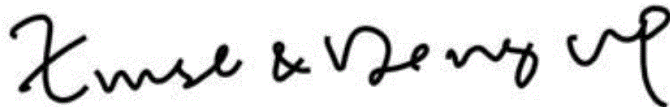
Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
12 December 2023

Global Car Group Limited and its subsidiaries**Consolidated Statement of Comprehensive Income
For the financial year ended 31 March 2023**

	Note	2023 US\$	Group 2022 US\$
Revenue	4	930,345,099	799,059,573
Interest income	5	12,965,812	3,295,278
Other income	5	3,676,503	1,270,333
Total income		946,987,414	803,625,184
Expenses			
Purchase of traded goods	13	(800,490,082)	(926,612,322)
Changes in inventory of traded goods	13	(55,690,070)	129,426,978
Employee benefits expense	6	(93,600,951)	(92,037,157)
Finance costs	7	(17,700,838)	(16,956,388)
Other operating expenses	8	(113,670,100)	(131,027,483)
Depreciation of property, plant and equipment and right-of-use assets	10,24	(10,601,052)	(6,176,509)
Amortisation of intangible assets	11	(1,441,323)	(1,604,344)
Share of profit after tax of associate		(28,015)	45,019
Loss before tax		(146,235,017)	(241,317,022)
Income tax expense	9	(454,011)	(7,211)
Loss for the financial year (a)		(146,689,028)	(241,324,233)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		(61,261)	84,312
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(21,614,427)	(6,847,986)
Other comprehensive loss for the financial year (b)		(21,675,688)	(6,763,674)
Total comprehensive loss for the financial year (a)+(b)		(168,364,716)	(248,087,907)

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

Global Car Group Limited and its subsidiaries

Balance Sheet As at 31 March 2023

	Note	Group		Company	
		2023 US\$	2022 US\$	2023 US\$	2022 US\$
Non-current assets					
Property, plant and equipment	10	11,839,404	17,039,587	–	–
Intangible assets	11	748,487	2,375,770	99,457	102,957,907
Goodwill	28	6,651,873	6,651,873	–	–
Rights-of-use assets	24	18,236,805	21,279,057	–	–
Investment in subsidiaries	12	–	–	653,158,676	592,620,401
Investment in associate	29	1,636,124	1,006,678	1,643,785	986,323
Loans and advances	15	76,741,939	56,589,712	1,346,439	1,275,589
Other receivables	16	6,352,896	1,898,296	–	–
Prepaid operating expense		–	183,938	–	–
Other bank deposits	17	29,949,818	–	–	–
		152,157,346	107,024,911	656,248,357	697,840,220
Current assets					
Inventories	13	149,628,972	205,319,042	–	–
Other financial asset	14	22,223,998	–	–	–
Trade and other receivables	16	42,157,647	44,109,574	44,213,267	16,273,773
Prepaid operating expenses		3,822,723	4,201,382	36,982	41,387
Loans and advances	15	29,077,084	21,148,117	2,004,932	–
Cash and fixed deposits	17	338,716,616	571,374,058	260,136,731	362,420,375
		585,627,040	846,152,173	306,391,912	378,735,535
Current liabilities					
Trade and other payables	18	46,671,616	64,569,854	4,441,861	89,522,242
Loans and borrowings	19	65,074,699	145,557,062	–	–
Defined benefit obligations	20	256,760	131,439	–	–
		112,003,075	210,258,355	4,441,861	89,522,242
Net current assets		473,623,965	635,893,818	301,950,051	289,213,293
Non-current liabilities					
Loans and borrowings	19	97,589,646	48,516,431	–	–
Defined benefit obligations	20	1,227,075	859,543	–	–
Other payables		218,159	–	–	–
		99,034,880	49,375,974	–	–
Net assets		526,746,431	693,542,755	958,198,408	987,053,513
Equity attributable to owners of the Company					
Share capital	21	1,081,153,945	1,081,153,945	1,081,153,945	1,081,153,945
Treasury shares	21	(2,396,382)	–	(2,396,382)	–
Accumulated losses		(532,067,227)	(385,378,199)	(133,086,129)	(102,665,073)
Foreign currency translation reserve		(32,496,371)	(10,881,944)	(2,441)	–
Share-based payment reserve		12,355,008	8,390,234	12,355,008	8,390,234
Remeasurement reserve		23,051	84,312	–	–
General reserve		174,407	174,407	174,407	174,407
Total equity		526,746,431	693,542,755	958,198,408	987,053,513

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

Global Car Group Limited and its subsidiaries

Consolidated statement of changes in equity For the financial year ended 31 March 2023

Group	Share capital (Note 21) US\$	Treasury shares (Note 21) US\$	Accumulated Losses US\$	Foreign currency translation reserve US\$	Share-based payment reserve US\$	Remeasurement Reserve US\$	General reserve US\$	Total equity US\$
At 1 April 2022	1,081,153,945	–	(385,378,199)	(10,881,944)	8,390,234	84,312	174,407	693,542,755
Purchase of treasury shares	–	(2,396,382)	–	–	–	–	–	(2,396,382)
Loss for the financial year	–	–	(146,689,028)	–	–	–	–	(146,689,028)
Other comprehensive loss	–	–	–	(21,614,427)	–	(61,261)	–	(21,675,688)
Total comprehensive loss for the financial year	–	–	(146,689,028)	(21,614,427)	–	(61,261)	–	(168,364,716)
Issuance of employee shares options	–	–	–	–	3,964,774	–	–	3,964,774
Balance as at 31 March 2023	1,081,153,945	(2,396,382)	(532,067,227)	(32,496,371)	12,355,008	23,051	174,407	526,746,431
At 1 April 2021	405,633,087	–	(144,029,302)	(4,033,958)	4,061,470	–	174,407	261,805,704
Issuance of ordinary shares through ESOP (Note 21)	354,429	–	–	–	(354,429)	–	–	–
Issuance of ordinary shares (Note 21)	16,345,990	–	–	–	–	–	–	16,345,990
Issuance of preference shares (Note 21)	670,820,430	–	–	–	–	–	–	670,820,430
Buy-back of ordinary shares (Note 21)	(9,999,999)	–	–	–	–	–	–	(9,999,999)
Buy-back of preference shares (Note 21)	(1,999,992)	–	–	–	–	–	–	(1,999,992)
Loss for the financial year	–	–	(241,324,233)	–	–	–	–	(241,324,233)
Other comprehensive (loss)/income	–	–	–	(6,847,986)	–	84,312	–	(6,763,674)
Total comprehensive (loss)/ income for the financial year	–	–	(241,324,233)	(6,847,986)	–	84,312	–	(248,087,907)
Issuance of employee shares options	–	–	–	–	14,683,175	–	–	14,683,175
Buy-back of employee share-based compensation	–	–	–	–	(9,999,982)	–	–	(9,999,982)
Share issue expense of associate	–	–	(24,664)	–	–	–	–	(24,664)
Balance as at 31 March 2022	1,081,153,945	–	(385,378,199)	(10,881,944)	8,390,234	84,312	174,407	693,542,755

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

Global Car Group Limited and its subsidiaries**Consolidated Cash Flow Statement
For the financial year ended 31 March 2023**

	Group	
	2023	2022
	US\$	US\$
Cash flows from operating activities		
Loss before income tax	(146,235,017)	(241,317,022)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	10,601,052	6,176,509
Amortisation of intangible assets	1,441,323	1,604,344
Impairment of property, plant and equipment	239,012	–
Allowance for doubtful loans and receivables	2,288,109	1,168,482
Fair value gain on financial instruments	(23,996)	–
Adjustment of intangible assets	450,789	2,944
Finance Costs	17,700,838	16,956,388
Interest income	(12,965,812)	(12,194,635)
Defined benefit expense	547,168	592,545
Provision on Inventories (reversed)/created	(8,183,124)	12,271,439
Gain on de-recognition of lease liability	(52,374)	(107,194)
Adjustment on lease liability and ROU asset	(246,685)	–
Profit on sale of property, plant and equipment	(17,649)	–
Profit on sale of mutual funds	(488,255)	–
Loss on sale of property, plant and equipment	–	78,756
Sundry balances written-off	494,754	76,453
Share of net loss/(profit) of associate	28,015	(45,019)
Share-based payment expense	3,964,774	14,683,175
Operating cash flow before working capital changes	(130,457,078)	(200,052,835)
Changes in working capital		
Decrease/(increase) in inventories	63,873,196	(112,208,932)
Decrease/(increase) in trade and other receivables	1,090,789	(28,159,399)
Decrease/(increase) in prepaid operating expenses	562,597	(3,830,718)
Increase in loans and advances	(28,081,194)	(76,669,695)
(Increase)/decrease in trade and other payables	(17,754,497)	30,610,320
Cash used in operations	(110,766,187)	(390,311,259)
Income tax paid	(612,782)	(502,719)
Interest paid	(1,947,995)	(15,154,366)
Interest received	6,657,882	12,535,388
Currency realignment	(38,016,701)	(11,375,218)
Net cash used in operating activities	(144,685,783)	(404,808,174)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,873,504)	(16,116,887)
Purchase of intangible assets	(266,595)	(1,111,573)
Proceeds from sale of property, plant and equipment	1,297,116	160,028
Net cash flow from acquisition of subsidiaries	–	1,258,099
Investment /Acquisition of an associate	(657,462)	(986,323)
Net increase in fixed deposits	(72,325,393)	(170,571,051)
Investment in mutual funds	(165,717,492)	–
Proceeds from redemption of mutual funds	155,823,799	–
Redemption of debentures in licensed bank	–	4,040,671
Investment in other financial assets	(12,069,226)	–
Net cash used in investing activities	(96,788,757)	(183,327,036)

