

Company Registration No. 201509751E

Global Car Group Limited and its subsidiaries (formerly  
known as Global Car Group Pte. Limited)

Annual Financial Statements  
31 March 2022

## **Global Car Group Limited and its subsidiaries**

### **Content**

---

	<b>Page</b>
Directors' Statement	1
Independent Auditor's Report	3
Consolidated Statement of Comprehensive Income	6
Balance Sheets	7
Consolidated Statement of Changes in Equity	8
Consolidated Cash Flow Statement	9
Notes to the Financial Statements	11

## **Global Car Group Limited and its subsidiaries**

### **Directors' statement**

**For the financial year ended 31 March 2022**

---

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 2022.

### **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 2022 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  
Mohit Bhatnagar  
Afonso Manuel Leao Da Costa Campos

### **Arrangements to enable directors to acquire shares and debentures**

Neither at the end of 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 2022**

---

**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, Chapter 50, an interest in shares of the ultimate holding company as stated below:

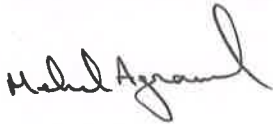
	Held in the name of directors			
	Direct interest		Deemed interest	
	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
<i>Ordinary shares of the Company</i>				
Mehul Agrawal	3,155,000	4,035,357	—	—
Vikram Chopra	3,394,000	4,428,716	—	—
Ruchit Agarwal	352,021	242,516	—	—
<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.

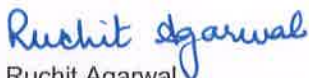
**Auditor**

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

7 December 2022

**Global Car Group Limited and its subsidiaries**

**Independent Auditor's Report  
For the financial year ended 31 March 2022**

**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 2022, 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 2022 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 2022**

#### **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 2022**

**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  
7 December 2022

Global Car Group Limited and its subsidiaries

Consolidated Statement of Comprehensive Income  
For the financial year ended 31 March 2022

	Note	Group	
		2022 US\$	2021 US\$
Revenue	4	799,059,573	367,890,512
Interest income	5	3,295,278	4,222,817
Other income	5	1,270,333	376,434
<b>Total income</b>		<b>803,625,184</b>	<b>372,489,763</b>
<b>Expenses</b>			
Purchase of traded goods	13	(926,612,322)	(400,221,307)
Changes in inventory of traded goods	13	129,426,978	60,549,941
Employee benefits expense	6	(92,037,157)	(31,051,332)
Finance costs	7	(16,956,388)	(1,387,623)
Other operating expenses	8	(131,027,483)	(26,621,851)
Depreciation of property, plant and equipment and right-of-use assets	10,24	(6,176,509)	(1,244,439)
Amortisation of intangible assets	11	(1,604,344)	(1,384,743)
Share of profit after tax of associate		45,019	—
<b>Loss before tax</b>		<b>(241,317,022)</b>	<b>(28,871,591)</b>
Income tax expense	9	(7,211)	—
<b>Loss for the financial year (a)</b>		<b>(241,324,233)</b>	<b>(28,871,591)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit plans		84,312	—
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		(6,847,986)	2,044,383
<b>Other comprehensive (loss)/income for the financial year (b)</b>		<b>(6,763,674)</b>	<b>2,044,383</b>
<b>Total comprehensive loss for the financial year (a)+(b)</b>		<b>(248,087,907)</b>	<b>(26,827,208)</b>

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

Global Car Group Limited and its subsidiaries

**Balance Sheets**  
**As at 31 March 2022**

	Note	Group		Company	
		2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>Non-current assets</b>					
Property, plant and equipment	10	17,039,587	2,602,502	—	—
Intangible assets	11	2,375,770	2,953,106	102,957,907	110,254
Goodwill	28	6,651,873	—	—	—
Rights-of-use assets	24	21,279,057	360,455	—	—
Investment in subsidiaries	12	—	—	592,620,401	322,338,921
Investment in associate	29	1,006,678	—	986,323	—
Loans and advances	15	56,589,712	17,602,463	1,275,589	1,724,431
Other receivables	16	1,898,296	1,186,334	—	—
Prepaid operating expense		183,938	—	—	—
Long-term fixed deposits	17	—	27,322,404	—	—
		107,024,911	52,027,264	697,840,220	324,173,606
<b>Current assets</b>					
Inventories	13	205,319,042	75,892,064	—	—
Other financial asset	14	—	4,040,671	—	—
Trade and other receivables	16	44,109,574	13,494,767	16,273,773	1,250,451
Prepaid operating expenses		4,201,382	554,602	41,387	33,700
Loans and advances	15	21,148,117	17,671,202	—	—
Cash and fixed deposits	17	571,374,058	155,925,462	362,420,375	81,389,402
		846,152,173	267,578,768	378,735,535	82,673,553
<b>Current liabilities</b>					
Trade and other payables	18	64,569,854	25,908,268	89,522,242	354,982
Loans and borrowings	19	145,557,062	22,313,816	—	20,765
Defined benefit obligations	20	131,439	79,400	—	—
		210,258,355	48,301,484	89,522,242	375,747
<b>Net current assets</b>					
		635,893,818	219,277,284	289,213,293	82,297,806
<b>Non-current liabilities</b>					
Loans and borrowings	19	48,516,431	9,044,870	—	—
Defined benefit obligations	20	859,543	453,974	—	—
		49,375,974	9,498,844	—	—
<b>Net assets</b>					
		693,542,755	261,805,704	987,053,513	406,471,412
<b>Equity attributable to owners of the Company</b>					
Share capital	21	1,081,153,945	405,633,087	1,081,153,945	405,633,087
Accumulated losses		(385,378,199)	(144,029,302)	(102,665,073)	(3,397,552)
Foreign currency translation reserve		(10,881,944)	(4,033,958)	—	—
Share-based payment reserve		8,390,234	4,061,470	8,390,234	4,061,470
Remeasurement reserve		84,312	—	—	—
General reserve		174,407	174,407	174,407	174,407
<b>Total equity</b>		693,542,755	261,805,704	987,053,513	406,471,412

