



## **Independent Auditors' Report**

**To the Members of Aksh Composites Private Limited**

### **Report on the Financial statements**

#### **Opinion**

We have audited the accompanying Ind AS financial statements of **Aksh Composites Private Limited** (the 'Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw your attention to Note 42 of the financial statements which explains the uncertainties and the management's assessment of the financial impact on the financial statements of the Company due to the lock-down and the other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation which might impact the operations of the Company, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve. Further, we have not attended physical inventory verification at locations where it was impracticable for us to attend physical verification under the current lock-down restrictions imposed by the government, we have relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at those locations.

Our opinion is not modified in respect of these matters.



## **Other Information - Board of Directors' Report**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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

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

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standards on Auditing 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 Ind AS financial statements.

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

- i. Identify and assess the risks of material misstatement of the Ind AS 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.



- ii. Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

1. With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and to the best of our information and according to the explanations given to us, no remuneration has paid by the Company to its directors during the year.

2. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. As required by Section 143(3) of the Act, we report that:


- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31 March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- (g) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The reporting on disclosure relating to Specified Bank Notes is not applicable to the Company for the year ended 31 March, 2020.

Place of Signature: New Delhi  
Date: 22 June 2020

**For P. C. Bindal & Co.**  
Chartered Accountants  
Firm Registration No.: 003824N



**CA K. C. Gupta**  
Partner  
M. No. 088638  
UDIN-20088638AAAACJ9337



## **Annexure A to the Independent Auditors' Report**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Member of Aksh Composites Private Limited of even date)**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) According to the Information and explanation given to us, fixed assets have been physically verified by the management during the year. To the best of our knowledge, no discrepancies have been noticed on such verification. In our opinion, periodicity of physical verification of fixed assets is reasonable.
  - (c) Since the company does not have any immovable property, this clause is not applicable.
- ii. According to the information and explanation given to us, physical verification of inventory has been conducted at reasonable intervals by the management. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt with books of accounts.
- iii. According to the Information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 Companies Act 2013. Accordingly, Clauses (a), (b) and (c) of sub Para iii of paragraph 3 of the order are not applicable.
- iv. According to the information & Explanation given to us, the company has not given any loans and guarantees, to partiers covered under section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the directives issued by Reserve Bank of India and provisions of sections 73 to 76 of the Companies Act, 2013, including rules framed there under, apply. Further, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other tribunal.
- vi. To the best of our knowledge and as explained to us, the Central Government has not prescribed maintenance of cost records under clause of sub section (1) of section 148 of the Companies Act, 2013 for the products of the company.
- vii. (a) According to the information and explanation given to us and according to the books and records produced before us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods & service tax, value added tax, cess and any other statutory dues with the appropriate authority, as applicable to it.


According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods & service tax, cess were in arrears, as at 31 March, 2020 for a period of more than six months from the date they become payable.



- (b) According to the books and records produced before us, there are no dues of income tax or sales tax or service tax or goods & service tax, value added tax or cess which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- x. Based on our audit procedures and on the basis of the information and explanations given to us, no material fraud by the Company or by its officer or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanation given to us, the company has not given any managerial remuneration to the director.
- xii. Based on our audit procedure and according to the information and explanation given to us, The company is a not a Nidhi Company. Hence clause (xii) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiii. Based on our audit procedure and according to the information and explanation given to us, all transaction with the related parties are in compliance with section 177 & section 188 of Companies Act, 2013 and details of the same is disclosed in the Ind AS financial statement as required by the applicable Indian Accounting Standards.
- xiv. Based on our audit procedures and on the basis of the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under Audit.
- xv. According to the information and explanation given to us, the company has not entered into any-non cash transaction with directors or persons under the provisions of section 192 of Companies Act-2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanation given to us, the company is not required to be registered under Section-451A of the Reserve Bank of India Act 1934.

Place of Signature: New Delhi  
Date: 22 June 2020

**For P. C. Bindal & Co.**  
Chartered Accountants  
Firm Registration No.: 003824N

  
**CA K. C. Gupta**  
Partner  
M. No. 088638  
UDIN-20088638AAAACJ9337

## **"Annexure B" to the Independent Auditor's Report**

**(Referred to in paragraph 3 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Member of Aksh Composites Private Limited of even date)**

### **Report on the Internal Financial Controls with reference to financial statements under clause (i) of Sub-section 3 of section 143 of Companies Act, 2013**

We have audited the internal financial controls with reference to financial statements of Aksh Composites Private Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

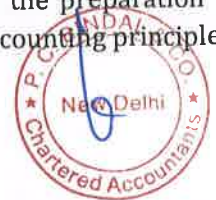
Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements of the Company.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.



A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2020, based on internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place of Signature: New Delhi  
Date: 22 June 2020

**For P. C. Bindal & Co.**  
Chartered Accountants  
Firm Registration No.: 003824N



**CA K. C. Gupta**  
Partner  
M. No. 088638

UDIN-20088638AAAACJ9337



**Aksh Composites Private Limited**  
Balance Sheet as at March 31, 2020

	Notes	31/Mar/20	31/Mar/19
<b>Assets</b>			
<b>Non-current assets</b>			
Property Plant and Equipment	3(a) (i & ii)	962.48	609.56
Capital work-in-progress	3 (b)	18.75	76.87
Intangible assets	3 (c)	0.20	0.35
<b>Financial assets</b>			
Loans	4	34.45	44.05
Deferred tax assets (net)	5	170.80	-
Other non-current assets	6	19.23	6.94
		<b>1,203.69</b>	<b>737.77</b>
<b>Current assets</b>			
Inventories	7	174.41	936.30
<b>Financial Assets</b>			
Trade receivables	8	385.90	362.55
Cash and cash equivalents	9	0.95	0.07
Other Bank Balances	10	9.40	9.40
Loans	4	3.31	3.31
Other Financial Assets	11	1.81	1.45
Current tax assets (net)		0.25	-
Other current assets	6	162.45	246.84
		<b>718.48</b>	<b>1,561.92</b>
<b>Total Assets</b>		<b>1,922.17</b>	<b>2,299.69</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share capital	12	360.00	360.00
Other Equity	13	(490.89)	6.46
		<b>(130.89)</b>	<b>366.46</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Other Financial liabilities	14	258.43	-
Deferred tax liabilities (net)	5	-	4.70
Provisions	15	0.83	5.52
		<b>259.26</b>	<b>10.22</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	780.30	601.64
Trade payables	17	-	-
(a) total outstanding dues to micro & small enterprises		22.54	64.43
(b) total outstanding dues other than above		816.41	934.94
Other financial liabilities	18	164.30	107.16
Other Current liabilities	19	8.51	15.16
Provisions	15	1.74	0.11
Current tax liabilities (net)		-	4.55
		<b>1,793.80</b>	<b>1,923.01</b>
<b>Total Equity and liabilities</b>		<b>1,922.17</b>	<b>2,299.69</b>
Summary of significant Accounting policies 21			
The accompanying notes (1-43) are an integral part of the financial statements			