Global Car Group Limited and its subsidiaries**Consolidated Cash Flow Statement
For the financial year ended 31 March 2023**

	Group	
	2023	2022
	US\$	US\$
Cash flows from financing activities		
Proceeds on issuance of preference shares	–	670,820,430
Proceeds on issuance of ordinary shares	–	16,345,990
Payment on cancellation of Employee Stock Option Scheme	–	(9,999,982)
Repayment of principal portion of lease liabilities	(5,825,575)	(3,097,324)
Payment on buy-back of ordinary shares	–	(9,999,999)
Payment on purchase of treasury stock	(2,396,382)	–
Payment on buy-back of preference shares –	–	(1,999,992)
Repayment of borrowings	(205,556,258)	(155,989,269)
Proceed from borrowings	175,068,447	298,352,005
Net cash (used in)/from financing activities	(38,709,768)	804,431,859
Net (decrease)/increase in cash and cash equivalents	(280,184,308)	216,296,649
Effect of exchange rate differences on cash and cash equivalents	5,151,291	1,258,492
Cash and cash equivalents as at beginning of the financial year	317,713,374	100,158,233
Cash and cash equivalents as at end of the financial year (Note 17)	42,680,357	317,713,374

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

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

1. Corporate information

Global Car Group Limited (the “Company”) is a public limited liability company incorporated and domiciled in Singapore.

The registered office and place of business of the Company is located at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542.

The principal activity of the Company is that of investment holding company. The principal activity of the Company’s subsidiaries is disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements are prepared on a going concern basis.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in functional currency of the Group which is United States Dollars (US\$ or USD).

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 *Standards issued but not yet effective*

Description	Effective for annual reporting periods beginning on or after
FRS 117 Insurance Contracts	1 April 2023
Classification of Liabilities as Current or Non-current - Amendments to FRS 1	1 April 2023
Definition of Accounting Estimates - Amendments to FRS 8	1 April 2023
Disclosure of Accounting Policies - Amendments to FRS 1 and FRS Practice Statement 2	1 April 2023
Amendments to FRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 April 2023
Amendments to FRS 116 – Lease Liability in a Sale and Leaseback	1 April 2023
Amendments to FRS 1 – Non-current Liabilities with Covenants	1 April 2023
Amendments to FRS 7 and FRS 107 – Supplier Finance Arrangements	1 April 2023

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Description	Effective for annual reporting periods beginning on or after
Amendments to FRS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 April 2023

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

2.4 *Basis of consolidation and business combination*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

Business combination

Business combinations are accounted for under the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards. Excess of fair value of purchase consideration and the acquisition date non-controlling interest over the acquisition date fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. The accounting policy for goodwill is set out in Note 2.7(b). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency

The consolidated financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

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

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operation are translated into US\$ at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions/average exchange rate for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Furniture and fixtures	-	10 years
Office equipment	-	5 years
Computers	-	3 - 6 years
Leasehold improvements	-	Over lease period or the useful life of asset whichever is lower
Plant & Machinery	-	5 - 8 years
Vehicles	-	5 - 8 years

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.7 *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are capitalised carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds five years, the Group amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

(a) *Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

(a) Research and development costs (cont'd)

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised on a straight-line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the Group's and Company's intangible assets is as below:

Computer software	-	5 years
Internally generated assets	-	3 years
Licenses	-	3 years

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating unit (CGU).

Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that cash-generating unit (or group of cash-generating units) is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of non-financial assets*

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

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

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

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.9 *Subsidiaries and associates*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

Under the equity method of accounting applicable for investments in an associate, investments are initially recorded at the cost to the Group and then, in subsequent periods, the carrying value is adjusted to reflect the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of other comprehensive income of the investee, other changes to the investees net assets and is further adjusted for impairment losses, if any. Dividend received or receivable from associate and joint ventures are recognised as a reduction in carrying amount of the investment.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.9 *Subsidiaries and associates (cont'd)*

The consolidated income statement and consolidated statement of comprehensive income include the Group's share of investee's results, except where the investee is generating losses, share of such losses in excess of the Group's interest in that investee are not recognised. If the Group's share of losses in an associate or joint venture equals or exceeds, its interests in the associate or joint venture, the Group discontinues the recognition of further losses. Accounting policies of equity accounted investees is changed where necessary to ensure consistency with the policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit after tax of associate' in the consolidated statement of comprehensive income.

2.10 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

Amortised cost

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

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023**

2. Summary of significant accounting policies (cont'd)**2.10 Financial instruments (cont'd)****(a) Financial assets (cont'd)****Subsequent measurement (cont'd)**

Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit

or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

De-recognition

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

(b) Financial liabilities**Initial recognition and measurement**

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

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

Subsequent measurement

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets*

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

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

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

The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 *Inventories*

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

- Traded goods: The Group deals in used cars and each unit is separately identifiable and recorded separately at purchase cost.

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

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.14 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes in the form of retirement benefit as defined by the laws of the countries in which it has operations. The Group recognises contribution payable to the recognised provident fund scheme as expenditure, when an employee renders the related services.

(b) *Employee leaves entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

The Group treats accumulated leave expected to be settled within twelve months. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet.

(c) *Defined benefit plans - gratuity*

The Group operates defined benefit plans for its employees. The costs of providing benefit under this plan are determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actual gains and losses for defined benefit plan is recognised in full in the period in which they occur in the statement of profit and loss.

(d) *Employee Shares Options Scheme ("ESOS")*

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted or such ESOS plan is approved. Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share based payment transaction.

2.15 *Revenue*

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

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

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023**

2. Summary of significant accounting policies (cont'd)**2.15 Revenue (cont'd)****(a) Sales of goods**

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

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Sale of Services

Revenue from rendering of services, for instances, car delivery charges and parking fees are recognised when the services have been performed and rendered.

(c) Interest income on loans & advances

Interest income is recognised using the effective interest method.

(d) Other operating revenue

Other operating revenue is recognized on accrual basis.

(e) Other financial services

Other ancillary financial services are recognised when the services have been performed and rendered.

2.16 Taxes**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023**

2. Summary of significant accounting policies (cont'd)**2.16 Taxes (cont'd)****(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiary, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.16 Taxes (cont'd)

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

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

2.17 Leases

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

As lessee

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

Right-of-use assets

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

Premises - 2 - 9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful impairment. The right-of-use assets are also subject to impairment. Refer to Note 2.8.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

As lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.18 Employee share option reserve

Employee share option reserve represents the equity settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options, and is reduced by the exercise of the shares options.

2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

2. Summary of significant accounting policies (cont'd)

2.19 Contingencies (cont'd)

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.20 Treasury Stocks

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

3. Significant accounting judgments and estimates

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of investment in subsidiaries

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the forecasts for the next ten years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023**

3. Significant accounting judgments and estimates (cont'd)**Estimates and assumptions (cont'd)****(b) Provision for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 26.

(c) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Black Scholes Options Pricing Method at the valuation date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.

(d) Defined benefit obligations

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The mortality rate is based on publicly available mortality tables for specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 20.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

3. Significant accounting judgments and estimates (cont'd)

Estimates and assumptions (cont'd)

- (e) Transfer of intellectual property ("IP") licenses and brand between the Company and its subsidiary

During the financial year, due to changes in business strategy, the Company transferred IP licenses and brand to its subsidiary based on fair value as of transfer date and accordingly recorded a loss of US\$41,277,125. The valuation was conducted by independent valuation specialist using discounted cash flow. In deriving the projected cash flows, management has made assumptions regarding the expected future revenue and cash generation of next ten years from the foreign subsidiaries across the geographies (other than India). Other key assumptions applied in the valuation includes discount rates and the expected period of benefits to be generated from the intangible assets.

Management has engaged an independent valuation specialist to assess and ensure all the assumptions including discount rates are comparable, acceptable in accordance with market acceptability.