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 2022**

<b>Group</b>	<b>Share capital (Note 21) US\$</b>	<b>Accumulated losses US\$</b>	<b>Foreign currency translation reserve US\$</b>	<b>Share-based payment reserve US\$</b>	<b>Remeasurement reserve US\$</b>	<b>General reserve US\$</b>	<b>Total equity US\$</b>
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
At 1 April 2020	198,241,258	(115,571,711)	(6,078,341)	8,517,804	-	174,407	85,697,417
Issuance of ordinary shares through ESOP (Note 21)	3,386,977	-	-	(3,386,977)	-	-	-
Issuance of ordinary shares (Note 21)	4,004,495	-	-	-	-	-	4,004,495
Issuance of preference shares (Note 21)	200,000,357	-	-	-	-	-	200,000,357
Loss for the financial year	-	(28,871,591)	-	-	-	-	(28,871,591)
Foreign currency translation	-	-	2,044,383	-	-	-	2,044,383
Total comprehensive loss for the financial year	-	(28,871,591)	2,044,383	-	-	-	(26,827,208)
Employee share options expense	-	-	-	2,684,030	-	-	2,684,030
Buy-back of employee share-based compensation	-	-	-	(3,753,387)	-	-	(3,753,387)
Balance as at 31 March 2021	405,633,087	(144,029,302)	(4,033,958)	4,061,470	-	174,407	261,805,704

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 2022

	Group	
	2022 US\$	2021 US\$
<b>Cash flows from operating activities</b>		
Loss before income tax	(241,317,022)	(28,871,591)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	6,176,509	1,244,439
Amortisation of intangible assets	1,604,344	1,384,743
Allowance for doubtful loans and receivables	1,168,482	-
Write-off of plant and equipment	-	37,107
Write-off of intangibles	2,944	-
Interest expense	16,956,388	1,387,623
Interest income	(12,194,635)	(4,222,817)
Defined benefit expense	592,545	239,301
Inventories written down	12,271,439	1,036,720
Gain on de-recognition of lease liability	(107,194)	(52,312)
Profit on sale of property, plant and equipment	-	(12,699)
Loss on sale of property, plant and equipment	78,756	-
Sundry balances written-off	76,453	-
Share of net profit of associate	(45,019)	-
Share-based payment expense	14,683,175	2,684,030
<b>Operating cash flow before working capital changes</b>	<b>(200,052,835)</b>	<b>(25,145,456)</b>
<b>Changes in working capital</b>		
Increase in inventories	(112,208,932)	(61,586,661)
Increase in trade and other receivables	(28,159,399)	(9,919,256)
(Increase)/decrease in prepaid operating expenses	(3,830,718)	391,212
Increase in loans and advances	(76,669,695)	(21,884,528)
Increase in trade and other payables	30,610,320	8,252,906
<b>Cash used in operations</b>	<b>(390,311,259)</b>	<b>(109,891,783)</b>
Income tax paid	(502,719)	-
Interest paid	(15,154,366)	(1,242,982)
Interest received	12,535,388	4,249,392
Currency realignment	(11,375,218)	3,448,482
<b>Net cash outflow from operating activities</b>	<b>(404,808,174)</b>	<b>(103,436,891)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(16,116,887)	(1,209,488)
Purchase of intangible assets	(1,111,573)	(2,059,216)
Proceeds from sale of property, plant and equipment	160,028	45,534
Net cash flow from acquisition of subsidiaries	1,258,099	-
Acquisition of associate	(986,323)	-
Net increase in fixed deposits	(170,571,051)	(16,391,030)
Investment in debentures of licensed bank	-	(4,040,671)
Redemption of debentures of licensed bank	4,040,671	-
<b>Net cash used in investing activities</b>	<b>(183,327,036)</b>	<b>(23,654,871)</b>
<b>Cash flows from financing activities</b>		
Proceeds on issuance of preference shares	670,820,430	200,000,357
Proceeds on issuance of ordinary shares	16,345,990	4,004,495
Payment on cancellation of ESOPs	(9,999,982)	(3,753,387)
Repayment of principal portion of lease liabilities	(3,097,324)	(499,405)
Payment on buy-back of ordinary shares	(9,999,999)	-
Payment on buy-back of preference shares	(1,999,992)	-
Repayment of borrowings	(155,989,269)	(4,409,747)
Proceed from borrowings	298,352,005	29,535,335
<b>Net cash flows from financing activities</b>	<b>804,431,859</b>	<b>224,877,648</b>

**Global Car Group Limited and its subsidiaries**

**Consolidated Cash Flow Statement  
For the financial year ended 31 March 2022**

---

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	US\$	US\$
Net increase in cash and cash equivalents	216,296,649	97,785,886
Effect of exchange rate differences on cash and cash equivalents	1,258,492	(818,707)
Cash and cash equivalents as at beginning of the financial year	100,158,233	3,191,054
<b>Cash and cash equivalents as at end of the financial year (Note 17)</b>	<b>317,713,374</b>	<b>100,158,233</b>

*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 2022

---

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

The financial statements are presented in United States Dollars (US\$ or USD).

##### 2.2 Standards issued but not yet effective

Description	Effective for annual reporting periods beginning on or after
Covid-19-Related Rent Concessions beyond 30 June 2022 – Amendments to FRS 116	1 March 2022
FRS 117 Insurance Contracts	1 April 2023
Classification of Liabilities as Current or Non-current - Amendments to FRS 1	1 April 2023
Reference to the Conceptual Framework – Amendments to FRS 103	1 April 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to FRS 16	1 April 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to FRS 37	1 April 2022
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to FRS 12	1 April 2023
Annual Improvements 2018-2020 cycle (issued in May 2020)	1 January 2022
> FRS 101 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	
> FRS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	
> FRS 41 Agriculture – Taxation in fair value measurements	

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. Summary of significant accounting policies (cont'd)

2.3 *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 2.6(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.

2.4 *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.

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

2.4 Foreign currency (cont'd)

(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.

2.5 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

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.

2.6 Intangible assets

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

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

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

2.6 *Intangible assets (cont'd)*

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

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).

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

**2.6 Intangible assets (cont'd)**

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.

**2.7 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.

**2.8 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.

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

2.8 ***Subsidiaries and associate (cont'd)***

*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 investee's 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.

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.

2.9 ***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

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

(a) **Financial assets (cont'd)**

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.

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.

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

**2.9 Financial instruments (cont'd)**

**(b) Financial liabilities**

**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.

**2.10 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.

**2.11 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.

**2.12 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:

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

2.12 *Inventories (cont'd)*

- 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.

2.13 *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.

## Global Car Group Limited and its subsidiaries

### Notes to the Financial Statements For the financial year ended 31 March 2022

---

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

### 2.14 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.

#### (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) Service income

Revenue from rendering of services, for instances, car delivery charges and parking fees are recognised when the services have been performed and rendered. Other operating revenue is recognized on accrual basis.

#### (c) Interest income

Interest income is recognised using the effective interest method.

#### (d) Other financial services

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

### 2.15 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 profit. 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.

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

2.15 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.

(c) **Goods and services tax**

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

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

2.15 Taxes (cont'd)

- 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.

2.16 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 2.7.

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.

