

Management Replies

Compiled pursuant to Financial and Legal Due Diligence Reports

SECTION A: Neo Semi SG Pte. Ltd. (Neo)

Source: Financial DD – M/s. Sriramamurthy & Co. | Legal DD – M/s. Enclaro Advisors LLP

| S. No. | Risk Factor (as identified in DD Reports) | Management Reply |
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| 1 | Qualified Audit Opinion – Impairment Concerns The FY2023 auditors issued a qualified opinion regarding the full impairment of a US\$1.5 million unquoted investment, citing 'insufficient justification' and 'no significant changes since the prior year.' | Management acknowledges that the FY2023 audit qualification related to the impairment of a US\$1.5 million unquoted investment. The impairment was recorded based on management's best assessment of the investment's recoverable value at that time, taking into account the absence of market quotations and the operational status of the investee entity. Management is in the process of commissioning an independent valuation of the investment to substantiate the impairment charge and address the auditors' observations. Appropriate disclosures will be incorporated in the next set of audited financials. Management does not anticipate any material reversal of the impairment provision. |
| 2 | Financial Distress and Liquidity Risk Accumulated losses of US\$4.49M (FY2023), US\$6.28M (FY2024), and US\$5.05M (FY2025). Negative working capital of US\$4.84M (FY2024–25). Going-concern doubts raised. | Management is aware of the accumulated losses and the resultant working capital deficit. It is pertinent to note that the accumulated losses have shown improvement from US\$6.28M (FY2024) to US\$5.05M (FY2025), reflecting early-stage operational improvements. The liquidity position is being actively managed through continued support from promoters and institutional shareholders, including the recent capital infusion of USD 2.7 million (July 2025). Management is working on a structured business plan focused on revenue diversification, margin improvement, and debt rationalisation. The company continues to operate as a going concern with adequate promoter commitment and does not foresee an immediate liquidity event. |
| 3 | Non-Consolidation of Subsidiaries Neo has not consolidated its subsidiaries (including The RST Fuel Delivery) in financial statements, contrary to applicable accounting requirements. | Management acknowledges that consolidated financial statements were not prepared for the periods under review, primarily due to the recent acquisition and integration of the subsidiary entities. The group structure underwent significant changes through FY2024–25. Management has initiated the process of preparing consolidated financial |

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| | | statements and has engaged its statutory auditors to ensure compliance with applicable accounting standards. Going forward, all group entities will be reported on a consolidated basis. The management recognises that this is an area requiring prompt attention and is committed to full compliance. |
| 4 | Extreme Supplier Concentration 100% of payables concentrated with two suppliers: Limpid Trading SDN BHD (62%) and Al Jalore Trading FZE (38%), creating supply-chain disruption risk. | Management acknowledges the current concentration in the supplier base. This concentration is largely a function of the company's specialised commodity trading activities, where relationships with established counterparties are essential for procurement efficiency and pricing advantage. Both Limpid Trading and Al Jalore Trading have been longstanding, reliable partners with consistent track records of performance. Management is actively working on diversifying the supplier base and is in discussions with additional vendors in the same commodity segment. A formal vendor diversification plan is being prepared, and progress will be reported to the Board on a quarterly basis. |
| 5 | High Receivables Concentration SGD 6.17M receivables concentrated among three parties: Trident Investment Group (61%), Avante Resources (23%), and IG Asia (9%). | Management acknowledges the receivables concentration. The counterparties listed — Trident Investment Group, Avante Resources Pte Ltd, and IG Asia Pte Ltd — are established entities with whom the company has maintained a documented trading relationship. Collections from these parties have been, in management's assessment, progressing in accordance with agreed credit terms. Management is taking steps to broaden its customer base over the next two financial years to reduce concentration risk. Additionally, a credit monitoring policy is being formalised to track receivable ageing on a monthly basis and flag any delinquency at an early stage. |
| 6 | Significant Revenue Decline and Unsustainable Margins Revenue fell from SGD 22.78M (FY2023) to SGD 15.94M (FY2025), a ~30% drop. Gross margins are critically low at 0.51%. | Management notes that the revenue decline over the review period was largely attributable to deliberate portfolio rationalisation, wherein certain low-margin and high-risk commodity contracts were exited or renegotiated. While this has resulted in a reduction in top-line revenue, it has helped stabilise the trading book and reduce counterparty exposure. Gross margins in commodity trading are inherently thin, and the company's current margin profile is consistent with the industry segment in which it operates. Management is actively working on product mix optimisation and higher- |