4. Revenue from contracts with customers

- (a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Group	
	2023	2022
	US\$	US\$
Sale of goods	887,336,438	772,076,115
Sale of services	14,827,978	5,107,743
Other financial services	3,159,643	1,199,544
Interest income on loans and advances	13,774,980	8,899,357
Other operating revenue	11,246,060	11,776,814
Total revenue from contracts with customers	930,345,099	799,059,573
Timing of revenue recognition		
Transferred at a point in time	916,570,119	790,160,216
Transferred at a point over time	13,774,980	8,899,357
Total revenue from contracts with customers	930,345,099	799,059,573

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

5. Other income

	Group	
	2023 US\$	2022 US\$
Interest income on bank deposits	12,664,900	3,257,615
Interest Income on security deposits	44,840	37,663
Interest income on debenture	45,702	–
Interest income on others	210,370	–
Total non-operating interest income	12,965,812	3,295,278
Fair value gain on financial instruments measured at FVTPL	23,996	–
Gain on de-recognition of lease liability	–	107,194
Profit on sale of mutual funds	488,255	–
Profit on sale of property, plant and equipment	17,649	–
Others	3,146,603	1,163,139
Total other income	3,676,503	1,270,333
Total	16,642,315	4,565,611

6. Employee benefit expenses

	Group	
	2023 US\$	2022 US\$
Salaries and bonuses	83,047,557	71,821,577
Contribution to provident and other funds	2,448,824	2,473,015
Defined benefit obligation expense	547,168	592,545
Employee stock option scheme	3,964,774	14,683,175
Other short-term benefits	3,592,628	2,466,845
Total	93,600,951	92,037,157

7. Finance costs

	Group	
	2023 US\$	2022 US\$
Interest on lease liabilities	1,553,200	1,170,413
Interest on borrowings	14,378,381	11,865,648
Other borrowing cost	1,769,257	3,920,327
Total	17,700,838	16,956,388

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****8. Other operating expenses**

	Group	
	2023	2022
	US\$	US\$
Advertisement and sales promotion	43,748,606	54,307,850
Contractual manpower expenses	11,868,026	14,981,642
Short-term lease rentals	8,200,029	8,552,604
IT repair and maintenance	6,857,470	6,375,377
Repair and maintenance - others	1,312,415	924,286
Legal and other professional fees	5,267,946	8,724,788
Customer care expenses	4,453,463	6,303,118
Travelling expenses	4,271,406	3,845,054
Car handling expenses	6,070,915	9,093,736
Power and fuel	2,653,557	2,433,121
Allowance for doubtful loans and advances	2,288,109	1,168,482
Communication costs	1,101,176	1,111,455
Rates and taxes	1,075,853	143,498
Impairment loss/liquidation expense	1,063,233	–
Office expenses	998,277	524,497
Collection charges	896,020	829,415
Recruitment expenses	847,952	3,009,422
Consumables of spares	563,043	–
Assets/balances written off	494,754	–
Bank charges	114,367	269,828
Loss on sale of plant and equipment	–	78,757
Others	9,523,483	8,350,553
Total	113,670,100	131,027,483

9. Income tax expense**(a) Major components of income tax expense**

	2023	2022
	US\$	US\$
Current tax expense	–	7,211
Under provision in respect of previous year	454,011	–
Total income tax expense	454,011	7,211

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

9. Income tax expense

(b) *Relationship between tax expense and accounting loss*

A reconciliation between the tax expense and the product of loss before income tax multiplied by the applicable tax rate for the financial year ended 31 March 2023 and 31 March 2022 are as follow:

	Group	
	2023	2022
	US\$	US\$
Loss before income tax	(146,235,017)	(241,317,022)
Tax effects of:		
Expenses not deductible for tax/disallowed expense	95,494	211,009
Tax effect of different tax rate in other countries*	(8,152,642)	334,623
Deferred tax assets not recognised	32,920,120	40,467,166
Share of profit of after tax of associate	4,763	(7,653)
Actuarial gains recognized in other comprehensive income	(7,782)	25,959
Under provision in respect of previous year	454,011	–
Income tax expense recognised in profit and loss	454,011	7,211

*Tax Rates in different countries

India – 31.2% (2022: 31.2%)

Australia – 30% (2022: 30%)

Turkey – 23% (2022: 23%)

Indonesia – 22% (2022: 22%)

Saudi Arabia – 20% (2022: 20%)

Singapore – 17% (2022: 17%)

At the end of the reporting year, the Group has tax losses of approximately US\$293.0 million (31 March 2023: US\$152.6 million) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability by its subsidiary company.

Out of the total tax losses of US\$ 293.0 million, losses of US\$ 185.0 million can be carried forward for a period of 8 years from the end of the respective financial year in which the losses originated. Similarly, losses of US\$ 31.0 million can be carried forward for a period of 5 years and losses of US\$ 76.0 million (*includes unabsorbed depreciation of US\$ 14.0 million in India*) can be carried forward indefinitely. The use of those tax losses is subjected to the agreement of tax authority and compliance with certain provisions of the tax's legislation.

Global Car Group Limited and its subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2023**

10. Property, plant and equipment

Group	Furniture and fixture US\$	Office equipment US\$	Computers US\$	Leasehold improvements US\$	Plant and Machinery US\$	Motor Vehicles US\$	Capital work-in-progress US\$	Total US\$
Cost								
At 1 April 2021	681,965	1,310,558	1,926,370	693,435	–	–	44,476	4,656,804
Additions due to acquisition	6,330	37,789	60,119	47,117	–	–	–	151,355
Additions	1,647,072	2,549,503	2,868,194	6,131,457	3,906,916	670,161	108,972	17,882,275
Disposal	–	(94,721)	(426,719)	–	–	–	–	(521,440)
Exchange differences	(49,796)	(79,513)	(103,692)	(119,293)	(68,526)	(3,584)	–	(424,404)
At 31 March 2022 and 1 April 2022	2,285,571	3,723,616	4,324,272	6,752,716	3,838,390	666,577	153,448	21,744,590
Additions	84,344	515,710	405,244	1,229,146	182,127	623,545	61,340	3,101,456
Disposals	(135,061)	(353,712)	(700,065)	(600,917)	(48,287)	(404,356)	(153,448)	(2,395,846)
Adjustments	(181,609)	(12,072)	(378,920)	(710,888)	(36,215)	–	–	(1,319,704)
Exchange differences	(135,116)	(242,954)	(247,124)	(396,251)	(298,929)	(47,063)	1,201	(1,366,236)
At 31 March 2023	1,918,129	3,630,588	3,403,407	6,273,806	3,637,086	838,703	62,541	19,764,260

Global Car Group Limited and its subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2023**

10. Property, plant and equipment (cont'd)

Group	Furniture and fixture US\$	Office equipment US\$	Computers US\$	Leasehold improvements US\$	Plant and Machinery US\$	Motor Vehicles US\$	Capital work- in-progress US\$	Total US\$
Accumulated depreciation								
At 1 April 2021	201,060	495,791	1,072,418	285,032	–	–	–	2,054,301
Depreciation charge for the year	164,721	592,044	876,584	1,106,588	252,053	55,585	–	3,047,575
Disposal	–	(44,148)	(238,507)	–	–	–	–	(282,655)
Exchange differences	(9,936)	(26,645)	(45,780)	(27,208)	(4,360)	(290)	–	(114,219)
At 31 March 2022 and 1 April 2022	355,845	1,017,042	1,664,715	1,364,412	247,693	55,295	–	4,705,002
Depreciation charge for the year	454,372	902,472	1,109,450	2,335,000	688,390	157,138	–	5,646,822
Disposal	(45,604)	(144,307)	(382,733)	(465,452)	(6,706)	(71,577)	–	(1,116,379)
Impairment	3,376	38,192	90,675	106,769	–	–	–	239,012
Adjustments	(49,493)	(119,376)	(406,414)	(694,793)	(49,628)	–	–	(1,319,704)
Exchange differences	(26,796)	(68,420)	(73,084)	(27,237)	(30,060)	(4,300)	–	(229,897)
At 31 March 2023	691,700	1,625,603	2,002,609	2,618,699	849,689	136,556	–	7,924,856
Net carrying amount								
At 31 March 2023	1,226,429	2,004,985	1,400,798	3,655,107	2,787,397	702,147	62,541	11,839,404
At 31 March 2022	1,929,726	2,706,576	2,659,558	5,388,304	3,590,697	611,281	153,448	17,039,587

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

11. Intangible assets

Group

	Licenses and Computer software US\$	Internally generated assets US\$	Intangible assets under development US\$	Total US\$
Cost				
At 1 April 2021	210,624	5,621,642	31,229	5,863,495
Additions	372,377	420,703	514,580	1,307,660
Write-off/disposals/capitalisation	(3,122)	–	(196,085)	(199,207)
Exchange differences	(5,855)	(208,144)	–	(213,999)
At 31 March 2022 and 1 April 2022	574,024	5,834,201	349,724	6,757,949
Additions	198,010	68,585	–	266,595
Disposals/capitalisation	6,302	(107,367)	(349,724)	(450,789)
Exchange differences	(14,564)	(458,557)	–	(473,121)
At 31 March 2023	763,772	5,336,862	–	6,100,634
Accumulated amortisation				
At 1 April 2021	80,400	2,829,989	–	2,910,389
Amortisation charge for the financial year	66,207	1,538,137	–	1,604,344
Write-off	(178)	–	–	(178)
Exchange differences	(3,424)	(128,952)	–	(132,376)
At 31 March 2022 and 1 April 2022	143,004	4,239,174	–	4,382,179
Amortisation charge for the financial year	250,941	1,190,382	–	1,441,323
Exchange differences	(9,516)	(461,839)	–	(471,355)
At 31 March 2023	384,430	4,967,717	–	5,352,147
Net carrying amount				
At 31 March 2023	379,342	369,145	–	748,487
At 31 March 2022	431,019	1,595,027	349,724	2,375,770