As per our report of even date  
For P.C. BINDAL & CO  
Chartered Accountants  
Firm Registration Number: 103524N  
New Delhi  
CA K.C. GUPTA  
Partner  
Membership No.: 063638



For and on behalf of the Board of Directors  
Prashant Kumar Agrawal  
Director  
DIN : 07692212  
Munesh Chandra  
Director  
DIN : 03447737

Place: New Delhi  
Date: 22 June 2020

Place:- Bhiwadi, Rajasthan  
Place:- Bhiwadi, Rajasthan



**Aksh Composites Private Limited**

Statement of Profit and Loss for the year ended March 31, 2020

	Notes	INR in Lakhs	
		31/Mar/20	31/Mar/19
<b>Income</b>			
Revenue from operations	20	1,338.50	2,576.12
Other income	21	5.33	4.26
<b>Total revenue (I)</b>		<b>1,343.83</b>	<b>2,580.38</b>
<b>Expenses</b>			
Cost of raw material and components consumed	22	697.10	1,923.22
Purchase of traded goods	23	212.54	199.10
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	24	493.82	(315.85)
Employee benefits expense	25	180.89	208.14
Finance costs	26	113.54	80.09
Depreciation and amortisation expense	27	124.11	58.71
Other expense	28	208.55	493.28
<b>Total expense (II)</b>		<b>2,030.65</b>	<b>2,556.88</b>
<b>Profit/(Loss) before exceptional items and tax, (I) - (II)</b>		<b>(686.72)</b>	<b>23.70</b>
Exceptional (expense)/income	29	40.27	-
<b>Profit/(Loss) before tax</b>		<b>(646.45)</b>	<b>23.70</b>
<b>Tax expenses</b>			
Current tax		-	4.87
Deferred tax (including MAT utilisation)		(168.41)	2.76
Adjustment of tax relating to earlier periods		-	0.10
<b>Income tax expense</b>		<b>(168.41)</b>	<b>7.53</b>
<b>Profit/(Loss) for the year</b>		<b>(478.05)</b>	<b>16.17</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to Profit or (Loss) in subsequent periods		0.44	0.07
(ii) Income Tax relating to these items		(0.12)	(0.02)
<b>Other comprehensive income for the year, net of tax</b>		<b>0.32</b>	<b>0.05</b>
<b>Total comprehensive income for the year</b>		<b>(477.73)</b>	<b>16.22</b>
<b>Earnings per equity share</b>			
Basic earnings per equity share	31	(13.27)	0.45
Diluted earnings per equity share		(13.27)	0.45

Summary of significant Accounting policies 2.1

The accompanying notes (1-43) are an integral part of the financial statements

As per our report of even date

For P.C.BINDAL & CO

Chartered Accountants

Firm Registration Number 003624N

CA K.C. GUPTA

Partner

Membership No. 688035

Place: New Delhi  
Date: 22 June 2020



Prashant Kumar Agrawal  
Director  
DIN : 07592212

Place:- Bhiwadi, Rajasthan

For and on behalf of the Board of Directors

Munesh Chandra  
Director  
DIN : 03447737

Place:- Bhiwadi, Rajasthan



**Aksh Composites Private Limited**

Notes to financial statements for the year ended March 31 2020

	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>4. Financial Assets - Loans</b>		
<b>Non-Current</b>		
Security deposit	34.45	44.05
	<u>34.45</u>	<u>44.05</u>
<b>Current</b>		
Security deposit	3.31	3.31
	<u>3.31</u>	<u>3.31</u>

	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>5. Deferred Tax Liabilities/(Assets) net</b>		
<b>Deferred Tax Liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	110.98	22.91
<b>Gross deferred tax liability</b>	<u>110.98</u>	<u>22.91</u>
<b>Deferred tax asset</b>		
Impact of carried forward losses	188.14	9.22
Adjustment in accordance with Ind AS	85.30	0.11
Employee benefit expenses	1.42	2.15
<b>Gross deferred tax asset</b>	<u>274.86</u>	<u>11.48</u>
MAT credit	6.73	6.73
<b>Deferred Tax Liabilities/(Assets) net</b>	<u>(170.60)</u>	<u>4.70</u>

	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>6. Reconciliation of tax expense and the accounting profits multiplied by India's domestic tax rate for</b>		
Accounting profit before income tax	(640.45)	23.70
At India's statutory income tax rate of 26% (31 March 2019: 26%)	<b>(168.08)</b>	<b>0.16</b>
Impact of permanent disallowances under Income Tax Act	0.75	1.37
Others	(1.06)	-
At the effective income tax rate of 28.05% (31 March 2019: 31.77%)	<b>(168.41)</b>	<b>7.53</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<u>(168.41)</u>	<u>7.53</u>

	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>6. Other Assets</b>		
<b>Non-Current</b>		
Deferred lease expense on security deposits paid	19.23	6.94
<b>Total Other Non-Current Assets</b>	<u>19.23</u>	<u>6.94</u>
<b>Current</b>		
Advances recoverable in cash or kind	50.34	55.47
Prepaid expenses	0.11	1.61
Balances with statutory / government authorities	112.00	189.08
Deferred lease expense on security deposits paid		2.68
<b>Total Other Current Assets</b>	<u>162.45</u>	<u>248.84</u>

	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>7. Inventories</b>		
(Valued at lower of cost and net realisable value)		
Finished and traded goods	-	235.32
Raw material	29.98	250.35
Semi finished goods	84.91	343.42
Stores, spares and others	59.94	86.21
	<u>174.41</u>	<u>915.30</u>

	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>8. Financial assets - Trade Receivables</b>		
Trade receivables	19.03	320.48
Receivables from related parties	346.87	42.09
	<u>365.90</u>	<u>362.55</u>
<b>Breakup of security details</b>		
Secured, considered good		
Unsecured, considered good		
Considered doubtful	365.90	362.55
	<u>365.90</u>	<u>362.55</u>

There are no trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are generally non-interest bearing and are generally on terms of 30 to 90 days.