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| | | value-added commodity segments to improve margins. The business plan submitted to incoming shareholders projects meaningful revenue recovery in FY2026 and FY2027. |
| 7 | Profitability Dependent on Volatile Non-Operational Gains FY2025 core business had an operating loss of SGD 5.7M, fully offset by fair-value gains of SGD 6.78M (28% of total income). | Management acknowledges that FY2025 profitability was significantly supported by fair-value gains on investments. These gains arose from the revaluation of the company's investment portfolio, which is measured at fair value through profit or loss in accordance with applicable accounting standards. While management agrees that reliance on non-operational income for profitability is not sustainable as a long-term strategy, the fair-value gains represent genuine economic value created in the portfolio. Management's strategic focus for FY2026 onwards is on improving core operating margins through business restructuring, new product lines, and operational efficiencies, thereby reducing dependence on non-operational income. |

SECTION B: Recellio Trading L.L.C.

Source: Financial DD – M/s. Sriramamurthy & Co. | Legal DD – M/s. Enclaro Advisors LLP

| S. No. | Risk Factor (as identified in DD Reports) | Management Reply |
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| 1 | Escalating Debt Burden – Over-Leveraging Risk Short-term borrowings surged 32% in 3 months (AED 9.83M to AED 12.98M). Long-term debt rose from AED 0.23M to AED 2.71M. Total debt: AED 15.69M for a 3-year-old company. | Management acknowledges the increase in borrowings during the period under review. The short-term borrowing increase was directly linked to a strategic scaling of inventory procurement and trade finance requirements to meet growing customer demand, which is reflected in the 32% YoY revenue growth in FY2025. The long-term borrowings represent structured facility arrangements drawn down for business expansion. Management is of the view that the current debt levels are serviceable given the revenue trajectory and improving cash generation. A formal debt management and monitoring framework has been put in place, and the Board reviews debt covenants on a quarterly basis. Reduction of short-term debt is expected as the trade cycle completes in the next two quarters. |
| 2 | Severe Liquidity Strain – Inadequate Cash Position Cash balances of only AED 1,151 to AED 1,312 against trade payables of AED 0.92M–1.21M and group-wide inventory/receivables of AED 18–19M. | Management acknowledges the low standalone cash balance at the company level. It is important to note that Recellio Trading operates as part of a closely integrated group structure, and liquidity management is conducted at the group level. Cash flows are optimised centrally to ensure timely settlement of payables and operational expenses. The low entity-level cash balance is a function of daily cash sweeping arrangements within the group, and does not reflect the actual liquidity available to the business. Management is committed to improving standalone cash reporting transparency and is working with its financial advisors to implement a more visible liquidity framework at the entity level. |
| 3 | Significant Short-Term Debt Exposure Legal DD specifically highlights 'significant short-term debt' as a key risk area requiring continued oversight. | Management is cognisant of the short-term debt exposure and the observations in the Legal Due Diligence Report. As noted, the short-term debt is primarily trade-linked, drawn against receivables and inventory that are expected to convert to cash within the normal operating cycle of 60–90 days. Management is actively working to extend the maturity profile of a portion of short-term facilities into medium-term structured debt, which would reduce the refinancing risk and improve the debt structure. Progress on this will be made available to the Board and shareholders in due course. |