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****11. Intangible assets (cont'd)****Company**

	Licenses US\$	Internally generated assets US\$	Intangible assets under development US\$	Total US\$
Cost				
At 1 April 2021	68,578	–	42,837	111,415
Additions	112,322,120	539,644	416,778	113,278,542
Write off/disposals/capitalisation	–	–	(196,084)	(196,084)
At 31 March 2022 and 1 April 2022	112,390,698	539,644	263,531	113,193,873
Transfers	138,753	–	(138,753)	–
Disposals (Note A)	(112,386,997)	(539,644)	(124,778)	(113,051,419)
At 31 March 2023	142,454	–	–	142,454
Accumulated amortisation				
At 1 April 2021	1,162	–	–	1,162
Amortisation for the year	10,155,877	78,926	–	10,234,803
At 31 March 2022 and 1 April 2022	10,157,039	78,926	–	10,235,965
Amortisation for the year	28,501,443	179,883	–	28,681,326
Write off and disposals (Note A)	(38,615,485)	(258,809)	–	(38,874,294)
At 31 March 2023	42,997	–	–	42,997
Net carrying amount				
At 31 March 2023	99,457	–	–	99,457
At 31 March 2022	102,233,659	460,718	–	102,694,377

Note A: On 1 January 2023, the Company has sold its IP Licenses and Brand to CARS24 Services Private Limited (wholly owned subsidiary) for an amount of US\$32,900,000 (Valuation done by Register valuer) with net carrying value of US\$74,177,125 and thereby recognised a loss of US\$41,277,125 in the current year. On 1 January 2023, the Company has sold its previously acquired license and internally generated brand with net carrying value of US \$74,177,125 to CARS24 Services Private Limited (wholly owned subsidiary) for an amount of US\$32,900,000. The selling price was determined based on valuation performed by professional registered valuer. The Company thereby recognised a loss of US\$41,277,125 in the current year.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

12. Investment in subsidiaries

	Company	
	2023 US\$	2022 US\$
Investment in equity shares, at cost	673,620,400	592,620,401
Accumulated impairment	(20,461,724)	—
Net investment in subsidiaries	653,158,676	592,620,401

In the current financial year, the Company has recognised provision of impairment of its subsidiaries, namely PT. Global Cars Indonesia (Indonesia) and in Cars24 Arabia Automotive Company (Saudi Arabia) of US\$6,887,616 and US\$13,574,108 respectively. As disclosed in Note 33, subsequent to year end, in May 2023, the Group's Board of directors has approved to close down the business in these subsidiaries.

The subsidiaries as at 31 March 2023 are:

Name of company (Country of incorporation)	Principal activities	Proportion of ownership interest	
		2023 %	2022 %
<u>Held by Company:</u>			
CARS24 Services Private Limited (India) ⁽¹⁾	Trading of used cars and bikes	100	100
Global Cars Aus Pty Ltd. (Australia) ⁽⁴⁾	Trading of used cars	100	100
Global Cars Thai Holding 1 Co. Ltd (Thailand) ⁽¹⁰⁾	Trading of used cars	100	100
Global Cars Thai Holding 2 Co., Ltd. (Thailand) ⁽¹⁰⁾	Trading of used cars	100	100
Global Cars Thai Co., Ltd. (Thailand) ⁽⁹⁾	Trading of used cars	100	100
Cars24 Group (Thailand) Co., Ltd. (Thailand) ⁽⁸⁾⁽¹⁰⁾	Trading of used cars	100	100
Global Cars Holding Limited (United Arab Emirates) ⁽⁶⁾	Holding company	100	100
Global Car Group Turkey Automotive Joint-Stock Company (Turkey) ⁽⁵⁾⁽⁸⁾	Trading of used cars	100	100
PT. Global Cars Indonesia (Indonesia) ⁽⁸⁾⁽¹⁰⁾	Trading of used cars	100	100
Global Cars Aus Holdings Pty Ltd. (Australia) ⁽⁴⁾⁽⁸⁾	Holding Company	100	100

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

12. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal Activities	Proportion of ownership interest	
		2023 %	2022 %
<u>Held by Company:</u>			
Cars24 Arabia Automotive Company (Saudi Arabia) ⁽²⁾⁽⁸⁾	Trading of automobiles	100	100
<u>Held through subsidiaries:</u>			
CARS24 Financial Services Private Limited (India) ⁽³⁾⁽⁹⁾	Providing loans and advances to used car dealers and consumers	100	100
Global Car Auto General Repairing One Person Company LLC (<i>erstwhile Global Car Surveying & Evaluating Services LLC</i>) (United Arab Emirates) ⁽⁶⁾	Business of surveying and appraisal services	100	100
Global Cars Trading FZ LLC (United Arab Emirates) ⁽⁶⁾⁽⁷⁾	Trading of used cars	100	100
Global Access Cars Automobile Trading LLC ('LLC2') (United Arab Emirates) (Note 27) ⁽⁶⁾	Trading of used cars	100	100
Global Cars Aus Financing Pty Ltd. (Australia) ⁽⁸⁾	Financing entity	100	100
Global Cars Aus Credit Pty Ltd. (Australia) ⁽⁸⁾	Providing loans and advances to used car dealers and consumers	100	100

⁽¹⁾ Audited by S. R. Batliboi & Associates LLP in India.

⁽²⁾ Audited by Pioneer Accountants in Kingdom of Saudi Arabia.

⁽³⁾ Audited by S S Kothari Mehta & Company in India.

⁽⁴⁾ Audited by KPMG in Australia.

⁽⁵⁾ Not required to be audited by the law in the country of incorporation (Turkey).

⁽⁶⁾ Audited by PKF consultants in United Arab Emirates.

⁽⁷⁾ Shareholding transferred from Company to a subsidiary of the Company at cost during FY21-22.

⁽⁸⁾ Incorporated during the year ended 31 March 2022.

⁽⁹⁾ Audited by Phattarakij Auditing Office Co., Ltd. in Thailand.

⁽¹⁰⁾ Audited by Umaryadi, Ak, CPA., CLI in Indonesia.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****13. Inventories**

	2023	Group	2022
	US\$		US\$
Balance sheet:			
Traded goods - used cars	149,628,972		205,319,042
Statement of comprehensive income:			
Purchase of traded goods as an expense	800,490,082		926,612,322
Changes in inventory of traded goods:			
Opening inventory	205,319,042		75,892,064
Closing inventory	149,628,972		205,319,042
	55,690,070		(129,426,978)
Inclusive of the following:			
- Inventories written back/written-down	(8,183,124)		12,271,439

14. Other financial asset

	2023	Group	2022
	US\$		US\$
Current:			
Investment in mutual funds	10,154,772		-
Investment in other financial asset*	12,069,226		-
	22,223,998		-

* This investment pertains to placement of term deposits held as security for loan and borrowings of Australian subsidiary of the group.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****15. Loans and advances**

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Current:				
Secured	13,293,556	7,479,124	–	–
Unsecured	4,351,361	10,231,961	2,004,932	–
FLDG receivables	11,819,062	4,605,514	–	–
Less: Provision for doubtful loans and advances	(386,895)	(1,168,482)	–	–
	29,077,084	21,148,117	2,004,932	–
Non-current:				
Secured	35,308,835	41,471,610	–	–
Less: provision for doubtful debts and advances	(1,020,851)	–	–	–
Unsecured	–	–	1,346,439	1,275,589
FLDG receivables	42,453,955	15,118,102	–	–
	76,741,939	56,589,712	1,346,439	1,275,589
Total loans and advances	105,819,023	77,737,829	3,351,371	1,275,589

The table below shows the movement of provision for doubtful loans and advances:

	Group	
	2023 US\$	2022 US\$
Opening balance	1,168,482	–
Charge during the year	2,288,109	1,168,482
Released/collected during the year	(2,048,845)	–
Closing balance	1,407,746	1,168,482

First Loss Default Guarantee (FLDG) receivables

The amount represents loans covered by service provider agreements executed with banks which require the Group to place mutually agreed cash collateral with banks and be liable for repayment of customer dues to banks considering the fact that the risk and rewards on such loans remains with the Group.