Signature: *[Handwritten Signature]*  
 Date: *09/03/20*



9. Financial assets - Cash and Cash equivalents	INR in Lakhs	
	31/Mar/20	31/Mar/19
Balances with banks:		
On current accounts	0.94	0.06
Cash on hand	0.01	0.01
	<b>0.95</b>	<b>0.07</b>

10. Financial assets - Other Bank Balances	INR in Lakhs	
	31/Mar/20	31/Mar/19
Margin Money #	9.40	9.40
	<b>9.40</b>	<b>9.40</b>

# Margin Money deposit are held as lien by banks against bank guarantees.

11. Financial assets - Other Financial Assets	INR in Lakhs	
	31/Mar/20	31/Mar/19
Current		
Interest accrued on fixed deposits	1.81	1.45
	<b>1.81</b>	<b>1.45</b>



*Over* *one more*





**Aksh Composites Private Limited**

Notes to financial statements for the year ended March 31, 2020

12. Share Capital	INR in Lakhs	
	31/Mar/20	31/Mar/19
Authorized Shares (Nos.)		
4,000,000 (March 31, 2019 - 4,000,000) Equity Shares of Rs. 10/- each	400.00	400.00
Issued, subscribed and fully paid-up shares (Nos.)		
3,600,000 (March 31, 2019 - 3,600,000) Equity Shares of Rs. 10/- each	360.00	360.00
	<u>360.00</u>	<u>360.00</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares		INR in Lakhs	
		31/Mar/20	31/Mar/19
At the beginning of the year	Nos.	36,00,000	36,00,000
Add:			
Issued during the year	Nos.	-	-
Outstanding at the end of the year	Nos.	<u>36,00,000</u>	<u>36,00,000</u>
At the beginning of the year	Rs. in Lakhs	360.00	360.00
Add:			
Issued during the year	Rs. in Lakhs	-	-
Outstanding at the end of the year	Rs. in Lakhs	<u>360.00</u>	<u>360.00</u>

**Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

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

13. Other Equity	INR in Lakhs	
	31/Mar/20	31/Mar/19
Retained Earnings		
Balance as per the last financial statements	6.46	(9.76)
Transaction Effect of Ind AS 116 (Net of Tax)	(19.62)	-
Profit/(Loss) for the year	(478.05)	16.17
Add/(Loss) Other Comprehensive Income	0.32	0.05
Closing Balance	<u>(490.89)</u>	<u>6.46</u>



*Shan* *Shan*



**Aksh Composites Private Limited**

Notes to financial statements for the year ended March 31, 2020

	INR in Lakhs	
	31/Mar/20	31/Mar/19
14. Financial Liabilities - Other financial liabilities		
Others-Lease Liability	258.43	-
	<b>258.43</b>	-

	INR in Lakhs	
	31/Mar/20	31/Mar/19
15. Provisions		
Non-Current		
Provision for Gratuity & Compensated Absences (refer note no. 30)	0.83	5.52
	<b>0.83</b>	<b>5.52</b>
Current		
Provision for Gratuity & Compensated Absences (refer note no. 30)	1.74	0.11
	<b>1.74</b>	<b>0.11</b>

	INR in Lakhs	
	31/Mar/20	31/Mar/19
16. Short Term Borrowings		
Secured Loans		
Working capital facilities from Banks	192.04	198.83
Unsecured Loans		
Indian Rupee Loan from Holding Company	588.26	602.81
	<b>780.30</b>	<b>801.64</b>
Total secured loans	192.04	198.83
Total unsecured loans	588.26	602.81

Working capital facility is secured by way of first pari-passu charge on Current Assets both present and future and property plant and equipments of the Company. These facilities are further secured by personal guarantee of Dr. Kailash S. Choudhari, Chairman of holding Company i.e. Aksh Optifibre Limited. The cash credit is repayable on demand. The cash credit carries interest in the range of 10.50% to 11.50%.



*Qureshi* *Qureshi*



17. Financial Liabilities - Trade Payables		INR in Lakhs	
	31/Mar/20	31/Mar/19	
<b>Current</b>			
Trade Payables to micro and small enterprises (refer note no. 30)	22.54	64.43	
Trade Payables to others	816.41	934.94	
	<u>838.95</u>	<u>999.37</u>	
<b>Other Details</b>			
Trade payables to related parties (refer note no. 31)			
Others	838.95	999.37	

Trade payables are generally non-interest bearing and are generally on terms of 30 to 120 days

18. Financial Liabilities - Other Financial Liabilities		INR in Lakhs	
	31/Mar/20	31/Mar/19	
<b>Current</b>			
Others	164.30	102.16	
	<u>164.30</u>	<u>102.16</u>	
<b>Other Detail</b>			
Payables to related parties (refer note no. 31)			
Others			

19. Other Current Liabilities		INR in Lakhs	
	31/Mar/20	31/Mar/19	
<b>Others</b>			
	8.51	15.18	
	<u>8.51</u>	<u>15.18</u>	



*Sham* *Prakash*



**Aksh Composites Private Limited**  
Notes to financial statements for the year ended March 31, 2020

20 Revenue From Operations	INR in Lakhs	
	31/Mar/20	31/Mar/19
Revenue from operations		
Sale of products		
- Finished goods	1,161.44	2,344.02
- Traded goods	207.52	194.00
Other operating revenue		
- Scrap sales	4.81	5.54
- Export Incentives	1.87	5.98
- Exchange Fluctuation	(37.24)	25.98
	<b>1,338.50</b>	<b>2,576.12</b>

Disaggregation of revenue has been disclosed on the basis business segment and geography (refer note no. 41)

21 Other Income	INR in Lakhs	
	31/Mar/20	31/Mar/19
Interest income		
on deposits	0.36	2.20
on other advances	-	2.06
Other Income	4.97	-
	<b>5.33</b>	<b>4.26</b>

