Aksh Technologies (Mauritius) Limited

FINANCIAL STATEMENTS
PERIOD ENDED
31 March 2019

Aksh Technologies (Mauritius) Limited

Contents

Grant Thornton

Aksh Technologies (Mauritius) Limited

Financial statements for the period ended 31 March 2019

Auditors' report

We have audited the financial statements of Aksh Technologies (Mauritius) Limited, the "Company", for the period ended 31 March 2019.

In our opinion, the accompanying financial statements on pages 3 to 24 give a true and fair view of the financial position of the Company as at 31 March 2019 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
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Date: 24 MAY 2019

Ebene 72201, Republic of Mauritius

Aksh Technologies (Mauritius) Limited

Statement of financial position as at 31 March 2019

	Notes	Rs
ASSETS		
Non-current		
Plant and equipment	8	**11,916,804**
Deferred tax assets	15	**1,259,280**
Non current assets		**13,176,084**
Current		
Inventories	9	**10,672,481**
Trade and other receivables	10	**26,276,435**
Cash and cash equivalents	11	**78,666**
Current assets		**37,027,582**
Total assets		**50,203,666**
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	12	**50,000,000**
Loss for the period		**(8,237,956)**
Total equity		**41,762,044**
LIABILITIES		
Current		
Loans	13	**190,000**
Trade and other payables	14	**8,251,622**
Current liabilities		**8,441,622**
Total liabilities		**8,441,622**
Total equity and liabilities		**50,203,666**

Approved by the Board of Directors on 24th May 2019 and signed on its behalf by:

Dr. Kailash S. Choudhari
Director

Satyendra Gupta
Director

Place: **New Delhi**

The notes on pages 7 to 24 form an integral part of these financial statements.

Aksh Technologies (Mauritius) Limited

Statement of comprehensive income for the period from 05 October 2017 (date of incorporation) to 31 March 2019

	Notes	Rs
Revenue		8,672,243
Direct costs	19	(14,090,690)
Gross loss		(5,418,447)
Administrative expenses	16	(3,433,021)
Operating loss		(8,851,468)
Finance costs	17	(225,136)
Foreign exchange loss		(420,632)
Loss before tax		(9,497,236)
Tax credit	15	1,259,280
Loss for the period		(8,237,956)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		-
Items that will be reclassified subsequently to profit or loss		-
Other comprehensive income, net of tax		-
Total comprehensive income for the period		(8,237,956)

The notes on pages 7 to 24 form an integral part of these financial statements.

Aksh Technologies (Mauritius) Limited

Statement of changes in equity for the period ended 31 March 2019

	Stated capital Rs	Loss for the period Rs	Total Rs
Issue of shares (Note 12)	**50,000,000**	**-**	**50,000,000**
Transactions with the shareholder	**50,000,000**	**-**	**50,000,000**
Loss for the period	**-**	**(8,237,956)**	**(8,237,956)**
Other comprehensive income for the period	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**(8,237,956)**	**(8,237,956)**
At 31 March 2019	**50,000,000**	**(8,237,956)**	**41,762,044**

The notes on pages 7 to 24 form an integral part of these financial statements.

Aksh Technologies (Mauritius) Limited

Statement of cash flows for the period from 05 October 2017 (date of incorporation) to 31 March 2019

	Rs
Operating activities	
Loss before tax	**(9,497,236)**
Adjustment for:	
Depreciation	**2,240,243**
Total adjustment	**2,240,243**
Changes in working capital:	
Change in inventories	**(10,672,481)**
Change in trade and other receivables	**(1,856,963)**
Change in trade and other payables	**8,251,622**
Net changes in working capital	**(4,277,822)**
Net cash used in operating activities	**(11,534,815)**
Investing activities	
Purchase of plant and equipment	**(14,157,047)**
Net cash used in investing activities	**(14,157,047)**
Financing activities	
Loans received	**190,000**
Proceeds from issue of shares	**25,580,528**
Net cash from financing activities	**25,770,528**
Net change in cash and cash equivalents and at 31 March 2019	**78,666**
Cash and cash equivalents made up of:	
Cash at bank (Note 11)	**78,666**

The notes on pages 7 to 24 form an integral part of these financial statements.