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

**2.16 Leases (cont'd)**

***As lessee (cont'd)***

**Lease liabilities**

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.

**2.17 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.

**2.18 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.

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.

## Global Car Group Limited and its subsidiaries

### Notes to the Financial Statements For the financial year ended 31 March 2022

---

#### 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. Management is of the opinion that there is no significant judgment made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 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	
	2022 US\$	2021 US\$
Sale of goods	772,076,115	356,534,614
Sale of services	5,107,743	4,645,748
Other financial services	1,199,544	192,926
Interest income on loans and advances	8,899,357	2,483,908
Other operating revenue	11,776,814	4,033,316
<b>Total revenue from contracts with customers</b>	<b>799,059,573</b>	<b>367,890,512</b>
<b>Timing of revenue recognition</b>		
Transferred at a point in time	790,160,216	365,406,604
Transferred at a point over time	8,899,357	2,483,908
<b>Total revenue from contracts with customers</b>	<b>799,059,573</b>	<b>367,890,512</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

5. Other income

	Group	
	2022 US\$	2021 US\$
Interest income on bank deposits	3,257,615	4,198,775
Interest Income on security deposits	37,663	24,042
<b>Total non-operating interest income</b>	<b>3,295,278</b>	<b>4,222,817</b>
Gain on de-recognition of lease liability	107,194	52,312
Others	1,163,139	324,122
<b>Total other income</b>	<b>1,270,333</b>	<b>376,434</b>
<b>Total</b>	<b>4,565,611</b>	<b>4,599,251</b>

6. Employee benefit expenses

	Group	
	2022 US\$	2021 US\$
Salaries and bonuses	71,821,577	27,152,786
Contribution to provident and other funds	2,473,015	847,977
Defined benefit obligation expense	592,545	239,301
Employee stock option scheme	14,683,175	2,684,030
Other short-term benefits	2,466,845	127,238
<b>Total</b>	<b>92,037,157</b>	<b>31,051,332</b>

7. Finance costs

	Group	
	2022 US\$	2021 US\$
Interest on lease liabilities	1,170,413	73,142
Interest on borrowings	11,865,648	1,314,481
Other borrowing Cost	3,920,327	-
<b>Total</b>	<b>16,956,388</b>	<b>1,387,623</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

8. Other operating expenses

	Group	
	2022 US\$	2021 US\$
Advertisement and sales promotion	54,307,850	11,068,055
Customer care expenses	6,303,118	3,489,681
Legal and other professional fees	8,724,788	1,185,317
Allowance for doubtful loans and advances	1,168,482	-
Rates and taxes	143,498	114,265
Short-term lease rentals	8,552,604	2,637,479
Contractual manpower expenses	14,981,642	2,002,570
Travelling expenses	3,845,054	560,210
Communication costs	1,111,455	383,709
Power and fuel	2,433,121	451,310
Car handling expenses	9,093,736	348,767
Bank charges	269,828	191,299
Office expenses	524,497	165,511
Repair and maintenance	924,286	255,446
Collection charges	829,415	289,236
Write off of plant and equipment	-	37,107
Loss on sale of plant and equipment	78,757	-
IT repair and maintenance	6,375,377	1,918,537
Recruitment expenses	3,009,422	-
Others	8,350,553	1,523,352
<b>Total</b>	<b>131,027,483</b>	<b>26,621,851</b>

9. Income tax expense

(a) *Major components of income tax expense*

	2022 US\$	2021 US\$
Current tax expense	7,211	-
<b>Total income tax expense</b>	<b>7,211</b>	<b>-</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

9. Income tax expense (cont'd)

(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 2022 and 31 March 2021 are as follow:

	2022 US\$	2021 US\$
Loss before income tax	(241,317,022)	(28,871,591)
Tax at statutory rate of 17%	(41,023,893)	(4,908,170)
Tax effects of :		
Expenses not deductible for tax/disallowed expense	211,009	456,285
Tax effect of different tax rate in other countries	334,623	(3,579,519)
Deferred tax assets not recognised	40,467,166	8,031,404
Share of profit of after tax of associate	(7,653)	-
Actuarial gains recognized in other comprehensive income	25,959	-
<b>Income tax expense recognised in profit and loss</b>	<b>7,211</b>	<b>-</b>

At the end of the reporting year, the Group has tax losses of approximately US\$152.6 million (31 March 2021: US\$126.9 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\$152.6 million, losses of US\$135.2 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\$1.7 million can be carried forward for a period of 5 years and losses of US\$15.7 million (*includes unabsorbed depreciation of US\$7.3 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 2022

10. Property, plant and equipment	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\$
<b>Cost</b>								
At 1 April 2020	545,550	1,040,882	1,621,970	362,461	-	-	4,003	3,574,866
Additions	140,800	301,915	410,808	315,492	-	-	40,473	1,209,488
Reclassification	(22,707)	(67,335)	(158,561)	(1,644)	-	-	-	(250,248)
Write-off/disposal	18,322	35,096	52,153	17,125	-	-	-	122,697
Exchange differences								
At 31 March 2021 and 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	2,285,571	3,723,616	4,324,272	6,752,716	3,838,390	666,577	153,448	21,744,590

**Global Car Group Limited and its subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 March 2022**

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

<b>Group</b>	<b>Furniture and fixture US\$</b>	<b>Office equipment US\$</b>	<b>Computers US\$</b>	<b>Leasehold improvements US\$</b>	<b>Plant and Machinery US\$</b>	<b>Motor Vehicles US\$</b>	<b>Capital work-in-progress US\$</b>	<b>Total US\$</b>
<b>Accumulated depreciation</b>								
At 1 April 2020	146,513	303,181	729,136	204,952	-	-	-	1,383,782
Depreciation charge for the year	54,794	218,650	451,396	73,090	-	-	-	797,930
Write-off/disposal	(5,536)	(38,387)	(135,896)	(487)	-	-	-	(180,306)
Exchange differences	5,289	12,347	27,783	7,477	-	-	-	52,896
<b>At 31 March 2021 and 1 April 2021</b>	<b>201,060</b>	<b>495,791</b>	<b>1,072,418</b>	<b>285,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,054,302</b>
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)
<b>At 31 March 2022</b>	<b>355,845</b>	<b>1,017,042</b>	<b>1,664,716</b>	<b>1,364,412</b>	<b>247,693</b>	<b>55,295</b>	<b>-</b>	<b>4,705,003</b>
<b>Net carrying amount</b>								
At 31 March 2022	1,929,726	2,706,574	2,659,556	5,388,304	3,590,697	611,282	153,448	17,039,587
At 31 March 2021	480,905	814,767	853,951	408,403	-	-	44,478	2,602,502