Loans and advances denominated in foreign currencies are as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Indian Rupee	105,798,376	77,737,829	–	–
Thai Baht	39,263	–	–	–

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

16. Trade and other receivables

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Trade receivables and other receivables (current)				
Trade receivables	8,815,618	6,201,473	–	–
Amounts due from subsidiaries and related companies	6,300,742	2,433,177	39,514,439	16,169,850
Other receivables:				
- Security deposits	2,517,434	3,570,438	852	852
- Interest receivables	6,376,703	781,808	4,604,767	–
- Advance to supplier/dealers	1,454,338	2,636,016	–	70,821
- GST input tax credit	10,911,813	16,324,691	–	–
- Others receivables	5,780,999	12,161,971	93,209	32,250
Total trade and other receivables (current)	42,157,647	44,109,574	44,213,267	16,273,773
Fixed deposits pledged	3,581,128	1,976	–	–
Security deposits	1,017,890	916,482	–	–
Interest accrued on fixed deposits with banks	714,279	1,244	–	–
GST input tax credit	9,735	17,126	–	–
Tax recoverable	1,024,061	865,290	–	–
Capital advances	5,803	96,178	–	–
Total other receivables (non-current)	6,352,896	1,898,296	–	–
Total trade and other receivables (current and non-current)	48,510,543	46,007,870	44,213,267	16,273,773
Less:				
GST input tax credit	(10,921,548)	(16,341,817)	–	–
Tax recoverable	(1,024,061)	(865,290)	–	–
Advances	(1,460,141)	(2,732,194)	–	(70,821)
Add:				
Cash and fixed deposits (Note 17)	338,716,616	571,374,058	260,136,731	362,420,375
Investment in other financial asset (Note 14)	12,069,226	–	–	–
Loans and advances (Note 15)	105,819,023	77,737,829	3,351,371	1,275,589
Financial assets at amortised costs	491,709,658	675,180,456	307,701,369	379,898,916

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

16. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are generally repayable within 30 to 180 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries and related companies

Amounts due from subsidiaries and related companies are unsecured, non-interest bearing and repayable upon demand.

Other receivables

Other receivables are unsecured, non-interest bearing and to be settled in cash.

At the end of reporting period, trade and other receivables denominated in foreign currencies are as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Thai Baht	7,200,969	1,338,297	–	–
Australians Dollars	1,114,329	3,138,156	–	–
United Arab Emirates Dirham	3,599,774	7,214,733	–	–
Indian Rupee	26,344,433	12,146,863	–	–
Indonesian Rupiah	353,868	124,814	–	–
Saudi Riyal	5,100,759	2,047,992	–	–

17. Cash and fixed deposits

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Cash at banks and on hand	42,680,357	317,713,374	3,414,269	224,618,071
Short-term fixed deposits	296,036,259	253,660,684	256,722,462	137,802,304
Cash and fixed deposits	338,716,616	571,374,058	260,136,731	362,420,375
Less: Short-term fixed deposits	(296,036,259)	(253,660,684)	(256,722,462)	(137,802,304)
Total cash and cash equivalents for the purpose of cash flow statement	42,680,357	317,713,374	3,414,269	224,618,071
Other bank deposits	29,949,818	–	–	–

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

17. Cash and fixed deposits (cont'd)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between three and twelve months, depending on the immediate cash requirements of the Group, and earns interest at floating rate based on bank deposit rates varying from 0.25% to 8% per annum (2022: 0.14% to 8% per annum).

There are long-term deposits amounting to US\$29.9 million (March 22: Nil). Long-term deposits were made for varying periods of between thirteen and fourteen months and earned interest at 7.00% per annum.

At the end of reporting period, cash and fixed deposits denominated in foreign currencies are as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Singapore Dollar	53,136	52,975	53,136	52,975
Australian Dollar	17,567,726	39,567,007	8,639,555	6,667,179
United Arab Emirates Dirham	3,271,645	10,634,817	3,868	–
Thai Baht	680,113	7,410,050	–	–
Indian Rupee	91,649,103	145,697,546	–	–
Turkish Lira	1,304	1,706	–	–
Indonesian Rupiah	3,114,103	4,072,154	–	–
Saudi Riyal	889,133	7,464,811	–	–

18. Trade and other payables (Current and non-current)

Current	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Trade payables	21,967,465	38,509,237	527,203	965,287
Amounts due to subsidiaries and related companies	194,693	902,397	3,914,659	88,550,396
Other payables:				
Advances from dealers	5,173,521	7,331,777	–	–
Deposits from dealers	6,518,247	6,947,710	–	–
Accrual for unutilised leave	311,865	1,051,624	–	–
Accrued operating expenses	4,796,928	3,662,357	–	–
Accrued Interest	35,146	213,883	–	–
Others	7,673,751	5,950,869	–	6,559
Total trade and other payables	46,671,616	64,569,854	4,441,862	89,522,242
Less: Advance from dealers	(5,173,521)	(7,331,777)	–	–
Add: Other payables	218,159	–	–	–
Add: Loan and borrowings (Note 19)	162,664,345	194,073,493	–	–
Total financial liabilities at amortised cost	204,380,599	251,311,570	4,441,862	89,522,242

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****18. Trade and other payables (Current and non-current) (cont'd)**

Deposits from dealers are deposits placed by dealers to register and participate in the bidding process for the sale of cars.

At the end of reporting period, trade and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Singapore Dollar	525,713	142,720	48,744	191,470
Indian Rupee	27,476,377	39,082,030	941,922	6,712,220
Thai Baht	2,363,105	2,346,536	–	–
United Arab Emirates Dirham	6,273,657	7,894,374	–	545
Australian Dollar	5,506,282	5,467,615	–	–
Indonesian Rupiah	1,711,482	259,343	–	2,003
Saudi Riyal	2,852,230	1,216,662	–	–

19. Loans and borrowings

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Current:				
Lease liabilities (Note 24)	4,903,262	4,502,959	–	–
Non-convertible debentures	7,154,956	9,742,825	–	–
Term loans from banks and financial institutions	10,329,860	85,949,548	–	–
Term loans from others	11,817,981	4,605,776	–	–
Working capital demand loan	21,294,512	30,938,492	–	–
Borrowing against securitised assets	9,574,128	9,817,462	–	–
	65,074,699	145,557,062	–	–
Non-current:				
Lease liabilities (Note 24)	14,433,566	17,516,724	–	–
Non-convertible debentures	1,297,444	9,148,816	–	–
Term loans from bank and financial institutions	21,244,421	6,705,016	–	–
Borrowing against securitised assets	18,029,759	–	–	–
Term loans from others	42,584,456	15,145,875	–	–
	97,589,646	48,516,431	–	–
Total loans and borrowings	162,664,345	194,073,493	–	–

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

19. Loans and borrowings (cont'd)

Non-convertible debentures

India

Non-convertible debentures are secured over the entire fixed assets, current assets and intangible assets of a subsidiary and are having tenure up to 36 months from the date of disbursement (2022: 36 months). These debentures bear an effective interest rate of 14.25% (2022: 14.25%) per annum and payable on a monthly basis.

In the previous financial year, the current non-convertible debentures included debentures of US\$39,521 having a second charge over the entire fixed and current asset and rank pari passu charge over the intangible asset of a subsidiary. These debentures carry interest rate of 13.75% per annum and are repayable after 120 days from the date of disbursement. There is no current non-convertible debentures in India subsidiary for the current financial year.

Term loans from banks and financial institutions

Country	Carrying Value	Interest Rate	Terms of Repayment	Due Dates
India	\$5.5 million	10-70% - 13.5%	Up to 24 months	Multiple dates, in which majority with expiry of 90 days
Australia	\$20.0 million	8.86%- 12.10%	Up to 60 months	Monthly
UAE	\$6.0 million	3 months EIBOR + 3.5%	On expiry of 6 months	On expiry of 6 months

India

These borrowings have first pari pasu charge on all the movable fixed assets and current assets (except cash and cash equivalent).

Term loans from Banks and Financial Institutions of subsidiary are secured by exclusive charges on receivables under loan contracts and corporate guarantee given by wholly owned subsidiary of the Company.

Australia

The secured loan facility is secured over inventory with a carrying amount of \$20.9 million (31 March 2022: \$45.0 million). The facility drawn at 31 March 2023 is \$20.0mil (31 March 2022: \$37.5 million), where total facility amounts to \$20.0 million (31 March 22: \$75.0 million) as well. The maturity date of the facility is October 2024. As the facility is subject to quarterly review at which time the bank may change the terms and conditions of the loan, the loan has been presented as a current liability despite the maturity date noted above.

The facility is subject to loan covenants. The covenants are monitored on a regular basis and reported to management to ensure compliance with the agreement.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

19. Loans and borrowings (cont'd)

United Arab Emirates

Bank facilities and loans are secured by:

- First pari pasu charge on vehicles fleet insurance policy for an amount of AED 125 million.
- Corporate guarantee of Company
- Corporate guarantee of M/s Global Cars Holding Limited.

The bank facilities and loans are subject to maintenance of gearing ratio not exceeding 1.25:1. As at the reporting date, the covenant has been duly complied with.

Loan from others

It is secured by way of charge on designated loan contracts and exclusive charges on bank deposits held as margin money

Country	Carrying Value	Interest Rate	Terms of Repayment	Due Dates
India	\$54.40 million	9.25% - 12.75%	More than 5 years	Multiple dates less than 1 year to more than 5 years

Working capital demand loan

India

** Working capital demand loan and Bank Overdraft have first pari pasu charge on all the movable fixed assets and current assets (except cash and cash equivalent) and carries interest rate of 8.10% to 11.00% (March 31, 2022 - 8.1% to 11%). The loans are having tenure of 45 days to 90 days from the date of disbursement.

Borrowings against securitised assets

Liability against securitised assets US\$27.59 million (31 March 2022: US\$9.8 million), represents funds received against the securitization of 'loans and advances' pool of a subsidiary of the Group.

Loan Covenants

India

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the subsidiary meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The subsidiary has also satisfied all other debt covenants prescribed in the terms of bank loan.