**Aksh Composites Private Limited**  
Notes to financial statements for the year ended March 31, 2020

22 Cost of raw material and components consumed	INR in Lakhs	
	31/Mar/20	31/Mar/19
Inventory at the beginning of the year	259.35	141.38
Add: Purchases	467.31	2,041.19
	<b>726.66</b>	<b>2,182.57</b>
Less: Inventory at the end of the year	29.56	259.35
Cost of raw material and components consumed	<b>697.10</b>	<b>1,923.22</b>

23 Details of purchase of traded goods	INR in Lakhs	
	31/Mar/20	31/Mar/19
Telecom Products	212.54	199.10
	<b>212.54</b>	<b>199.10</b>

24 (Increase)/decrease in inventories	INR in Lakhs	
	31/Mar/20	31/Mar/19
Inventories at the end of the year		
Finished/Traded goods	0.00	235.32
Semi Finished goods	84.91	343.42
	<b>84.91</b>	<b>578.73</b>
Inventories at the beginning of the year		
Finished/traded goods	235.32	131.98
Semi finished goods	343.42	130.90
	<b>578.73</b>	<b>262.88</b>
	<b>493.82</b>	<b>(316.85)</b>

25 Employee benefits expense	INR in Lakhs	
	31/Mar/20	31/Mar/19
Salaries, wages and bonus	163.55	193.41
Contribution to provident and other funds	10.15	4.48
Gratuity	0.53	1.71
Staff welfare expenses	6.66	8.57
	<b>180.89</b>	<b>208.14</b>



*Qun*

*One more*





	31/Mar/20	31/Mar/19
Interest on Cash Credit	21.21	21.30
Interest Others*	89.55	58.92
Bank Charges	2.78	1.88
	<b>113.54</b>	<b>80.00</b>

\* Interest on lease liability is Rs 24.36 Lakhs for the year ended on 31 March 2020  
Interest amounting to Rs Nil ( Previous year Rs. 9.45 Lakhs) has been capitalised during the year in Compliance with Ind AS -23



*Qureshi*  
*Qureshi*



27. Depreciation and amortisation expense	INR in Lakhs	
	31/Mar/20	31/Mar/19
Depreciation of Property, Plant & Equipment	55.87	58.58
Depreciation on Right to use of Assets (Lease Assets)	68.20	-
Amortisation of intangible assets	0.15	0.13
	124.11	58.71

**Aksh Composites Private Limited**

Notes to financial statements for the year ended March 31, 2020

28. Other expenses	INR in Lakhs	
	31/Mar/20	31/Mar/19
Consumption of stores and spares	28.92	43.43
Power & Fuel	63.38	70.24
Packing Material Consumed	43.27	79.63
Repair & Maintenance		
- Plant & Machinery	0.77	10.61
- Others	4.33	5.63
Marketing & Service Charges	3.67	6.66
Freight & Cartage (Outward)	25.63	26.76
Traveling & Conveyance	10.08	19.32
Postage & Telephone	1.20	0.94
Insurance	2.53	6.64
Rent	2.66	79.91
Professional & Legal Expenses	3.35	4.47
Auditors' Remuneration*	3.28	4.26
Other Expenses	17.13	42.86
	208.65	403.26

\* Payment to auditor

As auditor:	INR in Lakhs	
	31/Mar/20	31/Mar/19
Audit fee	3.00	3.00
In other capacity:		
Reimbursement of expenses	0.28	1.26
	3.28	4.26

29. Exceptional (expense)/income	INR in Lakhs	
	31/Mar/20	31/Mar/19
Profit on sale of property plant and equipments	1.12	-
Modification of Lease Liabilities	39.15	-
	40.27	-



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*Drum*



**AKSH COMPOSITES PRIVATE LIMITED**

Statement of Changes in Equity for the year ended March 31, 2020

(A) Equity share capital (refer note no. 12)	Nos.	INR in Lakhs
As at 1 April 2018	36,00,000	360.00
Changes in equity share capital		
As at 31 March 2019	36,00,000	360.00
Changes in equity share capital		
As at 31 March 2020	36,00,000	360.00

	B. Other Equity (refer note no. 13)	
	Retained earnings	Total other equity
Balance as at 1 April 2018	(9.76)	(9.76)
Profit for the year	16.17	16.17
Other comprehensive income	0.05	0.05
Total comprehensive income for the year	16.22	16.22
Balance as at 31 March 2019	6.46	6.46
Transition Effect of Ind AS 116	(19.62)	(19.62)
Profit/(Loss) for the year	(478.05)	(478.05)
Other comprehensive income	0.32	0.32
Total comprehensive income for the year	(477.74)	(477.74)
As at 31 March 2020	(490.89)	(490.89)

For P.C.BINDAL & CO.  
Chartered Accountants  
Firm Registration Number: 003824N  
CA K.C. GUPTA  
Partner  
Membership No: 088638