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

11. Intangible assets

Group

	Computer software US\$	Internally generated assets US\$	Intangible assets under development US\$	Total US\$
<b>Cost</b>				
At 1 April 2020	126,326	3,572,314	-	3,698,640
Additions	80,638	1,947,349	31,229	2,059,216
Exchange differences	3,660	101,979	-	105,639
At 31 March 2021 and 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	574,024	5,834,201	349,724	6,757,949
<b>Accumulated amortisation</b>				
At 1 April 2020	50,788	1,403,534	-	1,454,322
Amortisation charge for the financial year	27,584	1,357,159	-	1,384,743
Exchange differences	2,028	69,296	-	71,324
At 31 March 2021 and 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	(3,425)	(128,952)	-	(132,376)
At 31 March 2022	143,004	4,239,174	-	4,382,179
<b>Net carrying amount</b>				
At 31 March 2022	431,020	1,595,027	349,724	2,375,770
At 31 March 2021	130,224	2,791,653	31,229	2,953,106

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

11. Intangible assets (cont'd)

Company

	Licenses US\$	Internally generated assets US\$	Intangible assets under development US\$	Total US\$
<b>Cost</b>				
At 1 April 2020	-	-	-	-
Additions	68,578	-	42,837	111,415
At 31 March 2021 and 1 April 2021	68,578	-	42,837	111,415
Additions	112,322,120	539,644	416,778	113,278,542
Write off/disposals/capitalisation	-	-	(196,085)	(196,085)
At 31 March 2022	112,390,698	539,644	263,530	113,193,872
<b>Accumulated amortisation</b>				
At 1 April 2020	-	-	-	-
Amortisation for the financial year	1,162	-	-	1,162
At 31 March 2021 and 1 April 2021	1,162	-	-	1,162
Amortisation for the financial year	10,155,877	78,926	-	10,234,803
At 31 March 2022	10,157,039	78,926	-	10,235,965
<b>Net carrying amount</b>				
At 31 March 2022	102,233,659	460,718	-	102,957,907
At 31 March 2021	67,416	-	-	110,254

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

12. Investment in subsidiaries

	Company	
	2022 US\$	2021 US\$
Investment in equity shares, at cost	592,620,401	322,338,921

The subsidiaries as at 31 March 2022 are:

Name of company (Country of incorporation)	Principal activities	Proportion of ownership interest	
		2022 %	2021 %
<u>Held by Company:</u>			
CARS24 Services Private Limited (India) <sup>(1)</sup>	Trading of used cars and bikes	100	100
Global Cars Aus Pty Ltd. (Australia) <sup>(4)</sup>	Trading of used cars	100	100
Global Cars trading FZ LLC (United Arab Emirates) <sup>(1)(6)</sup>	Trading of used cars	-	100
Global Cars Thai Holding 1 Co. Ltd (Thailand) <sup>(9)</sup>	Trading of used cars	100	100
Global Cars Thai Holding 2 Co., Ltd. (Thailand) <sup>(9)</sup>	Trading of used cars	100	100
Global Cars Thai Co., Ltd. (Thailand) <sup>(9)</sup>	Trading of used cars	100	100
Cars24 Group (Thailand) Co., Ltd. (Thailand) <sup>(7)(9)</sup>	Trading of used cars	100	-
Global Cars Holding Limited (United Arab Emirates) <sup>(1)</sup>	Holding company	100	100
Global Car Group Turkey Automotive Joint-Stock Company (Turkey) <sup>(5)(7)</sup>	Trading of used cars	100	-
PT. Global Cars Indonesia (Indonesia) <sup>(7)(9)</sup>	Trading of used cars	100	-
Global Cars Aus Holdings Pty Ltd. (Australia) <sup>(4)(7)</sup>	Holding Company	100	-

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

12. Investment in subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities	Proportion of ownership interest	
		2022 %	2021 %
Cars24 Arabia Automotive Company (Saudi Arabia) <sup>(2)(7)</sup>	Trading of automobiles	100	–
<b>Held through subsidiaries:</b>			
CARS24 Financial Services Private Limited (India) <sup>(3)</sup>	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 &amp; Evaluating Services LLC</i> ) (United Arab Emirates) <sup>(1)</sup>	Business of surveying and appraisal services	100	49
Global Cars Trading FZ LLC (United Arab Emirates) <sup>(1)(6)</sup>	Trading of used cars	100	–
Global Access Cars Automobile Trading LLC ('LLC2') (United Arab Emirates) (Note 27) <sup>(1)</sup>	Trading of used cars	100	–
Global Cars Aus Financing Pty Ltd. (Australia) <sup>(7)(8)</sup>	Financing entity	100	–
Global Cars Aus Credit Pty Ltd. (Australia) <sup>(7)(8)</sup>	Providing loans and advances to used car dealers and consumers	100	–

<sup>(1)</sup> Audited by member firm of Ernst & Young Global in the respective countries.

<sup>(2)</sup> Audited by Pioneer Accountants in the respective country of incorporation.

<sup>(3)</sup> Audited by S S Kothari Mehta & Company in the respective country of incorporation.

<sup>(4)</sup> Audited by KPMG in the respective country of incorporation.

<sup>(5)</sup> Not required to be audited by the law in the country of incorporation.

<sup>(6)</sup> Shareholding transferred from Company to a subsidiary of the Company at cost.

<sup>(7)</sup> Incorporated during the year ended 31 March 2022.

<sup>(8)</sup> Audited with consolidated financial statement of immediate parent entity of the Group.

<sup>(9)</sup> Audited by local audit firms in the respective country of incorporation.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

13. Inventories

	Group	
	2022 US\$	2021 US\$
<b>Balance sheet:</b>		
Traded goods - used cars	205,319,042	75,892,064
<b>Statement of comprehensive income:</b>		
Purchase of traded goods as an expense	926,612,322	400,221,307
Changes in inventory of traded goods:		
Opening inventory	75,892,064	15,342,123
Closing inventory	205,319,042	75,892,064
	(129,426,978)	(60,549,941)
Inclusive of the following:		
- Inventories written-down	12,271,439	1,036,720

14. Other financial asset

	Group	
	2022 US\$	2021 US\$
<b>Current:</b>		
Investment in debentures	-	4,040,671

15. Loans and advances

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>Current:</b>				
Secured	7,479,124	3,718,573	-	-
Unsecured	10,231,961	12,636,283	-	-
FLDG receivables	4,605,514	1,316,346	-	-
Less: provision for doubtful loans and advances	(1,168,482)	-	-	-
	21,148,117	17,671,202	-	-
<b>Non-current:</b>				
Secured	41,471,610	14,260,324	-	-
Unsecured	-	-	1,275,589	1,724,431
FLDG receivables	15,118,102	3,342,346	-	-
	56,589,712	17,602,463	1,275,589	1,721,431
<b>Total loans and advances</b>	<b>77,737,829</b>	<b>35,273,665</b>	<b>1,275,589</b>	<b>1,724,431</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

---

15. Loans and advances (cont'd)

The loans and advances were secured by the underlying car assets for which the loans and advances were given for. Short-term loan and advances bear interest of 19% and above per

annum on average and are generally within 60 to 90 days' terms. Long-term loan and advances bear interest of 18% to 24% per annum on average and repayable within 1 to 5 years.