Undrawn borrowing commitments

As at 31 March 2023, the Group had available US\$32.3 million (31 March 2022: US\$69.7 million) of undrawn borrowing facilities.

Global Car Group Limited and its subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2023**

19. Loans and borrowings (cont'd)

	1 April 2022	Cash flows	De- recognition	Interest	Foreign	31 March 2023
	US\$	US\$	US\$	US\$	US\$	US\$
Lease liabilities (Note 24)	22,019,683	(2,240,384)	(990,465)	1,553,200	(1,005,206)	19,336,828
Non-convertible debentures	18,891,641	(10,601,113)	–	813,692	(651,820)	8,452,400
Term loans from banks and financial institutions	92,654,564	(61,232,347)	–	5,981,682	(5,829,618)	31,574,281
Loan from others	19,751,651	33,744,417	–	3,190,465	(2,284,096)	54,402,437
Other loans and borrowings from banks	30,938,492	(9,264,607)	–	2,281,681	(2,661,054)	21,294,512
Borrowings against securitised assets	9,817,462	16,865,839	–	2,110,861	(1,190,275)	27,603,887
Total loans and borrowings	194,073,493	(32,728,195)	(990,465)	15,931,581	(13,622,069)	162,664,345

Global Car Group Limited and its subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2023**

19. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from Group's financing activities is as follows:

	1 April 2021		Cash flows					Non-cash changes		31 March 2022
	US\$	US\$	Additions US\$	Addition due to acquisition US\$	Conversion of loan to equity US\$	De- recognition US\$	Interest expenses US\$	Foreign exchange movements US\$	US\$	
Lease liabilities (Note 24)	372,446	(3,097,324)	23,983,069	–	–	(182,417)	1,170,413	(226,504)	22,019,683	
Non-convertible debentures	2,868,852	16,069,224	–	–	–	–	349,287	(395,722)	18,891,641	
Term loans from banks and financial institutions	13,185,529	79,325,035	–	35,788,379	(34,206,918)	–	68,533	(1,505,994)	92,654,564	
Loan from others	4,662,460	15,533,199	–	–	–	–	–	(444,008)	19,751,651	
Other loans and borrowings from banks	10,269,399	21,439,302	–	–	–	–	–	(770,209)	30,938,492	
Borrowings against securitised assets	–	9,995,976	–	–	–	–	–	(178,514)	9,817,462	
Total loans and borrowings	31,358,686	139,265,412	23,983,069	35,788,379	(34,206,918)	(182,417)	1,588,233	(3,520,951)	194,073,493	

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****19. Loans and borrowings (cont'd)**

Loans and borrowings denominated in foreign currencies are as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Indian Rupee	125,874,476	128,230,164	–	–
Australian Dollar	23,009,332	39,408,700	–	–
United Arab Emirates Dirham	13,364,636	26,434,629	–	–
Thai Baht	434,518	–	–	–

20. Defined benefit obligations

	Group	
	2023 US\$	2022 US\$
As at 1 April	990,982	533,374
Current service cost	567,538	601,609
Interest cost	52,906	33,532
Actuarial gains on obligation	61,261	(84,312)
Past service cost	27,434	4,359
Benefit paid	(149,211)	(71,089)
Exchange differences	(67,075)	(26,491)
	1,483,835	990,982
Current	256,760	131,439
Non-Current	1,227,075	859,543
Total	1,483,835	990,982

India

The Gratuity plan is governed by the payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

UAE

The Group's subsidiaries in UAE operate an approved unfunded employees' end of service benefits ("EOSB") for its employees as required by the UAE Labour Law.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****20. Defined benefit obligations (cont'd)**

The principal assumptions used in determining the defined benefit obligations for India and UAE plans are shown below:

	India		UAE	
	2023	2022	2023	2022
Actuarial assumptions:				
Discount rate	7.27%	6.13%	3.50%	1.75%
Employee turnover	43%	46.00%	17.93%/33.84%	8.89%/18.04%
Salary escalation rate	7.50%	8.50%	2.00%	2.00%
	IALM (2012-14) IALM (2012-14)			
Mortality table	Ult*	Ult*	–	–
Average remaining working lives of the employees (in years)	30.57	29.87	26.83	27.43
Normal retirement age (in years)	60	60	60	60

*Indian Assured Lives Mortality issued by the Institute of Actuaries of India.

The following payments are expected contributions to the defined benefit plan in future years:

	India		UAE	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Expected benefits for year 1	184,958	135,688	78,305	14,469
Expected benefits for year 2 to 5	1,349,464	1,038,082	154,412	66,201
Expected benefits for year 6 and above	1,448,027	1,547,902	32,307	40,483
Total	2,982,449	2,721,672	265,024	121,153

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****20. Defined benefit obligations (cont'd)**

A quantitative sensitivity analysis for significant assumptions is as shown below:

	India		UAE	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Discount rate + 100 basis points	(32,422)	(26,826)	(7,571)	(6,616)
Discount rate - 100 basis points	32,422	29,509	7,856	7,020
Salary escalation Rate + 100 basis points	33,669	29,509	7,934	6,966
Salary escalation Rate - 100 basis points	(33,669)	(26,826)	(7,711)	(6,636)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The average duration of the defined benefit plan obligation at the end of the reporting period is:

	India		UAE	
	2023	2022	2023	2022
Years	5.49	4.67	5.01/2.43	4.88/9.59

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

21. Share capital

	Group and Company			
	2023		2022	
	Number of shares	US\$	Number of shares	US\$
Ordinary share issued and fully paid:				
Balance at 1 April	13,738,326	14,713,389	11,113,209	8,012,969
Issuance of ordinary shares	–	–	624,303	16,345,990
Buyback of ordinary shares	–	–	(386,442)	(9,999,999)
Issuance of ordinary shares through ESOP	–	–	46,200	354,429
Issuance of ordinary shares through conversion of bonus compulsory convertible preference shares**	653,905	–	2,341,056	–
Balance at 31 March	14,392,231*	14,713,389	13,738,326	14,713,389
Preferences share issued and fully paid:				
Balance at 1 April	62,496,378	1,066,440,556	41,067,641	397,620,118
Issuance of preference shares	–	–	21,444,838	670,820,430
Issuance of bonus compulsory convertible preference shares	–	–	2,222,644	–
Conversion of preference shares to ordinary shares**	(93,415)	–	(2,129,229)	–
Buyback of preference shares	–	–	(109,516)	(1,999,992)
Balance at 31 March	62,402,963	1,066,440,556	62,496,378	1,066,440,556
Total share capital	76,795,194	1,081,153,945	76,234,704	1,081,153,945

* The number of ordinary shares includes number of issued treasury shares that are held by the Company. During the financial year, 60,000 units of treasury shares amounting to US\$ 2,396,382 (2021: Nil) were acquired by the Company.

** During the financial year, 93,415 units (2022: 2,129,229 units) of preference shares are converted into ordinary equity shares in accordance with the conversion terms approved by the Board of directors of the Company, resulting in the issuance of 635,905 units (2022: 2,341,056 units) of ordinary shares.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Preferences shares (non-redeemable and non-cancellable)

Except for liquidation preference, the holder of preferences shares is entitled to the same rights attached to each ordinary share. Holders of preferences share are entitled to preferential distribution over the ordinary shareholders.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

22. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Employee share-based payment reserve

Employee Share Option Plan "GCG Share Option Plan"

The Group provides share-based payment schemes to the employees of subsidiary companies (Company's direct and indirect subsidiaries) and associate as approved in GCG Share Option Plan. During the year ended 31 March 2023, an Employee Stock Option Plan ("ESOP") was in existence. The relevant details of the scheme and the grant are as below:

On 3 July 2018, the board of directors approved the GCG Share Option Plan for issue of stock options to the selected employees of the Company, its subsidiary subject to the satisfaction of prescribed vesting conditions as per scheme. The contractual life comprises the vesting period of 0-4 years and the exercise period as per the GCG Share Option Plan.

The other relevant terms of the grant are as below:

Vesting period	0 – 4 years
Exercise period	As per GCG Share Option Plan
Exercise price	NIL
Method of settlement (cash/equity)	Equity

The fair value of the grants has been determined bases on the current fair value of the equity share of the Company as of the grant date since the exercise price is Nil.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

23. Employee share-based payment reserve (cont'd)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

(Number of share options)	2023	2022
Outstanding as at 1 st April	1,899,029	1,106,408
- Granted	333,106	1,307,883
- Forfeited	(540,498)	(218,688)
- Exercised	–	(46,200)
- Buy-back	–	–
- Surrendered	–	(250,374)
Outstanding as at 31 st March	1,691,637	1,899,029
Vested as at 31 st March	1,953,105	501,519

The following tables list the inputs to the models used for GCG Share Option Plan for the years ended 31 March 2023 and 31 March 2022 respectively:

(Number of share options)	2023	2022
Expected Volatility (%)	55%	73% - 77%
Risk free interest rate (%)	2.93% - 4.21%	0.59% - 2.45%
Expected life of Share Options	2.53 – 2.83	3.02 – 3.27
Model Used	Black Scholes Options Pricing Model	Black Scholes Options Pricing Model

The weighted average fair value of options granted during the year was US\$20.25 (31 March 2022: US\$16.39).