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

1. General information and statement of compliance with IFRS

Aksh Technologies (Mauritius) Limited, the "Company", was incorporated in the Republic of Mauritius on 05 October 2017 as a private company with liability limited by shares. The principal activity of the Company is to manufacture fibre optic cables The Company's registered office is situated at C/o Stanhope Corporate and Management Services Ltd, Ebene Tower, 52 Cybercity, Ebene 72201, Republic of Mauritius.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for the period beginning on 05 October 2017

In the current year, the following new and revised standards and interpretation issued by the IASB became mandatory for the first time for the financial period beginning on 05 October 2017

IAS 40	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers

Management has assessed the impact of these new and revised standards and interpretation and concluded that IFRS 9, Financial Instruments (2014) and IFRS 15, Revenue from Contracts with Customers are applicable to the Company, as detailed below.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related interpretations.

The Company's accounting policy on revenue is detailed in Note 3.12 to these financial statements.

IFRS 9 "*Financial Instruments*"

IFRS 9 replaces IAS 39 "*Financial Instruments: Recognition and Measurement*".

It introduces new requirements for:

(i) the classification and measurement of financial assets and financial liabilities;
(i) impairment of financial assets; and
(ii) general hedge accounting.

The Company's financial instruments comprise of trade and other receivables, cash and cash equivalents, loans from related parties, and trade and other payables and these financial instruments are measured at amortised cost.

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and one interpretation have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as applicable to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments to existing standards and interpretation is provided below.

IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 16	Leases
IFRIC 23	Uncertainty Over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRS 17	Insurance Contracts
IAS 19	Plan Amendment, Curtail and Settlement (Amendments to IAS 19)
IFRS 3	Definition of a Business (Amendments to IFRS 3)

Management has yet to assess the impact of the above standards, amendments and interpretation on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Plant and equipment

All plant and equipment are initially recorded at cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Machinery	20 %
Factory equipment	10 - 20 %
Machinery spare parts	10 - 20 %
Computer equipment	10 - 33 %
Other assets	20 %

3. Summary of accounting policies (Contd)

3.2 Plant and equipment (Contd)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and maintenance are expensed in the period in which they are incurred.

3.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. The Company has an inventory management in place overseeing and controlling the inventory movement and also the storage of its products. Where necessary, provision is made for obsolete and slow moving inventories.

3.4 Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit and loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

Notes to the financial statements

For the period ended 31 March 2019

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Classification and initial measurement of financial assets (Contd)

In the current period, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance cost or other financial items, except for impairment of receivables which is presented within other expenses.

Classification and subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and most of its receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include mainly receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its external indicators and forward-looking information to calculate the expected credit losses.

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Impairment of financial assets (Contd)

The Company writes off a financial asset when there is information indicating that the debtor is in severe difficulty and there is no realistic prospect of recovery. Receivables or other financial assets written off are still subject to recovery procedures based on legal advices.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and loans from related parties.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Foreign currency

Functional and presentation currency

The financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3. Summary of accounting policies (Contd)

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, together with other short-term, highly liquid investments maturing within 90 days from date of acquisition, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Trade receivables

Trade receivables are in respect of products sold in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. At the reporting date, the Company did not have any balance due from its trade debtors.

3.8 Trade payables

Trade payables are in respect of services and products acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3.9 Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.10 Equity

Stated capital is determined using the nominal value of shares that have been issued.

Loss for the period consists of the current period results as disclosed in the statement of comprehensive income.

3.11 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax, and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

3. Summary of accounting policies (Contd)

3.11 Income taxes (Contd)

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operation results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deffered tax liabilities are generally recognised in full.

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

No CSR has been recognised given that it is the first year of operations of the Company.

3.12 Revenue recongntion

Revenue arises mainly from the sale of fibre optic cables.

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time, when the Company satisfies performance obligations by transferring the promised goods to its customers. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume debates, and value added tax.

Interest income is recognised on an accrual basis using the effective interest rate method.

3.13 Set up costs

Set up costs are expensed in the period in which they are incurred.

3.14 Expense recognition

All expenses are accounted for on an accrual basis.

3. Summary of accounting policies (Contd)

3.15 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at reporting date are reviewed in detail and a provision is made where necessary.

3.17 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.18 Comparatives

No comparative figures are presented as it is the first financial statements since the incorporation date.

4. Significant managements judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered those factors and has determined that the functional currency of the Company is the Mauritian rupee ("MUR" or "Rs").

Deferred tax assets

The extent to which the deferred tax asset can be recognised is based on assessement of the probability of the Company's future taxable income against which the deferred tax asset can be utilised.