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

	Group	
	2022	2021
	US\$	US\$
Opening balance	-	-
Charge during the year	1,168,482	-
Closing balance	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	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
United Arab Emirates Dirham	-	7,190,427	-	1,700,772
Thai Bhat	-	3,191	-	23,659
Indian Rupee	77,737,829	28,080,047	-	-

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

16. Trade and other receivables

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>Trade receivables and other receivables (current)</b>				
Trade receivables	6,201,473	4,449,120	-	-
Amounts due from subsidiaries and related companies	2,433,177	-	16,169,850	1,250,451
Other receivables:				
- Security deposits	3,570,438	1,343,422	852	-
- Interest receivables	781,808	655,224	-	-
- Advance to supplier/dealers	2,636,016	2,267,810	70,821	-
- GST input tax credit	16,324,691	4,521,338	-	-
- Others receivables	12,161,971	257,853	32,250	-
<b>Total trade and other receivables (current)</b>	<b>44,109,574</b>	<b>13,494,767</b>	<b>16,273,773</b>	<b>1,250,451</b>
Fixed deposits pledged	1,976	2,049	-	-
Security deposits	916,482	312,122	-	-
Interest accrued on fixed deposits with banks	1,244	468,581	-	-
GST input tax credit	17,126	31,421	-	-
Tax recoverable	865,290	369,782	-	-
Capital advances	96,178	2,379	-	-
<b>Total other receivables (non-current)</b>	<b>1,898,296</b>	<b>1,186,334</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables (current and non-current)</b>	<b>46,007,870</b>	<b>14,681,101</b>	<b>16,273,773</b>	<b>1,250,451</b>
Less:				
GST input tax credit	(16,341,817)	(4,552,759)	-	-
Tax recoverable	(865,290)	(369,782)	-	-
Advances	(2,732,194)	(2,270,189)	(70,821)	-
Add: Cash and fixed deposits (Note 17)	571,374,058	155,925,462	362,420,375	81,389,402
Add: Long-term fixed deposits	-	27,322,404	-	-
Add: Loans and advances (Note 15)	77,737,829	35,273,665	1,275,589	1,724,431
<b>Financial assets at amortised costs</b>	<b>675,180,456</b>	<b>226,009,902</b>	<b>379,898,916</b>	<b>84,364,284</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Thai Baht	1,338,297	6,377	-	-
Australians Dollars	3,138,156	1,029,269	-	-
United Arab Emirates Dirham	7,214,733	2,636,996	-	-
Indian Rupee	12,146,863	9,913,976	-	-
Indonesian Rupiah	124,814	-	-	-
Saudi Riyal	2,047,992	-	-	-

17. Cash and fixed deposits

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Cash at banks and on hand	317,713,374	100,158,233	224,618,071	81,389,402
Short-term fixed deposits	253,660,684	55,767,229	137,802,304	-
Cash and fixed deposits	571,374,058	155,925,462	362,420,375	81,389,402
Less: Short-term fixed deposits	(253,660,684)	(55,767,229)	(137,802,304)	-
Total cash and cash equivalents for the purpose of cash flow statement	317,713,374	100,158,233	224,618,071	81,389,402
Long-term fixed deposits	-	27,322,404	-	-

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

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 0.14% to 8.00% per annum (2021: 2.50% to 8.00% per annum).

There were no long-term deposits, at the year ending 31 March 2022. Long-term deposits for the year ending 31 March 2021, were made for varying periods of between thirteen and fourteen months, and earned interest at 6.00% per annum

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

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Singapore Dollar	52,975	53,011	52,975	53,011
Australian Dollar	39,567,007	5,181,656	6,667,179	—
United Arab Emirates Dirham	10,634,817	1,483,743	—	—
Thai Baht	7,410,050	17,576	—	—
Indian Rupee	145,697,546	95,175,489	—	—
Turkish Lira	1,706	—	—	—
Indonesian Rupiah	4,072,154	—	—	—
Saudi Riyal	7,464,811	—	—	—

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

Current	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Trade payables	38,509,237	12,570,123	965,287	101,886
Amounts due to subsidiaries and related companies	902,397	—	88,550,396	253,096
Other payables:				
Advances from dealers	7,331,777	3,952,150	—	—
Deposits from dealers	6,947,710	5,360,772	—	—
Accrual for unutilised leave	1,051,624	494,718	—	—
Accrued operating expenses	3,662,357	1,066,328	—	—
Accrued Interest	213,883	—	—	—
Others	5,950,869	2,464,177	6,559	—
<b>Total trade and other payables</b>	<b>64,569,854</b>	<b>25,908,268</b>	<b>89,522,242</b>	<b>354,982</b>
Less: Advance from dealers	(7,331,777)	(3,952,150)	—	—
Add: Loan and borrowings (Note 19)	194,073,493	31,358,686	—	20,765
<b>Total financial liabilities at amortised cost</b>	<b>251,311,570</b>	<b>53,314,804</b>	<b>89,522,242</b>	<b>375,747</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Singapore Dollar	142,720	101,886	191,470	61,727
Indian Rupee	39,082,030	25,980,268	6,712,220	250,620
Thai Baht	2,346,536	3,671	-	-
United Arab Emirates Dirham	7,894,374	16,482	545	-
Australian Dollar	5,467,615	227,759	-	-
Indonesian Rupiah	259,343	-	2,003	-
Saudi Riyal	1,216,662	-	-	-

19. Loans and borrowings

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<b>Current:</b>				
Lease liabilities (Note 24)	4,502,959	164,551	-	-
Non-convertible debentures	9,742,825	2,459,016	-	-
Term loans from banks and financial institutions	85,949,548	8,177,374	-	-
Loans from others	4,605,776	1,243,476	-	20,765
Other loans and borrowings from banks	30,938,492	10,269,399	-	-
Liability against securitised assets	9,817,462	-	-	-
	145,557,062	22,313,816	-	20,765
<b>Non-current:</b>				
Lease liabilities (Note 24)	17,516,724	207,895	-	-
Non-convertible debentures	9,148,816	409,836	-	-
Term loans from bank and financial institutions	6,705,016	5,008,155	-	-
Loans from others	15,145,875	3,418,984	-	-
	48,516,431	9,044,870	-	-
Total loans and borrowings	194,073,493	31,358,686	-	20,765

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 (2021: 36). These debentures bear an effective interest rate of 14.25% (2021: 14.25%) per annum.