Place: New Delhi  
Date: 22 June 2020

For and on behalf of the Board of Directors

Prashant Kumar Agrawa: Director  
DIN : 07592212

Munesh Chandra: Director  
DIN : 03447737

Place: - Bhiwadi, Rajasthan

Place: - Bhiwadi, Rajasthan



**AKSH COMPOSITES PRIVATE LIMITED**  
Cash Flow Statement For The Year Ended March 31, 2019

Particular	(Rs. In Lakhs)	
	31-Mar-20	31-Mar-19
<b>A. Cash flow from operating activities</b>		
Profit before tax	(648.45)	23.70
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	124.11	58.71
Profit on sale of property, plant and equipment	1.12	-
Interest expense	110.78	78.22
Transitional Impact of Ind AS 118	(19.62)	-
Other comprehensive income	0.32	0.07
Interest income	(0.36)	(2.20)
Operating profit before working capital changes	(430.14)	158.51
<b>Movements in working capital :</b>		
Increase in trade payables and other liabilities	153.48	723.96
Increase / (decrease) in long term provisions	(4.69)	2.39
Increase / (decrease) in short-term provisions	1.63	0.07
(Increase) in trade receivables	(3.35)	(137.37)
(Increase) / decrease in inventories	761.89	(484.50)
(Increase) / decrease in other assets	83.35	(83.86)
Cash generated from operations	562.18	179.20
Direct taxes paid	(11.70)	(2.20)
Net cash flow / (Used in) from operating activities (A)	550.48	176.91
<b>B. Cash flows from investing activities</b>		
Purchase of property plant and equipment, including CWIP	(252.83)	(120.39)
Increase in capital vendor / payable for capital goods	-	(332.88)
Proceeds from sale of property, plant and equipment	(165.01)	-
Interest income	0.38	2.20
Net cash (used in) from investing activities (B)	(417.60)	(451.07)
<b>C. Cash flows from financing activities</b>		
Proceeds / (repayments) from / of short-term borrowings	(21.34)	326.31
Finance cost	(110.78)	(78.22)
Net cash flow in financing activities (C)	(132.10)	248.09
Net (decrease) / increase in cash and cash equivalents (A+B+C)	0.88	(26.07)
Cash and cash equivalents at the beginning of the year	0.07	26.15
Cash and cash equivalents at the end of the year	0.95	0.08
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.01	0.01
With banks- on current account	0.94	0.06
Total cash and cash equivalents (refer note no. 9)	0.95	0.07
Summary of significant accounting policies		
The accompanying notes (1-43) are an integral part of the financial statements	(0.00)	

As per our report of even date  
For P. C. BINDAL & CO.  
Chartered Accountants  
Firm Registration Number: 003624H  
New Delhi  
CA K. C. GUPTA  
Partner  
Membership no: 008636

For and on behalf of the Board of Directors

Prashant Kumar Agrawal  
Director  
DIN : 07592212

Munesh Chandra  
Director  
DIN : 03447737

Place: New Delhi  
Date: 22 June 2020

Place:- Bhiwadi, Rajasthan

Place:- Bhiwadi, Rajasthan





**AKSH COMPOSITES PRIVATE LIMITED**  
Notes to financial statements for the year ended March 31, 2020

1(a) Property, Plant and Equipment								
	Factory Building	Plant and equipment	Testing Instruments	Air Conditioner	Furniture and fixtures	Office Equipment	Data Processing System	Total
<b>Cost</b>								
At 1 April 2018	5.24	219.02	1.71	1.26	1.75	1.52	3.41	227.91
Additions	6.54	465.61	1.80	1.03	0.65	7.17	2.39	485.19
Disposals / adjustments	-	-	-	-	-	-	-	-
At 31 March 2019	11.78	684.63	3.51	2.29	2.40	8.69	5.80	713.30
Additions	-	246.10	-	-	1.55	-	0.50	248.15
Disposals / adjustments	-	(213.48)	-	-	-	-	-	(113.48)
At 31 March 2020	11.78	717.25	3.51	2.29	3.95	8.69	6.30	747.77
<b>Depreciation</b>								
At 1 April 2018	0.14	47.59	0.44	0.27	0.35	0.03	1.14	44.96
Charge for the year	1.56	53.93	0.18	0.17	0.17	1.17	1.40	58.56
Disposals / adjustments	-	-	-	-	-	-	-	-
At 31 March 2019	1.70	101.52	0.62	0.44	0.52	1.20	2.54	103.34
Charge for the year	2.78	45.42	0.21	0.22	0.21	1.68	1.66	55.47
Disposals / adjustments	-	(49.59)	-	-	-	-	-	(49.59)
At 31 March 2020	4.48	97.35	0.83	0.66	0.73	2.88	4.20	103.81
<b>Net Book</b>								
At 31 March 2020	7.30	619.90	2.68	1.63	3.22	5.81	2.10	638.14
At 31 March 2019	9.98	583.11	2.89	1.90	1.88	7.49	3.26	609.36

1(a)(i) Right of use of Assets	
	Right to use of building
Opening Balance as on 01 April 2019	-
Addition on Transition date	750.05
Addition	146.15
Deletion on account of modification	(123.58)
	<u>772.62</u>
<b>Accumulated Depreciation</b>	
Opening Balance as on 01 April 2019	-
During the year	68.25
	<u>68.25</u>
<b>Net Book value</b>	
At 31st March 2020	704.37
At 31st March 2019	772.62

Notes:  
(i) The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st Apr. 2019). Accordingly, previous period information has not been restated.

This has resulted in recognizing a right-of-use asset of Rs 750.05 lakhs and a corresponding lease liability of Rs 776.27 lakhs. The difference of Rs 19.62 lakhs (net of deferred tax asset created of Rs 6.90 lakhs) has been adjusted to retained earnings as at 1st April 2019.

In the statement of profit and loss for the current year, operating lease expenses which were recognized as other expenses in previous periods is now recognized as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

(ii) The Company incurred Rs 2.96 lakhs for the year ended 31st March, 2020 towards expenses relating to short term leases and leases of low value assets. The total cash outflow for leases is Rs 85.85 lakhs for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets.

(iii) The Company's leases mainly comprise of buildings.

1(b) Capital Work in Progress	
	INR in Lakhs
At 31st March 2020	16.75
At 31st March 2019	76.87

1(c) Intangible Assets	
	INR in Lakhs
<b>Gross block</b>	
At 1 April 2018	-
Additions	0.48
Disposals / adjustments	-
At 31 March 2019	0.48
Additions	-
Disposals / adjustments	-
At 31 March 2020	<u>0.48</u>

<b>Accumulated Amortisation</b>	
At 1 April 2018	-
Charge for the year	0.13
Disposals / adjustments	-
At 31 March 2019	0.13
Charge for the year	0.15
Disposals / adjustments	-
At 31 March 2020	<u>0.28</u>
<b>Net block value</b>	
At 31 March 2020	0.20
At 31 March 2019	0.35



**AKSH COMPOSITES PRIVATE LIMITED**

Notes to financial statements for the year ended 31 March 2020

30 Employee benefits	INR in Lakhs	
	31/Mar/20	31/Mar/19
<b>Non Current</b>		
Provision for Gratuity	0.40	3.20
Provision for Compensated absence	0.44	2.32
<b>Total</b>	<b>0.83</b>	<b>5.52</b>
<b>Current</b>		
Provision for Gratuity	0.00	0.05
Provision for Compensated absence	1.74	0.05
<b>Total</b>	<b>1.74</b>	<b>0.11</b>

Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (less drawn salary) for each completed year of service.