The weighted average fair value of options exercised during the year was US\$ Nil (31 March 2022: US\$14.65)

Fair value of share options granted

The fair value of the share options granted under the **GCG Share Option Plan** is estimated at the grant date. The fair value has been determined using the Black Scholes Options Pricing Method at the respective valuation dates.

The expected life of the share options is based on the estimated occurrence of a liquidity event. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

24. Leases

As a lessee

The Group has lease contracts for premises.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Premises	Group US\$
At 1 April 2021	360,455
Additions	24,531,266
Depreciation	(3,128,934)
De-recognition of right-of-use assets	(75,223)
Exchange differences	(408,507)
	<hr/>
At 31 March 2022 and 1 April 2022	21,279,057
Additions	3,846,361
Depreciation	(4,954,230)
De-recognition of right-of-use assets	(954,298)
Effect of discounting	1,723
Exchange differences	(981,808)
	<hr/>
At 31 March 2023	18,236,805

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group US\$
At 1 April 2021	372,446
Additions	23,983,069
Accretion of interest (Note 7)	1,170,413
Payments	(3,097,324)
De-recognition	(182,417)
Exchange differences	(226,504)
	<hr/>
At 31 March 2022 and 1 April 2022	22,019,683
Additions	3,585,191
Accretion of interest (Note 7)	1,553,200
Payments	(5,825,575)
De-recognition	(1,069,371)
Modifications	78,906
Exchange differences	(1,005,206)
	<hr/>
At 31 March 2023	19,336,828

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****24. Leases (cont'd)****As a lessee (cont'd)**

Lease liabilities	2023 US\$	2022 US\$
Current	4,903,262	4,502,959
Non-current	14,433,566	17,516,724
Total lease liabilities	19,336,828	22,019,683

Maturity profile of Lease liabilities (undiscounted):

Group	2023 US\$	2022 US\$
Less than one year	6,080,266	5,521,595
One to five year	15,724,057	19,676,019
More than five year	299,340	1,431,974
Total lease liabilities undiscounted	22,103,663	26,629,588

The following are the amounts recognised in profit or loss:

Group	2023 US\$	2022 US\$
Depreciation expense of right-of-use assets	4,954,230	3,128,934
Interest expense on lease liabilities (Note 7)	1,553,200	1,170,413
Gain on de-recognition of leased premises	(52,374)	(107,194)
<i>Lease expense not capitalised in lease liabilities:</i>		
Expense relating to short-term leases (included in other operating expenses) (Note 8)	8,200,029	8,552,604
Total amount recognised in profit or loss	14,655,085	12,744,757

Short term lease / lease of low value assets-

The Group also has lease contracts for premises, stores, parking areas with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

25. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

Company

Purchases of services

	2023 US\$	2022 US\$
Director of the Company - ESOP recharge	–	2,948,245
Subsidiaries - ESOP recharge	3,964,774	14,683,175
	<u>3,964,774</u>	<u>14,683,175</u>

Group

Compensation of key management personnel

	2023 US\$	2022 US\$
Salaries and wages	353,344	372,842
Share based payment transaction	–	2,948,245
	<u>353,344</u>	<u>3,321,087</u>
<i>Comprise of amounts paid to:</i> Directors of the Company	353,344	3,321,087
	<u>353,344</u>	<u>3,321,087</u>

Transactions during the year with associate (Note 29):

	2023 US\$	2022 US\$
Investment in equity share capital	657,462	986,323
Cross charge income	148,501	28,985
Revenue from operations	205,941,952	13,049,427
Support service income	7,437,104	545,906
Support service expense	476,204	5,365
Other payables	556,162	–
	<u>668,566</u>	<u>14,615,906</u>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

25. Related party transactions

Group (cont'd)

Balances with Associate (Note 29):

	2023	2022
	US\$	US\$
Investment in equity share capital	1,643,785	986,323
Trade and other receivables	6,300,742	2,433,177
Trade and other payables	2,028,454	902,397

26. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency, interest rate risk, liquidity risks and credit risk. The board of directors of the subsidiary and representatives of the corporate shareholders review and agree policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current period, the Group's policy that no derivatives shall be undertaken.

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their cash and fixed deposits and floating rates borrowings based on BBSY.

(b) Foreign currency risk

The Group has investments in foreign subsidiaries, where net assets are exposed to currency translation risk. There was significant change in the exchange rate of INR and AUD in the current year as compared to previous year, due to which the group has recorded foreign currency translation reserve in other comprehensive income amounting to USD 32,496,371. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, primarily Indian Rupee (INR), United States Dollar (USD), Australian Dollar (AUD) and Thai Bhat (THB), therefore is exposed to foreign exchange risk. The Group also has transactions in United Arab Emirates Dirham (AED), however the Group is not exposed to any foreign currency risk with respect to AED, as AED is pegged to the US Dollar (USD).

The Group's trade receivables and trade payable balances at the balance sheet date have similar exposures.

The Group and Company do not expect the foreign currency risks to be material.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****26. Financial risk management objectives and policies****(c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operation and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments:

Group	One year or less US\$	One year to five years US\$	More than five years US\$	Total US\$
2023				
Financial assets:				
Trade and other receivables	42,157,647	6,352,896	–	48,510,543
Investment in mutual funds	10,154,772	–	–	10,154,772
Loans and advances	29,077,084	76,760,555	–	105,837,639
Cash and cash equivalents	338,716,616	–	–	338,716,616
Investment in other financial asset	12,069,226	–	–	12,069,226
Total undiscounted financial assets	432,175,345	83,113,451	–	515,288,796
Financial liabilities:				
Trade and other payables	46,671,618	118,509	–	46,790,127
Loan and borrowings	85,252,347	94,923,786	3,857,349	184,033,482
Total undiscounted financial liabilities	131,923,965	95,042,295	3,857,349	230,823,609
Total net	300,251,382	(11,928,846)	(3,857,349)	284,465,187

Global Car Group Limited and its subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2023**

26. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Group	One year or less US\$	One year to five years US\$	More than five years US\$	Total US\$
2022				
Financial assets:				
Trade and other receivables	25,148,867	919,702	–	26,068,569
Loans and advances	21,148,118	56,589,712	–	77,737,830
Cash and cash equivalents	571,374,057	–	–	571,374,057
Total undiscounted financial assets	617,671,042	57,509,414	–	675,180,456
Financial liabilities:				
Trade and other payables	57,238,277	–	–	57,238,277
Loan and borrowings	145,557,062	51,694,362	1,431,974	198,683,398
Total undiscounted financial liabilities	202,795,339	51,694,362	1,431,974	255,921,675
Total net	415,875,703	5,815,052	(1,431,974)	419,458,781

Company	One year or less US\$	One year to five years US\$	Total US\$
2023			
Financial assets:			
Trade and other receivables	44,213,267	–	44,213,267
Cash and cash equivalents	260,136,731	–	260,136,731
Loans and advances	2,004,932	1,346,439	3,351,371
Total undiscounted financial assets	306,354,930	1,346,439	307,701,369
Financial liabilities:			
Trade and other payables	4,441,861	–	4,441,861
Total undiscounted financial liabilities	4,441,861	–	4,441,861
Total net undiscounted	301,913,069	1,346,439	303,259,508

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

26. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Company	One year or less US\$	One year to five years US\$	Total US\$
2022			
Financial assets:			
Trade and other receivables	16,273,773	–	16,273,773
Cash and cash equivalents	362,420,375	–	362,420,375
Loans and advances	–	1,275,589	1,275,589
Total undiscounted financial assets	378,694,148	1,275,589	379,969,737
Financial liabilities:			
Trade and other payables	89,522,242	–	89,522,242
Total undiscounted financial liabilities	89,522,242	–	89,522,242
Total net undiscounted	289,171,906	1,275,589	290,447,495

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks, financial institutions and other parties, and other financial instruments.

The Group adopts a prudent criterion in its policy, where the main objectives of which are to reduce the credit risk associated with products and the counterparty risk associated with financial institutions. The Group considers the solvency, liquidity, asset quality and management prudence of the counter parties, as well as the performance potential for the counter parties in stressed conditions. In relation to credit risk arising from commercial transactions, impairment losses are recognized for trade receivables when objective evidence exists that the Group will be unable to recover all the outstanding amounts in accordance with the original contractual conditions of the receivables.

The Group does not consider significant credit risk on account of trade receivables, since the Group has made substantial recovery from the dealers.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023**

26. Financial risk management objectives and policies (cont'd)**(d) Credit risk (cont'd)**

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

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

Expected Credit Loss ("ECL") model:

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments (cumulatively referred as 'financial instruments').

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The Group considers an exposure to have significantly increased in credit risk when contractual payments are more than 1 days past due.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Group classifies its loans into Stage 1, Stage 2, and Stage 3, as described below:

- **Stage 1 ECL:**

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to Exposure at Default ("EAD") and multiplied by the expected Loss Given Default ("LGD").