Current non-convertible debentures also include debentures of US\$39,521 having a second charge over the entire fixed and current asset & 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.

**Term loans from banks and financial institutions**

India

Current term loans amounting to US\$31.1 million (31 March 2021: US\$8.1 million) from bank and financial institutions are secured against loan assets of subsidiary company and carry rate of interest in the range of 11.50% to 15.00%. These loans are having tenure of 12 months to 36 months from the date of disbursement.

Non-current term loans US\$6.7 million (31 March 2021: US\$5.0 million) includes first pari passu charge on all the movable fixed assets and current assets (except cash and cash equivalent) and carry interest rate of 10.70% to 12.50%. The loans are having tenure up to 24 months from the date of disbursement.

These also includes term loans from bank and financial institutions which are secured against loan assets of subsidiary company and carry rate of interest in the range of 11.50% to 15.00%. These loans are having tenure of 12 months to 36 months from the date of disbursement.

Australia

Current term loans amounting to US\$37.5 million (31 March 2021: nil) from financial institutions are under two facilities and are secured against Inventory of subsidiary company. These loans carry an interest rate of Bank Bill Swap Reference Rate ('BBSY') plus 11.50% per annum (US\$15.0 million) and BBSY 6.50% per annum (US\$22.5 million). Maturity date of facility is October 2024. As the facility is subject to quarterly review, at which time, bank may change the terms and conditions of the loan, the loan has been presented as current liability despite the maturity date noted above.

United Arab Emirates

Current term loans amounting to US\$17.4 million (31 March 2021: nil) from financial institutions have first pari passu charge on vehicles fleet insurance policy of subsidiary company and carries interest rate of 5.00% per annum. The loans are having tenure up to 12 months from the date of disbursement.

**Loan from others**

Loans from others US\$19.7 million (31 March 2021: US\$4.6 million) represents loans against the other financials assets of subsidiary company as these transactions do not meet the derecognition criteria specified under FRS.

**Global Car Group Limited and its subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 March 2022**

---

**19. Loans and borrowings (cont'd)**

**Other loans and borrowings from banks**

**India**

Other loans and borrowing from banks comprises of working capital demand loan and bank overdraft of US\$30.9 million (31 March 2021: US\$10.3 million) having first pari passu charge on all the movable fixed assets and current assets (except cash and cash equivalent) of subsidiary company and carries interest rate of 8.10% per annum to 11.00% per annum (2021: 8.25% to 8.70%). The loans are having tenure of 45 days to 90 days from the date of disbursement.

**Liability against securitised assets**

Liability against securitised assets US\$9.8 million (31 March 2021: nil), represents funds received against the securitisation of 'loans and advances' pool of a subsidiary of the Group.

**Undrawn borrowing commitments**

As at 31st March, 2022 the Group had available US\$69.7 million (31 March, 2021: US\$1.3 million) of undrawn borrowing facilities.

**Global Car Group Limited and its subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 March 2022**

**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	Addition	Conversion	De-	Interest	Foreign	US\$	US\$
			US\$	due to	of loan to	recognition	expenses	exchange		
				acquisition	equity	US\$	US\$	movements		
			US\$	US\$	US\$	US\$	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	
<b>Total loans and borrowings</b>	<b>31,358,686</b>	<b>139,265,412</b>	<b>23,983,069</b>	<b>35,788,379</b>	<b>(34,206,918)</b>	<b>(182,417)</b>	<b>1,588,233</b>	<b>(3,520,951)</b>	<b>194,073,493</b>	

	1 April 2020		Cash flows		Non-cash changes				31 March 2021	
	US\$	US\$	Additions	Addition	De-	Interest	Foreign	US\$	US\$	
			US\$	due to	recognition	expenses	exchange			
				acquisition	US\$	US\$	movements			
				US\$	US\$	US\$	US\$			
Lease liabilities (Note 24)	1,591,938	(499,405)	41,336	-	(851,448)	73,142	16,883	372,446		
Non-convertible debentures	5,177,565	(2,993,767)	-	-	-	585,419	99,635	2,868,852		
Term loans from banks and financial institutions	-	12,183,131	-	-	-	729,062	273,336	13,185,529		
Loan from others	-	4,565,807	-	-	-	-	96,653	4,662,460		
Other loans and borrowings from banks	-	10,056,946	-	-	-	-	212,453	10,269,399		
Loan from shareholder	1,010	(1,010)	-	-	-	-	-	-		
<b>Total loans and borrowings</b>	<b>6,770,513</b>	<b>23,311,702</b>	<b>41,336</b>	<b>(851,448)</b>	<b>(851,448)</b>	<b>1,387,623</b>	<b>689,960</b>	<b>31,358,686</b>		

**Global Car Group Limited and its subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 March 2022**

**19. Loans and borrowings (cont'd)**

Loans and borrowings denominated in foreign currencies are as follows:

	Group		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Indian Rupee	128,230,164	31,337,920	-	-
Australian Dollar	39,408,700	-	-	-
United Arab Emirates Dirham	26,434,629	-	-	-

**20. Defined benefit obligations**

	Group	
	2022 US\$	2021 US\$
As at 1 April	533,374	282,936
Current service cost	601,609	239,301
Interest cost	33,532	-
Actuarial gains on obligation	(84,312)	-
Past service cost	4,359	-
Benefit paid	(71,089)	-
Exchange differences	(26,491)	11,137
	<u>990,982</u>	<u>533,374</u>
Current	131,439	79,400
Non-Current	859,543	453,974
Total	<u>990,982</u>	<u>533,374</u>

**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 2022

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	
	2022	2021	2022	2021
<b>Actuarial assumptions:</b>				
Discount rate	6.13%	5.54%	1.75%	-
Employee turnover	46.00%	42.00%	8.89%/18.04%	-
Salary escalation rate	8.50%	10.00%	2.00%	-
Mortality table	IALM (2012-14) Ult*	IALM (2012-14) Ult*	-	-
Average remaining working lives of the employees (in years)	29.87	30.42	27.43	-
Normal retirement age (in years)	60.00	60.00	60.00	-