**Defined benefit plans**

**Gratuity:**

Provision for gratuity is determined based on actuarial valuation using projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the present value of the defined benefit obligation are as follows:	INR in Lakhs	
	Gratuity	Compensated absences
<b>Defined benefit obligation at 1 April 2018</b>	1.40	1.57
Interest expense	3.12	0.12
Service cost	1.58	1.60
Past Service Cost including curtailment Gains /Losses	-	-
Benefits paid	-	(0.14)
Actuarial (gain)/ loss on obligations	(0.07)	(0.75)
<b>Defined benefit obligation at 31 March 2019</b>	<b>3.23</b>	<b>2.39</b>
Interest expense	0.25	0.18
Service cost	0.28	0.41
Past Service Cost including curtailment Gains /Losses	-	-
Benefits paid	(2.90)	(3.21)
Actuarial (gain)/ loss on obligations	(0.44)	2.40
<b>Defined benefit obligation at 31 March 2020</b>	<b>0.38</b>	<b>2.19</b>

Reconciliation of fair value of plan assets and defined benefit obligation	INR in Lakhs	
	Gratuity	Compensated absences
Present value of obligation	3.23	2.39
Fair value of plan assets	-	-
Net assets / (liability) recognized in balance sheet as provision as at 31 March 2019	(3.23)	(2.39)
Present value of obligation	0.38	2.19
Fair value of plan assets	-	-
Net assets / (liability) recognized in balance sheet as provision as at 31 March 2020	(0.38)	(2.19)

Amount recognised in Statement of Profit and Loss	INR in Lakhs	
	Gratuity	Compensated absences
Current service cost	1.58	1.60
Net interest expense	0.12	0.12
Net actuarial (gain)/loss recognised in the period	-	(0.75)
<b>Amount recognised in Statement of Profit and Loss for year ended 31 March 2019</b>	<b>1.71</b>	<b>0.97</b>
Current service cost	0.28	0.41
Net interest expense	0.25	0.18
Net actuarial (gain)/loss recognised in the period	-	2.40
<b>Amount recognised in Statement of Profit and Loss for year ended 31 March 2020</b>	<b>0.53</b>	<b>3.00</b>

Amount recognised in Other Comprehensive Income	INR in Lakhs	
	Gratuity	Compensated absences
Actuarial (gain)/ loss on obligations	(0.07)	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
<b>Amount recognised in Other Comprehensive Income for year ended 31 March 2019</b>	<b>(0.07)</b>	<b>-</b>
Actuarial (gain)/ loss on obligations	(0.44)	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
<b>Amount recognised in Other Comprehensive Income for year ended 31 March 2020</b>	<b>(0.44)</b>	<b>-</b>



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**AKSH COMPOSITES PRIVATE LIMITED**

Notes to financial statements for the year ended March 31, 2020

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31-Mar-20	31-Mar-19
Average Past Service (in years)	0.20	1.60
Average Age (in years)	30.20	30.61
Average remaining working life (in years)	24.80	27.39
Weighted average duration of PBO	16.00	20.61
Discounting rate	6.80%	7.66%
Future salary increase	7.00%	5.50%

**Sensitivity analysis:**

**Sensitivity Analysis of the defined benefit obligation - Gratuity Plan**

Particulars	31-Mar-20	31-Mar-19
Impact on defined benefit obligation	0.38	0.23
Delta effect of +0.5% change in discount rate	(0.03)	(0.26)
Delta effect of -0.5% change in discount rate	0.03	0.29
Delta effect of +0.5% change in salary increase	0.03	0.29
Delta effect of -0.5% change in salary increase	(0.03)	(0.27)

**Sensitivity Analysis of the defined benefit obligation - Compensated absences**

Particulars	31-Mar-20	31-Mar-19
Impact on defined benefit obligation	2.19	2.39
Delta effect of +0.5% change in discount rate	(0.17)	(0.19)
Delta effect of -0.5% change in discount rate	0.20	0.21
Delta effect of +0.5% change in salary increase	0.23	0.21
Delta effect of -0.5% change in salary increase	(0.16)	(0.16)

**Defined contribution plans**

	31-Mar-20	31-Mar-19
Employer's Contribution to Provident Fund	10.15	4.48
	10.15	4.48

**31. Related party transactions**

In accordance with the requirements of Indian Accounting Standard (Ind AS) - 24 'Related Party Disclosures' the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year end balance with them as identified by the management in the ordinary course of business and on arms' length basis are given below:

**(a) Holding Company**

- Aksh Optifibre Limited

**(b) Fellow Subsidiary**

- AOL FZE, (Dubai)
- AOL Composites (Jiangsu) Co. Limited (China) (step down subsidiary of AOL FZE Dubai)
- AOL Technologies FZE, (Dubai)
- Aksh Technologies (Mauritius) Limited, (Mauritius)

**(c) Key Management personnel**

- Mr. Preshant Kumar Agrawal
- Mr. Munch Chandra
- Mr. Chandra Shekhar Gupta



*Handwritten signatures and initials.*



(d) Transaction with related parties				
Nature of Transaction	Holding	Fellow Subsidiary	KMP / Others	INR in Lakhs
Interest expense on Loan	63.17			63.17
	<i>56.82</i>			<i>56.82</i>
Interest expense Capitalised	9.45			9.45
Purchase / Services Received	406.87	16.37		423.04
	<i>280.01</i>			<i>280.01</i>
Purchase of PPE	220.05			220.05
Sale including PPE	673.20	43.82		717.01
	<i>909.79</i>			<i>909.79</i>
Advance to Supplier				
Loan Taken		45.35		45.35
Repayment of Loan	570.00			570.00
Reimbursement of Expenses	302.00			302.00
	<i>41.09</i>			<i>41.09</i>
	<i>39.85</i>			<i>39.85</i>

Figures in italic represents Previous Year

(e) Balance due (to)/ from		INR in Lakhs	
		31-Mar-20	31-Mar-19
Holding			
Trade Receivables		346.87	42.09
Loan and advances		(588.26)	(602.81)
Fellow Subsidiary			
Advance to Supplier		45.35	45.35

### 32. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to the equity shareholders of the company by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	INR in Lakhs	
	31-Mar-20	31-Mar-19
Profit for the year	(477.73)	16.22
Weighted average number of equity shares in calculating basic EPS (absolute value in number)	36,00,000	30,00,000
Effect of dilution		
Weighted average number of equity shares in calculating basic EPS (absolute value in number)	36,00,000	36,00,000
Earning per share		
Basic EPS (on nominal value of Rs. 10 per share) Rs./share	(13.27)	0.45
Diluted EPS (on nominal value of Rs. 10 per share) Rs./share	(13.27)	0.45

### 33. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

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

#### Income taxes

The Company is subject to income tax laws as applicable in India. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In assessing the realisability of deferred tax assets, management considers whether it is probable, that some portion or all, of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that the Company will be able to realise the benefits of those deductible differences in future.