- **Stage 2 ECL:**

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are like those explained above, but Probability of Default ("PD") are estimated over the lifetime of the instrument.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023**

26. Financial risk management objectives and policies (cont'd)**(d) Credit risk (cont'd)**

Expected Credit Loss ("ECL") model: (cont'd)

- **Stage 3 ECL:**

For loans considered as credit-impaired, the group recognizes the lifetime expected credit losses for these loans. The method is like that for Stage 2 assets, with the PD set at 100%.

FRS 109 does not specifically prescribe any methodology for computing ECL. However, entities are required to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Group uses three main components to measure ECL. These are EAD, PD and LGD.

- The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously de-recognized and is still in the portfolio. The PD for stage 3 contracts is considered at 100%. Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.
- The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.
- LGD is an estimated of the loss arising in the case where a default occurs at a given time. It is based on difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

26. Financial risk management objectives and policies (cont'd)

(d) Credit risk (cont'd)

Following tables provide an overview of the gross carrying amount and credit loss allowance broken down into stages:

<i>figures in US\$</i>	Gross carrying amount					
	31 March 2023			31 March 2022		
Stage	1	2	3	1	2	3
As at 1 April	77,418,810	1,048,622	1,119,759	27,747,434	192,267	140,341
Net business- net of recovery	36,290,177	231,942	28,681	53,436,005	354,103	(244,116)
Net transfer between stages						
Transfer to stage 1	129,688	(125,947)	(3,741)	238,751	(155,591)	(83,161)
Transfer to stage 2	(1,556,255)	1,562,490	(4,988)	(661,260)	662,602	-
Transfer to stage 3	(830,501)	(9,977)	840,478	(1,364,101)	(6,706)	1,370,807
Assets derecognized/ collected (excluding write off)	-	-	-	-	-	-
Write off	(905,322)	(158,369)	(584,843)	(132,789)	(59,017)	(123,399)
Exchange differences	(6,709,691)	(116,321)	(92,122)	(1,845,230)	60,964	59,287
As at 31 March	103,836,906	2,432,440	1,303,224	77,418,810	1,048,622	1,119,759

<i>figures in US\$</i>	Expected credit loss					
	31 March 2023			31 March 2022		
Stage	1	2	3	1	2	3
As at 1 April	331,976	23,713	889,221	100,943	1,039	140,341
New business-net of recovery	607,289	33,669	241,918	221,365	27,277	854,901
Net transfer between stages	-	-	-	-	-	-
Transfer to stage 1	4,489	(1,746)	(2,494)	25,485	(5,365)	(20,119)
Transfer to stage 2	(6,235)	9,976	(3,741)	(2,683)	2,683	-
Transfer to stage 3	(2,993)	125	3,241	(4,024)	-	4,024
Assets derecognised or collected	(3,741)	(4,988)	(611,030)	(1,341)	(1,341)	(71,089)
Exchange difference	(39,822)	(2,706)	(58,858)	(7,769)	(580)	(18,837)
As at 31 March	890,963	58,043	458,257	331,976	23,713	889,221

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

27. Fair value of financial instruments

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

- Level 1- Quoted prices (unadjusted), in active markets for identical asset or liabilities that the Group can access at the measurement date
- Level 2- Inputs other than the quoted prices including within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3- Unobservable inputs for the asset or liability

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

As on 31 March 2023, the Group had made investments in mutual funds measured at fair value amounting to US\$10,154,772 (31 March 2022: US\$ Nil).

28. Business combination and goodwill

There is no business combinations in the current year, however in the previous year, the Group acquired control over "Global Access Cars Automobile Trading LLC ('LLC2')", through purchase of 100% equity shares of LLC2. The total purchase consideration of US\$40,849 (AED150,000) was paid in cash. Pursuant to the transaction, LLC2 became a wholly-owned subsidiary of the Group.

LLC2 is engaged in the business of used automobile trading. The acquisition will complement the Group's existing automobile trading business and bring operational synergies to help the Group to expand its market in United Arab Emirates. The goodwill recognised is attributable to the operational synergies which the acquisition will bring to the Group.

The Group performs its annual impairment test at the end of each financial year, or more frequently if there are indications that goodwill may be impaired. No impairment was identified in the current financial year which is consistent with the conclusion reached in 2022.

The recoverable amount of a CGU is determined based fair value less cost to sell ("FVLCTS") which is estimated based on the best information available in an active market to reflect the amount obtainable in an arm's length transaction, less costs of disposal.

The Group considered the relationship between the fair value of the CGU based of the valuation done by a third-party consultant against its carrying value of the CGUs, among other factors, when reviewing for indicators of impairment. As at 31 March 2023, the fair value of the CGU was above the net assets of such entity, indicating there is no potential impairment of goodwill. In addition, there has been overall increase thus no impairment as at 31 March 2023.

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****28. Business combination and goodwill**

In the previous financial year, the fair value of the identifiable assets and liabilities of LLC2 as at the date of the acquisition were equal to their carrying value on the date of acquisition, as below:

	2022 US\$
Non-current assets	
Property, plant and equipment	151,357
Total non-current assets	<u>151,357</u>
Current assets	
Inventories	29,489,485
Advance, deposits and other receivables	4,087,298
Loans to related parties	1,387
Cash and short-term deposits	1,298,946
Total current assets	<u>34,877,116</u>
Total assets	<u><u>35,028,473</u></u>
Current liabilities	
Trade and other payables	5,845,537
Due to related parties	5,581
Loans and borrowings	1,581,461
Total current liabilities	<u>7,432,579</u>
Non-current liabilities	
Loans from related parties	34,206,918
Total non-current liabilities	<u>34,206,918</u>
Total liabilities	<u>41,639,497</u>
Net liabilities acquired (a)	6,611,024
Satisfied by :	
Cash consideration paid for 100% equity acquired (b)	40,849
Non-controlling interests (c)	-
Goodwill (a)-(b)-(c)	<u><u>6,651,873</u></u>

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****29. Investment in Associate**

As on 31 March 2023, the group has investment in following associate entity:

Name	Relationship	Country of incorporation/ operation	Principal activities	Group interest (%)	
				31 March 2023	31 March 2022
Accelane Private Limited ('Accelane')	Associate	India	Customer support and outsourcing services	25	25

The investment in Accelane is measured using equity method.

Investment movement

	2023 US\$	2022 US\$
Opening Investment	1,006,678	–
Investment made during the year	657,462	986,323
Share of profit of associate	4,417	15,319
Share in share issue expenses	(8,573)	(24,664)
Elimination of margin on unsold inventory sold	(23,860)	29,700
Closing Investment	1,636,124	1,006,678

Summary financial statement of Accelane as on 31 March 2023, on a 100% basis:

	2023 US\$	2022 US\$
Post-acquisition profit or loss statement:		
Revenue	221,916,089	13,129,263
Depreciation and amortization	40,128	3,353
Finance cost	1,671	3,903
Profit from continuing operation/ total comprehensive income	17,670	61,274

Global Car Group Limited and its subsidiaries**Notes to the Financial Statements
For the financial year ended 31 March 2023****29. Investment in Associate**

	2023 US\$	2022 US\$
Non-current assets	146,616	1,109,829
Cash and Cash equivalents	3,534,950	2,642,473
Other current assets	11,683,714	3,807,461
Current assets	15,218,664	6,449,934
Current liabilities	(8,838,657)	(3,650,799)
Non-current liabilities	(5,488)	(1,054)
Net assets	6,521,135	3,907,910
Group's share of net assets	1,630,284	976,978
Adjustments on account of downstream transactions with associate	5,840	29,700
Group's carrying amount of investment*	1,636,124	1,006,678

The Company and Rocket Kars LLP have entered into a Shareholders Agreement which governs their relationship as the shareholders of Accelane. Accelane is majority owned and controlled by RK Group and the Company is the minority shareholder in Accelane. Under the Shareholders Agreement, there exist certain derivatives which were assessed at the balance sheet date. Upon assessment of the derivative from an accounting perspective, no financial asset or liability was created in the books of accounts of the Company.

30. Contingencies

Thailand

On 27 June 2022, the subsidiary of the Company has a lawsuit with an employee. The subsidiary was sued to pay the debt in the amount of approx. US\$ 48,000. However, on 19 July 2023, the subsidiary entered into a compromise agreement to pay the prosecution amount of US\$ 12,000 by 28 July 2023. The judge agreed the compromise agreement between the prosecutor and the defendant, thus adjudicated the case to be closed.

On 19 December 2022, the subsidiary of the Company has a lawsuit against another employee. The subsidiary was sued to pay the debt in the amount of US\$ 1,760,000. However, the result of the case is yet to be finalised as at year end. As the lawyer was unable to comment on the trend of the case due to the status at this juncture, the subsidiary therefore has not made any provision as the likelihood of any liability is remote as at year end. The court has scheduled a hearing to review the results on 24 January 2024.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2023

31. Capital management

The primary objective of the Group's capital management is to maximise shareholders' value.

The Group manages the capital and makes adjustments to it in the light of changes to the working capital requirements and business performance. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2023 and 2022.

The Group is not subject to any externally imposed capital requirements.

32. Event occurring after reporting period

In May 2023, Group decided to shut down its business in Indonesia and Saudi Arabia. The Group has disclosed the same as non-adjusting subsequent event. The financial statements of these entities have been prepared on liquidation basis.

33. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 12 December 2023.