\*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	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Expected benefits for year 1	135,688	81,967	14,469	-
Expected benefits for year 2 to 5	1,038,082	341,530	66,201	-
Expected benefits for year 6 and above	1,547,902	250,000	40,483	-
<b>Total</b>	<b>2,721,672</b>	<b>673,497</b>	<b>121,153</b>	<b>-</b>

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

	India		UAE	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Discount rate + 100 basis points	(26,826)	(20,070)	(6,616)	-
Discount rate - 100 basis points	29,509	22,746	7,020	-
Salary escalation Rate + 100 basis points	29,509	21,408	6,966	-
Salary escalation Rate - 100 basis points	(26,826)	(20,070)	(6,636)	-

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

20. Defined benefit obligations (cont'd)

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:

Years	India		UAE	
	2022	2021	2022	2021
	4.67	4.02	4.88/9.59	-

21. Share capital

	Group and Company			
	2022		2021	
	Number of shares	US\$	Number of shares	US\$
<b>Ordinary share issued and fully paid:</b>				
Balance at 1 April	11,113,209	8,012,969	10,354,599	621,497
Issuance of ordinary shares	2,965,359	16,345,990	219,279	4,004,495
Buyback of ordinary shares	(386,442)	(9,999,999)	-	-
Issuance of ordinary shares through ESOP	46,200	354,429	539,331	3,386,977
Balance at 31 March	13,738,326	14,713,389	11,113,209	8,012,969
<b>Preferences share issued and fully paid:</b>				
Balance at 1 April	41,067,641	397,620,118	30,115,979	197,619,761
Issuance of preference shares	21,444,838	670,820,430	10,951,662	200,000,357
Buyback of preference shares	(109,516)	(1,999,992)	-	-
Balance at 31 March	62,402,963	1,066,440,556	41,067,641	397,620,118
Total share capital	76,141,289	1,081,153,945	52,180,850	405,633,087

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.

**21. Share capital (cont'd)**

**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.

**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. There is no foreign currency translation reserve with respect to subsidiaries in UAE with AED as their functional currency as AED is pegged to US Dollar.

**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 company (Company's direct and indirect subsidiaries) and associate as approved in GCG Share Option Plan. During the year ended 31 March 2022, 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 2022

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)	2022	2021
Outstanding as at 1 April	1,106,408	1,810,996
- Granted	1,307,883	673,168
- Forfeited	(218,688)	(619,146)
- Exercised	(46,200)	(539,331)
- Buy-back	-	(219,279)
- Surrendered	(250,374)	-
Outstanding as at 31 March	1,899,029	1,106,408
Vested as at 31 March	501,519	457,313

The following tables list the inputs to the models used for GCG Share Option Plan for the years ended 31 March 2022 and 31 March 2021 respectively:

	2022	2021
Expected Volatility (%)	73% - 77%	NA
Risk free interest rate (%)	0.59% - 2.45%	NA
Expected life of Share Options	3.02 - 3.27	NA
Model Used	Black Scholes Options Pricing Model	Discounted Cash Flow Model

The Weighted average fair value of options granted during the year was US\$16.39 (31 March 2021: US\$12.25)

The Weighted average fair value of options exercised during the year was US\$14.65 (31 March 2021: US\$14.15)

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 valuation date. In previous year, the fair value was determined based on the recent transactions of preference shares nearer to the grant date since the exercise price is NIL.

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 2022

---

24. Leases

As a lessee

The Group has lease contracts for premises.

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.

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 2020	1,500,838
Additions	84,674
Depreciation	(446,509)
De-recognition of right-of-use assets	(799,136)
Exchange differences	20,588
	<hr/>
At 31 March 2021 and 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	21,279,057

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

	Group US\$
At 1 April 2020	1,591,938
Additions	41,336
Accretion of interest (Note 7)	73,142
Payments	(499,405)
De-recognition	(851,448)
Exchange differences	16,883
	<hr/>
At 31 March 2021 and 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	22,019,683

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

24. Leases (cont'd)

As a lessee (cont'd)

Lease liabilities	2022 US\$	2021 US\$
Current	4,502,959	164,551
Non-current	17,516,724	207,895
<b>Total lease liabilities</b>	<b>22,019,683</b>	<b>372,446</b>

**Maturity profile of Lease liabilities (undiscounted):**

Group	2022 US\$	2021 US\$
Less than one year	5,521,595	164,551
One to five year	19,676,019	207,895
More than five year	1,431,974	-
<b>Total lease liabilities undiscounted</b>	<b>26,629,588</b>	<b>372,446</b>

The following are the amounts recognised in profit or loss:

Group	2022 US\$	2021 US\$
Depreciation expense of right-of-use assets	3,128,934	446,509
Interest expense on lease liabilities (Note 7)	1,170,413	73,142
Gain on de-recognition of leased premises	(107,194)	(52,312)
<i>Lease expense not capitalised in lease liabilities:</i>		
Expense relating to short-term leases (included in other operating expenses) (Note 8)	8,552,604	2,637,479
<b>Total amount recognised in profit or loss</b>	<b>12,744,757</b>	<b>3,104,818</b>

**Global Car Group Limited and its subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 March 2022**

**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**

	<b>2022</b> US\$	<b>2021</b> US\$
Director of the Company - ESOP recharge	2,948,245	610,789
Subsidiaries - ESOP recharge	14,683,175	1,171,544

**Group**

**Compensation of key management personnel**

	<b>2022</b> US\$	<b>2021</b> US\$
Salaries and wages	372,842	212,245
Share based payment transaction	2,948,245	610,789

*Comprise of amounts paid to:*

Directors of the Company	3,321,087	823,034
--------------------------	-----------	---------

**Transactions/ balances with Associate (Note 29):**

	<b>2022</b> US\$	<b>2021</b> US\$
Investment in equity share capital	986,323	-
Cross charge income	28,985	-
Revenue from operations	13,049,427	-
Support service income	545,906	-
Support service expense	5,365	-
Trade and other receivables	2,433,177	-
Trade and other payables	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. A 0.5% increase/(decrease) in BBSY rate will result in an increase/(decrease) of Group's loss and (decrease)/increase in equity by US\$0.2 million.

**(b) Foreign currency risk**

The Group has an investment in foreign subsidiary, where net assets are exposed to currency translation risk. 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.