Notes to the financial statements

For the period ended 31 March 2019

4. Significant managements judgement in applying accounting policies and estimation uncertainty (Contd)

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business prospects, future cash flows and future profitability and financial support from its shareholder.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives and residual values of plant and equipment

Management reviews its estimate of the useful lives and residual value of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain IT and testing equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

Impairment of receivables

The Company uses the guidance of IFRS 9 to determine the degree of impairment of its receivables. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

5. Financial instrument risk

Risk management objectives and policies

The Company's activity exposes it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

The Company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information systems.

The Company's financial assets and financial liabilities by category are summarised below:

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

	Rs
Financial assets	
Current:	
Trade and other receivables*	**24,419,472**
Cash and cash equivalents	**78,666**
Total financial assets	**24,498,138**
Current	
Loans from related parties	**190,000**
Trade and other payables	**8,251,622**
Total financial liabilities	**8,441,622**

* *Trade and other receivables exclude VAT receivables and deposits.*

The most significant financial risks to which the Company is exposed are described below.

5.1 Market risk analysis

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from its currency exposure with respect to the United States Dollar ("USD").

The currency profile of the Company's financial assets and liabilities is as follows:

	Financial assets Rs	Financial liabilities Rs
Mauritian rupee (MUR)	**24,497,540**	**2,025,875**
United States dollar (USD)	**598**	**6,415,747**
	24,498,138	**8,441,622**

Foreign currency sensitivity

The exchange rate for the period ended 31 March 2019 was as shown below:

	Rs
MUR/USD	**33.67**

The following table illustrates the sensitivity of loss and equity in regards to the Company's financial assets and financial liabilities and the MUR/USD exchange rate "all other things being equal".

It assumes the following percentage changes in the exchange rates for the period ended 31 March 2019:

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.1 Market risk analysis (Contd)

(i) Foreign exchange risk (Contd)

Foreign currency sensitivity (Contd)

	% change
MUR/USD	3.01

It assumes a 3.01% change for the MUR/USD exchange rate. This percentage has been determined based on the average market volatility in exchange rates in the previous 18 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD by 3.01%, then this would have the following impact:

	Rs
Loss	**(193,001)**
Equity	**193,001**

If the MUR had weakened against the USD by 3.01%, then this would have the following impact:

	Rs
Loss	**193,001**
Equity	**(193,001)**

Interest rate sensitivity

The Company is exposed to change in interest rate on its bank balances. Any change in the interest rate would have a marginal impact on the Company's cash flows.

5.2 Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has, as far as it is practicable, adopted a policy of only dealing with creditworthy counterparties in order to reduce the risk of financial loss from defaults.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Rs
Financial assets	
Receivables	**24,419,472**
Cash and cash equivalents	**78,666**
	24,498,138

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

5. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

5.2 Credit risk analysis (Contd)

Ongoing evaluation is performed on the financial condition of the Company's receivables.

Receivables include mainly amount due from the shareholder in relation to unpaid share capital and for which the directors consider that no credit risk is associated.

The Company did not have any balance due from its trade debtors at the reporting date.

The credit risk for the bank balances is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate bank balances and relying on the financial support of its shareholder.

The following are the contractual maturities of financial liabilities:

	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	More than 1 year Rs
Trade and other payables	8,251,622	8,251,622	8,251,622	-
Loans from related parties	190,000	190,000	190,000	-
	8,441,622	8,441,622	8,441,622	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

6. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to provide an adequate return to its shareholder and other stakeholders.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders.

Notes to the financial statements

For the period ended 31 March 2019

6. Capital management policies and procedures (Contd)

The Company sets the amount of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, issue new shares, or sell assets to reduce debts.

The Company monitors capital on the basis of the gearing ratio and at 31 March 2019, the Company was not geared as it did not have any external borrowings.

7. Fair value measurement

7.1 Fair value measurement of financial instruments

The Company's financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

7.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, inventories, VAT receivable and deposits.

For non-financial assets, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

The Company did not have any non-financial liabilities at the reporting date.