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#### Employee benefit obligations

The cost of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 22.

#### Provision for trade

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted for forward-looking estimates. Individual trade receivables are written off when management deems them not to be collectible.

#### Contingencies

Management judgement of contingencies is based on the internal assessments and opinion from the consultants for the possible outflow of resources, if any.

#### 44. Leases

##### Operating Lease :

The Company has entered into a lease agreement. The lease term is for periods of three to five years and renewable at the option of both the parties.

Future minimum rentals payable under non cancellable operating leases are as follows:

	31-Mar-20	31-Mar-19
With in one year	67.38	66.60
After one year but not more than five years	304.52	143.02
More than five years		
	<b>371.90</b>	<b>229.60</b>

#### 35. Capital & other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

	31-Mar-20	31-Mar-19

The Company has other commitments for purchase orders which are issued after considering requirements as per operating cycle for purchase of services, employee benefits. The Company does not have any long term commitment or material non-cancellable contractual commitments/contracts with respect to contractual expenditure which might have a material impact on the financial statements.

For commitments relating to lease arrangements please refer note no. 34

#### 36. Contingent liabilities

Particulars	31-Mar-20	31-Mar-19
Claim not acknowledge as debts		

#### 37. Derivatives Instruments

##### A. Particulars of foreign currency receivable as at the reporting date

Particulars	Currency	31-Mar-20	31-Mar-19
Export of goods	USD	0.83	
Advance to Vendor	USD		0.64

##### B. Particulars of foreign currency payable as at the reporting date

	31-Mar-20	31-Mar-19	
Import of goods and services	USD	6.54	6.83

#### 38. Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

Descriptions	31-Mar-20	31-Mar-19
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	22.54	64.43
Interest due on above	2.85	4.81

The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed



The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the specified day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.

The amount of interest accrued and remaining unpaid at the end of each accounting year.

The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of a allowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006

	2.65	4.81
	2.65	4.81

#### 19. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, bank balances and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is responsible to ensure that Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long-term debt obligations with floating interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed, floating rate borrowings.

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company has sales and purchases from outside India. The Company has transactional currency exposures arising from sales and purchases by an operating unit in currencies other than the unit's functional currency. Accordingly, the Company's financial state of affairs can be affected significantly by movements in the USD or any other currency exchange rates.

#### Interest rate sensitivity

Descriptions	INR in Lakhs	
	Increase/Decrease in Basis points	Effect on profit before tax
31-Mar-20		
Base Rate	+50	(0.98)
Base Rate	-50	0.96
31-Mar-19		
Base Rate	+50	0.99
Base Rate	-50	(0.99)

\*Prime Lending Rate (PLRs) set by Indian bank in respect of their loans

#### Foreign currency sensitivity

	Changes in USD	Effect on profit before tax
31-Mar-20		
	+5%	-20.43
	-5%	20.43
31-Mar-19		
	+5%	-19.47
	-5%	19.47

#### B. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.



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**(i) Trade Receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by management.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**(ii) Financial Instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company'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 Company's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**C. Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The Company closely monitors its liquidity position and employs a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 - 90 days. The other payables are with short-term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Payable on Demand	0-12 months	1-5 years	> 5 years	INR in Lakhs Total
<b>As at 31 March 2020</b>					
Borrowings	780.30	-	-	-	780.30
Trade payables	-	838.95	-	-	838.95
Other Financial Liabilities	-	164.30	-	-	164.30
	<b>780.30</b>	<b>1,003.25</b>	<b>-</b>	<b>-</b>	<b>1,783.55</b>
<b>As at 31 March 2019</b>					
Borrowings	801.64	-	-	-	801.64
Trade payables	-	999.37	-	-	999.37
Other Financial Liabilities	-	102.16	-	-	102.16
	<b>801.64</b>	<b>1,101.53</b>	<b>-</b>	<b>-</b>	<b>1,903.17</b>

**4D Capital management**

The purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

Descriptions	31-Mar-20	INR in Lakhs 31-Mar-19
Borrowings	780.30	801.64
Less: Cash and cash equivalents	0.95	0.07
Net debt	779.35	801.57
Total equity	(130.89)	366.46
Gearing ratio	-595%	219%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.





**41. Segment Reporting**

The company operation predominantly related to telecom product and accordingly this is the only primary reportable segment as per Ind AS108 "Operative Segment"

Geographical Information		Rs. in Lakhs	
Particular	31-Mar-20	31-Mar-19	
<b>(1) Revenue from external customer</b>			
Within India	1,294.68	2,433.12	
Outside India	43.82	143.00	
<b>Total Revenue as per statement of profit and loss</b>	<b>1,338.50</b>	<b>2,576.12</b>	

The revenue information above is based on the locations of the customers

Revenue from customers in India amounted (More than 10% of total turnover) to Rs. 1,129.31 Lakhs ( March 31 2019 Rs. 2,046.32 Lakhs)

**(2) Non current Operating assets**

Within India	1,203.69	737.77
Outside India	-	-
<b>Total</b>	<b>1,203.69</b>	<b>737.77</b>

**42. Estimation of uncertainties relating to the global health pandemic from COVID-19**

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc. in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Indian Government, to stem the spread of COVID-19.

Pursuant to National Lockdown, Companies manufacturing facilities were also shut down, which restarted on 17th of April 2020. The management has considered the possible effects that may result from the pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.

**43. Previous years figures have been regrouped, rearranged and reclassified to conform to those of current years figures wherever necessary.**

The accompanying notes (1-63) are an integral part of the financial statements

As per our report of even date

For P.C.BINDAL & CO.