**(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.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

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

(c) Liquidity risk (cont'd)

The table below summarises 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\$
<b>2022</b>				
<b>Financial assets:</b>				
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
<b>Total undiscounted financial assets</b>	<b>617,671,042</b>	<b>57,509,414</b>	<b>–</b>	<b>675,180,456</b>
<b>Financial liabilities:</b>				
Trade and other payables	57,238,277	–	–	57,038,277
Loan and borrowings	145,557,062	51,694,362	1,431,974	198,683,398
<b>Total undiscounted financial liabilities</b>	<b>202,595,339</b>	<b>51,694,362</b>	<b>1,431,974</b>	<b>255,721,675</b>
<b>Total net</b>	<b>415,075,703</b>	<b>5,815,052</b>	<b>(1,431,974)</b>	<b>419,458,780</b>

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

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\$	Total US\$
<b>2021</b>			
<b>Financial assets:</b>			
Trade and other receivables	6,705,619	783,752	7,488,371
Loans and advances	17,671,202	17,602,463	35,273,665
Cash and cash equivalents	155,925,462	27,322,404	183,247,866
<b>Total undiscounted financial assets</b>	<b>180,302,283</b>	<b>45,707,619</b>	<b>226,009,902</b>
<b>Financial liabilities:</b>			
Trade and other payables	21,956,118	–	21,956,118
Loan and borrowings	22,385,315	9,044,870	31,430,185
<b>Total undiscounted financial liabilities</b>	<b>44,341,433</b>	<b>9,044,870</b>	<b>53,386,303</b>
<b>Total net undiscounted financial</b>	<b>135,960,850</b>	<b>36,662,749</b>	<b>172,623,599</b>
Company	One year or less US\$	One year to five years US\$	Total US\$
<b>2022</b>			
<b>Financial assets:</b>			
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
<b>Total undiscounted financial assets</b>	<b>378,694,148</b>	<b>1,275,589</b>	<b>379,969,737</b>
<b>Financial liabilities:</b>			
Trade and other payables	89,522,242	–	89,522,242
<b>Total undiscounted financial liabilities</b>	<b>89,522,242</b>	<b>–</b>	<b>89,522,242</b>
<b>Total net undiscounted</b>	<b>289,171,906</b>	<b>1,275,589</b>	<b>290,447,495</b>

## 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\$
<b>2021</b>			
<b>Financial assets:</b>			
Trade and other receivables	1,250,451	–	1,250,451
Cash and cash equivalents	81,389,402	–	81,389,402
Loans and advances	–	1,724,431	1,724,431
Total net undiscounted	82,639,853	1,724,431	84,364,284
<b>Financial liabilities:</b>			
Trade and other payables	354,982	–	354,982
Loan and borrowings	20,765	–	20,765
Total undiscounted financial liabilities	375,747	–	375,747
Total net undiscounted	83,988,537	–	83,988,537

## (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.

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.

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

(d) Credit risk (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 2022

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:

figures in US\$	Gross carrying amount					
	31 March 2022			31 March 2021		
Stage	1	2	3	1	2	3
As at 1 April	27,747,434	192,267	140,341	8,785,782	491	-
Net business- net of recovery	31,725,437	605,257	1,147,155	18,417,142	187,142	329,542
Assets derecognized/collected (excluding write off)	(673,332)	(8,048)	(4,024)	-	-	-
Write off	-	-	(313,864)	-	-	(192,093)
Exchange differences	(1,461,298)	(17,501)	(19,789)	544,510	3,965	2,892
<b>As at 31 March</b>	<b>57,338,241</b>	<b>771,975</b>	<b>949,819</b>	<b>27,747,434</b>	<b>192,267</b>	<b>140,341</b>

figures in US\$	Expected credit loss					
	31 March 2022			31 March 2021		
Stage	1	2	3	1	2	3
As at 1 April	100,943	1,039	140,341	47,753	27	-
New business-net of recovery	364,983	21,788	900,356	50,736	990	329,542
Write off	-	-	(313,864)	-	-	(192,093)
Exchange difference	(10,118)	(432)	(15,457)	2,454	22	2,892
<b>As at 31 March</b>	<b>455,808</b>	<b>22,395</b>	<b>711,3764</b>	<b>100,943</b>	<b>1,039</b>	<b>140,341</b>

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 2022, the Group did not had any financial instruments measured at fair value (31 March 2021: quoted debentures at Level 1 US\$4,040,671).

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

28. Business combination and goodwill

On 9 September 2021, 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 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\$
<b>Non-current assets</b>	
Property, plant and equipment	151,357
Total non-current assets	151,357
<b>Current assets</b>	
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	34,877,116
<b>Total assets</b>	<b>35,028,473</b>
<b>Current liabilities</b>	
Trade and other payables	5,845,537
Due to related parties	5,581
Loans and borrowings	1,581,461
<b>Total current liabilities</b>	<b>7,432,579</b>
<b>Non-current liabilities</b>	
Loans from related parties	34,206,918
Total non-current liabilities	34,206,918
<b>Total liabilities</b>	<b>41,639,497</b>
<b>Net liabilities acquired (a)</b>	<b>6,611,024</b>
Satisfied by :	
Cash Consideration paid for 100% equity acquired (b)	(40,849)
Non-controlling interests (c)	-
<b>Goodwill (a)-(b)-(c)</b>	<b>6,651,873</b>

Since the date of acquisition, LLC2 has contributed US\$80.6 million to Group's revenue and a loss of US\$23.8 million Group's loss after tax.

Global Car Group Limited and its subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 March 2022

29. Associate

As on 31 March 2022, the group has investment in following associate entity:

Name	Relationship	Country of incorporation/ operation	Principal activities	Group interest (%)	
				31 March 2022	31 March 2021
Accelane Private Limited ('Accelane')	Associate	India	Customer support and outsourcing services	25	-

The investment in Accelane is measured using equity method.

Summary financial statement of Accelane as on 31 March 2022, on a 100% basis:

	2022 US\$
<b>Post-acquisition profit or loss statement:</b>	
Revenue	13,129,263
Depreciation and amortisation	3,353
Finance cost	3,903
Profit from continuing operation/ total comprehensive income	61,274
	2022 US\$
<b>Non-current assets</b>	<b>1109,829</b>
Cash and Cash equivalents	2,642,473
Other current assets	3,807,461
<b>Current assets</b>	<b>6,449,934</b>
<b>Current liabilities</b>	<b>2,650,799</b>
<b>Non-current liabilities</b>	<b>1,054</b>
<b>Net assets</b>	<b>3,907,910</b>
Group's share of net assets	976,978
Adjustments on account of downstream transactions with associate	29,700
Group's carrying amount of investment	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. 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 2022 and 2021.

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

**31. Reclassification**

Prior period comparative have been re-classified in conformity with current year's financial statements presentation. The impact of this restatement is not material to the financial statements as a whole.

**32. Event occurring after reporting period**

In July 2022, the Company bought back 60,000 ordinary shares at a price of US\$39.94 per share for a total consideration of US\$2.4million.

**33. Authorisation of financial statements**

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 7 December 2022.