SECTION C: RST Fuel Delivery Private Limited

Source: Financial DD – M/s. Sriramamurthy & Co. | Legal DD – M/s. AAN Legal

| S. No. | Risk Factor (as identified in DD Reports) | Management Reply |
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| 1 | Sharp Revenue Decline and Unsustainable Margins Revenue fell 32.2% (FY24 to FY25) and a further 70% in FY25–26 (to ₹10.35 Cr). Material costs: 93.7–97.3% of revenue. Persistent net losses. | Management acknowledges the revenue contraction in recent periods. The decline is primarily attributable to the loss of a major fuel delivery contract in FY2024–25, compounded by a strategic decision to exit certain low-margin routes while the company repositions its service model. The sharp further decline in FY2025–26 was also influenced by the company's focus on operational restructuring and fleet optimisation, which temporarily reduced delivery volumes. Management is actively rebuilding its contract pipeline and is in discussions with several institutional and commercial clients for long-term supply agreements. The thin material-cost margins are characteristic of the fuel logistics segment, and Management is working on value-added service offerings to improve net margins. A detailed business recovery plan is being presented to the Board for approval. |
| 2 | Extreme Related-Party Debt Dependence ₹12.90 Cr (92.6%) of long-term borrowings from related parties (Neo Semi Global Pvt Ltd and Vibhav Engineering). No formal loan agreements or reconciled ledgers. | Management acknowledges the significant reliance on related-party funding to support the company's operations. The borrowings from Neo Semi Global Pvt Ltd and Vibhav Engineering represent promoter-group support extended during the company's formative phase, when access to institutional credit was limited. Management recognises that the absence of formal loan agreements and the reconciliation gaps are areas that require prompt rectification. Accordingly, Management is in the process of formalising all related-party loan arrangements with proper documentation, including executed loan agreements, defined repayment schedules, and applicable interest terms. Ledger reconciliations are being completed and will be reflected in the next audit cycle. These steps will also ensure compliance with the Companies Act (Section 185/186 related provisions) and applicable RBI/FEMA requirements. |
| 3 | Persistent Losses, Negative Cash Flow and Liquidity Strain Consecutive net losses, negative operating cash flow (₹0.38 Cr, FY25). Negative equity of | Management acknowledges the difficult financial position of RST Fuel Delivery as reflected in the financial statements. The negative equity position and below-unity current ratio are recognised as areas of immediate focus. Management has sought and received a formal commitment from the promoter group for continued financial support to meet operational and statutory obligations in the near term. A structured capital infusion plan, including conversion of a portion of related-party debt |

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| | ₹(1,29,840.33) thousand. Current ratio: 0.57x. Cash: ₹0.027 Cr. | to equity, is being evaluated to improve the equity base and current ratio. Management is also working on improving cash conversion cycles through tighter receivable management and more disciplined procurement. These measures are expected to demonstrate meaningful improvement in the financial position within the next two financial years. |
| 4 | Unusual Accounting Entries and Revenue Recognition Issues Two ₹6 Cr consultancy invoices raised and immediately reversed against Avantee Resource. Accrued revenue of ₹1.49 Cr recognised without supporting contracts or delivery proofs. | Management acknowledges the concerns raised regarding the ₹6 crore invoices and the accrued/unbilled revenue recognition. With respect to the ₹6 crore consultancy invoices issued to and reversed against Avantee Resource Pvt Ltd, Management clarifies that these were raised in the course of evaluating a potential business engagement that did not materialise, and the credit notes were issued to nullify the same without any cash movement or adverse impact. The accounting entries were correctly reversed and the net impact on revenue is nil. With respect to the accrued revenue of ₹1.49 crores, Management acknowledges that the supporting documentation (customer contracts, work completion records, and invoices) was not made available to the auditors during the review. Management is collating this documentation and will provide the same to the auditors and due diligence team for their review and satisfaction. Revenue will be reversed if adequate support cannot be established. |
| 5 | Compliance Filing Delays and Irregular Cash Payments Delays in PT and TDS filings. Cash payments (~₹0.24 Cr) booked as fines/penalties in individual names without narration. Some payments possibly violate ₹10,000 cash limit under IT Act. | Management acknowledges the delays in Professional Tax and TDS filings and regrets any lapses in timely compliance. These delays were primarily due to administrative and capacity constraints during a period of significant business restructuring. Management has since engaged a dedicated compliance executive and is in the process of clearing all pending filings, including payment of applicable interest and late fees. With regard to cash payments recorded as fines/penalties, Management is conducting an internal review to provide adequate narration, supporting documentation, and appropriate classification for each entry. Where payments are found to be non-compliant with the income-tax cash payment limit, appropriate adjustments will be made. Management is also implementing a compliance calendar to prevent recurrence. |

Note: The above Management Replies are provided in good faith and represent Management's current understanding and plans. Appropriate confirmations, documentation, and rectifications will be undertaken within the timelines indicated.