Firm Registration Number: DD3824N  
Chartered Accountants

CA K.C. GUPTA  
Partner  
Membership No. 088036

Place: New Delhi  
Date: 22 June 2020

For and on behalf of the Board of Directors

Prashant Kumar Agrawal  
Director  
DIN : 07592212

Place:- Bhubwadi, Rajasthan

Munesh Chandra  
Director  
DIN: 03447737

Place:- Bhubwadi, Rajasthan





## Aksh Composites Private Limited

Notes to financial statements for the year ended March 31, 2020

### 1. Corporate information

Aksh Composites Private Limited is a private Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The registered office of the Company is located at 222 Creative Industrial Estate, N M Joshi Marg, Mumbai, Mumbai City, Maharashtra, India, 400011.

The Company is engaged in the manufacturing of Fibre Reinforced Plastic Rods and Impregnated Glass Roving Reinforcement. The Company caters to both domestic and international markets.

The Company's financial statements are approved for issue by the Company's Board of Directors on 22<sup>nd</sup> June 2020

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of Companies Act, 2013 (Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provision of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements have been prepared on a historical cost convention, except for certain financial assets and financial liabilities (including derivative instruments) that are measured at fair value as required under relevant Ind AS.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except otherwise stated.

#### 2.1 Summary of significant accounting policies

##### 2.1.1 Current v/s non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:



**Aksh Composites Private Limited**  
*Notes to financial statements for the year ended March 31, 2020*

- Expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**2.1.2 Foreign currencies**

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**2.1.3 Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

- In the principal market for the asset or liability



**Aksh Composites Private Limited**  
*Notes to financial statements for the year ended March 31, 2020*

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Level 1 hierarchy includes financial instruments measured using quoted prices, for example listed equity instruments, traded bonds and mutual funds that have quoted prices.
- Level 2 — The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2
- Level 3 — If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

#### **2.1.4 Revenue recognition**

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue from the sale of goods is measured on the basis of contracted price net of returns, liquidation damage, trade discount & volume rebates and any taxes or duties collected on behalf of the Government such as goods and services tax, etc.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when

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**Aksh Composites Private Limited**  
*Notes to financial statements for the year ended March 31, 2020*

the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment

Revenue from a contract to provide services is recognised based on terms of agreements/arrangements with the customers as the service is performed and there are no unfulfilled performance obligations

**2.1.5 Inventories**

Inventories are valued at the lower of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, work-in-process, finished goods, trading stock, packing material and stores and spares parts are valued at the lower of cost and net realizable value except scrap which is valued at net realizable value.
- Cost of inventories of items that are not ordinarily interchangeable or are meant for specific projects is assigned by specific identification of their individual cost. Cost of other inventories is ascertained on the Weighted average basis. In determining the cost of work-in-process and finished goods, fixed production overheads are allocated on the basis of normal capacity of production facilities.
- The comparison of cost and realizable value is made on an item-by-item basis.
- Net realizable value of work-in-process is determined on the basis of selling prices of related finished products.
- Raw Material and other supplies held for use in production of inventories are not written down below cost unless their prices have declined and it is estimated that the cost of related finished goods will exceed their net realizable value.

**2.1.6 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that company incurs in connection with the borrowing of funds

**2.1.7 Income taxes**

**Current income tax**

Current income tax assets and liabilities 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 at the reporting date

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current





**Aksh Composites Private Limited**  
*Notes to financial statements for the year ended March 31, 2020*

tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. 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.

**Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses if any. Deferred tax assets are recognised 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 when 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.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 as at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.





**Aksh Composites Private Limited**  
*Notes to financial statements for the year ended March 31, 2020*

**2.1.8 Property, plant and equipment**

On transition to Ind AS, the Company has adopted optional exception under Ind AS 101 to measure property, plant and equipment at fair value. Consequently, the carrying value has been assumed to be cost of Property, plant and equipment on the date of transition. Subsequently Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss within other income or other expense.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in Statement of Profit and Loss as and when incurred.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets as defined in the Scheduled II of Companies act, 2013.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss on the date of disposal or retirement

**2.1.9 Lease**

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated



**Aksh Composites Private Limited**  
*Notes to financial statements for the year ended March 31, 2020*

The Company's lease asset classes primarily consist of leases for Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) on commencement of lease and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or incremental borrowing rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

**2.1.10 Provisions**

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

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.



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The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount is recognised in the Statement of Profit and Loss as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

**2.1.11 Employee benefits**

***Short term employee benefits***

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences and bonus etc. are recognised in Statement of Profit and Loss in the period in which the employee renders the related service.

***Defined contribution plan***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

The Company's contributions towards pension fund are deposited with the Regional Provident Fund Commissioner. Pension fund is considered to be a defined contribution plan and the Company's contribution paid/payable under the scheme is recognised as an expense in the period in which the employee renders the related service.

***Defined benefit plan***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Company's gratuity plan is a defined benefit obligation and the Company's liability is determined based on actuarial valuation (using the Projected Unit Credit method) at the end of each year. The Company funds the benefit through contributions to Insurance Companies.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which



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they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**Other long term benefits: Compensated Absences**

Compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is determined based on actuarial valuation (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**2.1.12 Impairment**

**(i) Financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g., trade and other receivables, unbilled revenue security deposits, etc.

The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL

**(ii) Non- financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax





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assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized, if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount and are recognised in Statement of Profit and Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**2.1.13 Derivative financial instrument**

The Company uses derivative financial instruments i.e., forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss. The Company has not applied hedge accounting.

**2.1.14 Share capital**

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares, if any, are recognised as a deduction from equity, net of any tax effects.





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**2.1.15 Cash and cash equivalents**

Cash and short-term deposits in the Balance Sheet and Cash Flow Statement comprise cash in hand, cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

**2.1.16 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year/ period attributable to the shareholders of the Company by the weighted average number of equity shares outstanding as at the end of reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to the shareholders of the Company (after adjusting the corresponding income/ charge for dilutive potential equity shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

**2.1.17 Contingencies**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**2.1.18 Dividends**

Dividends on equity shares are recorded as a liability on the date of approval by the shareholders.

**2.1.19 Export incentive**

Export incentive / credit earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realizable value / actual credit earned on exports made during the year.

**2.1.20 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