Notes to the financial statements

For the period ended 31 March 2019

8. Plant and equipment

	Machinery Rs	Factory equipment Rs	Machinery spare parts Rs	Computer equipment Rs	Other assets Rs	Total Rs
Cost						
Additions during the period and at 31 March 2019	**5,486,542**	**2,096,412**	**400,467**	**409,370**	**5,764,256**	**14,157,047**
Depreciation						
Charge for the period and at 31 March 2019	**865,370**	**319,586**	**58,505**	**39,758**	**957,024**	**2,240,243**
Net book values						
At 31 March 2019	**4,621,172**	**1,776,826**	**341,962**	**369,612**	**4,807,232**	**11,916,804**

(i) Other assets include costs incurred to enhance the production capacity of some machinery and factory equipment and are depreciated at a rate of 20% per annum.

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

9. Inventories

	Rs
Raw materials	**10,334,807**
Finished cables	**337,674**
	10,672,481

The cost of inventories expensed during the period amounted to Rs 5,624,556 and is included in direct costs.

10. Trade and other receivables

	Rs
Security deposit	**669,122**
Other receivables (Note (iii))	**25,607,313**
Total	**26,276,435**

(i) Expected credit losses

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all its receivables as these items do not have a significant financing component.

(ii) The average credit period is 30 days and no interest is charged on trade receivables for overdue balances. The Company did not have any balance due from its trade debtors at the reporting date.

(iii) Other receivable consist of VAT receivable of Rs 1,187,841 and unpaid capital of Rs 24,419,472.

11. Cash and cash equivalents

	Rs
Cash at bank:	
- MUR	**78,068**
- USD	**598**
Total	**78,666**

12. Stated capital

The Company issued 5,000,000 ordinary shares of Rs 10 each during the current financial period, as detailed below:

	Rs
Paid-up capital	**25,580,528**
Unpaid capital (Note 10)	**24,419,472**
Total	**50,000,000**

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

13. Loans

The loans are unsecured, interest free and repayable on demand.

14. Trade and other payables

	Rs
Trade payables	**6,215,056**
Other payables	**2,036,566**
Total	**8,251,622**

The average credit period for payments is normally 30 days unless otherwise agreed with the suppliers. No interest is charged on trade payables for overdue balances. The Company has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

15. Taxation

The Company is liable to income tax at the rate of 15% on its chargeable income. At 31 March 2019, the Company had no income tax liability due to a tax loss of **Rs 11,224,858** carried forward.

The Company is subject to the Advance Payment Scheme (APS) whereby it is required to submit an APS statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

The Company is subject to CSR and the contribution is at the rate of 2% on chargeable income of the preceding financial year.

(i) Statement of comprehensive income

	Period from 05 October 2017 to 31 March 2019 Rs
Deferred tax assets	**1,259,280**

(ii) Deferred taxation

Deferred taxation is based on temporary differences under the liability method using a tax rate of 15%.

The movement on the deferred tax asset is as follows:

	Rs
Movement for the period arising on:	
- tax loss carried forward	**1,683,730**
- temporary differences	**(424,450)**
Total	**1,259,280**

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

15. Taxation (Contd)

(iii) Income tax reconciliation

The tax charge on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	Period from 05 October 2017 to 31 March 2019 Rs
Loss before tax	**(9,497,236)**
Tax calculated at the rate of 15%	**(1,424,585)**
Non-allowable expenses	**515,463**
Exempt income	**(774,608)**
Deferred tax arising on temporary differences	**424,450**
Tax credit	**(1,259,280)**

16. Administrative expenses

	Period from 05 October 2017 to 31 March 2019 Rs
Salaries	**679,780**
Depreciation	**967,928**
Insurances	**23,613**
Pre operational costs	**1,145,115**
Others	**616,585**
Total	**3,433,021**

17. Finance costs

	Period from 05 October 2017 to 31 March 2019 Rs
Bank charges	**24,619**
Interest expense	**200,517**
Total	**225,136**

Aksh Technologies (Mauritius) Limited

Notes to the financial statements

For the period ended 31 March 2019

18. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**3,073,552**

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	Rs
Within one year	**2,034,375**
Between 1 and 5 years	**-**
	2,034,375

Operating leases payments represent rental of factory. The leases typically run for an initial period of 2 years, with an option to renew the lease after that date.

19. Direct costs

	Period from 05 October 2017 to 31 March 2019 Rs
Depreciation of plant and equipment	**1,272,315**
Cost of inventories expensed	**5,624,556**
Utilities	**353,643**
Rental expenses (Note 18)	**3,073,552**
Operation and maintenance fees	**3,000,000**
Others	**766,624**
Total	**14,090,690**

20. Holding company

The directors consider Aksh Optifibre Limited, a company incorporated in the Republic of India, as the Company's holding company.