

**Vega Industries (Middle East) - F.Z.C**  
**Ajman Free Zone**  
**Ajman**

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**Separate Financial Statements**  
**31 March 2021**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C, AJMAN FREE ZONE, AJMAN**

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**Report on the Audit of the Separate Financial Statements**

**Opinion**

We have audited the separate financial statements of Vega Industries (Middle East) - F.Z.C, Ajman Free Zone, Ajman ("the Company"), which comprise the separate statement of financial position as at 31 March 2021, and the separate statement of comprehensive income, separate statement of changes in shareholders' funds and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including the significant accounting policies, set out on pages 3 to 25.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the United Arab Emirates, and we have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 ISAs 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 separate financial statements.

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

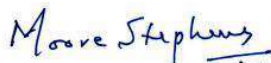
- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C, AJMAN FREE ZONE, AJMAN (Continued)**

**Auditor's Responsibilities for the Audit of the Separate Financial Statements (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 separate 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.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Moore Stephens

Dubai  
20 May 2021

VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C  
 AJMAN FREE ZONE, AJMAN  
 Separate financial statements for the year end 31 March 2021

**Separate statement of comprehensive income**

(stated in USD)

	Note	2021	2020
<b>Income</b>			
Revenue from contracts with customers	3.3 a) and 4	285,123,026	311,423,909
Cost of sales	5	(258,520,677)	(280,853,262)
Gross profit		26,602,349	30,570,647
Other income	6	3,591,013	6,857,468
Impairment gains on financial assets	20.1 b)	46,796	214,695
		<b>30,240,158</b>	<b>37,642,810</b>
<b>Expenses</b>			
General and administration	7	4,499,049	6,681,880
Selling and distribution	8	16,911,191	15,639,606
Depreciation	9	13,486	9,964
		<b>21,423,726</b>	<b>22,331,450</b>
<b>Profit and total comprehensive income for the year</b>		<b>8,816,432</b>	<b>15,311,360</b>

The attached notes 1 to 23 form part of these separate financial statements.

**VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C**  
**AJMAN FREE ZONE, AJMAN**  
 Separate financial statements for the year end 31 March 2021

**Separate statement of financial position**

(stated in USD)

	Note	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>			
Furniture and equipment	9	54,444	20,824
Investments in subsidiaries	10	1,938,460	1,938,460
Financial assets at fair value through profit or loss	11	4,250,988	--
<b>Total non-current assets</b>		<b>6,243,892</b>	<b>1,959,284</b>
<b>Current assets</b>			
Inventories	13	10,981,371	8,137,677
Accounts and other receivables	14	115,886,326	117,772,241
Bank and cash balances	15	26,064,601	5,020,050
<b>Total current assets</b>		<b>152,932,298</b>	<b>130,929,968</b>
<b>Total assets</b>		<b>159,176,190</b>	<b>132,889,252</b>
<b>Shareholders' funds and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	16	325,000	325,000
Retained earnings		21,885,491	13,069,059
<b>Total shareholders' funds</b>		<b>22,210,491</b>	<b>13,394,059</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' terminal benefits	17	196,808	216,413
<b>Total non-current liabilities</b>		<b>196,808</b>	<b>216,413</b>
<b>Current liabilities</b>			
Accounts and other payables	18	136,768,891	119,278,780
<b>Total current liabilities</b>		<b>136,768,891</b>	<b>119,278,780</b>
<b>Total liabilities</b>		<b>136,965,699</b>	<b>119,495,193</b>
<b>Total shareholders' funds and liabilities</b>		<b>159,176,190</b>	<b>132,889,252</b>

The attached notes 1 to 23 form part of these separate financial statements.

Director  
 20 May 2021

VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C  
 AJMAN FREE ZONE, AJMAN  
 Separate financial statements for the year end 31 March 2021

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**Separate statement of changes in shareholders' funds**

(stated in USD)

	Share capital	Retained earnings	Total
Balance at 1 April 2020	325,000	13,069,059	13,394,059
Total comprehensive income for the year	--	8,816,432	8,816,432
<b>Balance at 31 March 2021</b>	<b>325,000</b>	<b>21,885,491</b>	<b>22,210,491</b>

	Share capital	Retained earnings	Total
Balance at 1 April 2019	325,000	45,175,199	45,500,199
Total comprehensive income for the year	--	15,311,360	15,311,360
Dividends paid	--	(47,417,500)	(47,417,500)
<b>Balance at 31 March 2020</b>	<b>325,000</b>	<b>13,069,059</b>	<b>13,394,059</b>

The attached notes 1 to 23 form part of these separate financial statements.

**VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C**  
**AJMAN FREE ZONE, AJMAN**  
 Separate financial statements for the year end 31 March 2021

**Separate statement of cash flows**

(stated in USD)

	Note	2021	2020
<b>Cash flows from operating activities</b>			
Profit for the year		8,816,432	15,311,360
Adjustments for:			
Depreciation	9	13,486	9,964
Unrealised gain on fair valuation of financial assets at fair value through profit or loss	6, 11	(84,981)	--
Interest income from financial assets at fair value through profit or loss	6	(107,035)	--
Interest income from financial assets at amortised cost	6	--	(556,530)
Dividend income from subsidiaries	6	(43,814)	(5,210,354)
Gain on disposals of financial assets at amortised cost	6, 12	--	(235,107)
Impairment gains on financial assets	20.1 b)	(46,796)	(214,695)
Provision for warranty		86,748	185,522
Provision for employees' terminal benefits	17	21,181	47,924
<b>Cash flows from operations before working capital changes</b>		<b>8,655,221</b>	<b>9,338,084</b>
(Increase)/decrease in inventories		(2,843,694)	4,198,376
Decrease in accounts and other receivables		1,932,711	3,961,022
Increase in accounts and other payables		17,403,363	1,848,408
(Increase)/decrease in margin money deposits under lien		(43,603)	26,958
Employees' terminal benefits paid	17	(40,786)	(30,266)
<b>Net cash from operating activities</b>		<b>25,063,212</b>	<b>19,342,582</b>
<b>Cash flows from investing activities</b>			
Purchase of furniture and equipment	9	(47,106)	(8,149)
Purchase of financial assets at fair value through profit or loss	11	(4,166,007)	--
Purchase of financial assets at amortised cost	12	--	(8,179,440)
Proceeds from disposals of financial assets at amortised cost		--	17,844,547
Dividend received from subsidiaries		43,814	5,210,354
Interest received from financial assets at fair value through profit or loss		107,035	--
Interest received from financial assets at amortised cost		--	556,530
<b>Net cash (used in)/from investing activities</b>		<b>(4,062,264)</b>	<b>15,423,842</b>
<b>Cash flows from financing activity</b>			
Dividends paid		--	(47,417,500)
<b>Net cash (used in) financing activity</b>		<b>--</b>	<b>(47,417,500)</b>
<b>Increase/(decrease) in cash and cash equivalents during the year</b>			
		<b>21,000,948</b>	<b>(12,651,076)</b>
Cash and cash equivalents at the beginning of the year		4,985,138	17,636,214
<b>Cash and cash equivalents at the end of the year</b>	15	<b>25,986,086</b>	<b>4,985,138</b>

The attached notes 1 to 23 form part of these separate financial statements.

**VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C**  
**AJMAN FREE ZONE, AJMAN**  
Separate financial statements for the year end 31 March 2021

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**Notes to the separate financial statements**

(stated in USD)

**1. Legal status and principal activities**

Vega Industries (Middle East) - F.Z.C ("the Company") is registered a Free Zone Company in accordance with the free zone laws and regulations in Ajman, United Arab Emirates.

The Company is controlled and substantially owned by AIA Engineering Limited ("the parent company"), a company listed in the National Stock Exchange of India. The Company has seven subsidiaries that are located in United Kingdom, Republic of South Africa, People's Republic of China, Indonesia, Republic of Chile, Republic of Ghana and Commonwealth of Australia.

The principal activity of the Company is trading and distribution of metal ore items.

The principal place of business of the Company is located at A1-304, A1-306 and A1-314, Ajman Free Zone, Ajman.

**2. Adoption of new and revised International Financial Reporting Standards**

**2.1 Amended standards adopted by the Company**

The Company has adopted the following applicable amended IFRSs as of 1 January 2020:

- Amendments to IAS 1, "Presentation of Financial Statements" and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" clarify the definition of 'material' across the standards. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements

The management believes that the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the separate financial statements.

**2.2 Amendment to existing standard that is not yet effective and has not been adopted early by the Company**

The following amendment to existing standard that is applicable to the Company has been published and is mandatory for accounting periods of the Company beginning after 1 January 2020 but which has not been adopted early by the Company:

- Amendments to IAS 1, "Presentation of Financial Statements" clarify the requirements for presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. The amendments are effective for annual periods commencing on or after 1 January 2023.

The management believes that the adoption of the above amendment is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the separate financial statements for future periods.

**3. Basis of preparation and significant accounting policies and estimates**

**3.1 Basis of preparation**

These financial statements represent the separate financial statements of the Company in which the investments in subsidiaries are accounted at cost as explained in the respective accounting policy notes set out below. As required by International Financial Reporting Standards, the parent company (AIA Engineering Limited) has prepared consolidated financial statements in which the financial statements of the subsidiaries are consolidated.



**VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C**  
**AJMAN FREE ZONE, AJMAN**

**Separate financial statements for the year end 31 March 2021**

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**3. Basis of preparation and significant accounting policies and estimates (Continued)**

**3.1 Basis of preparation (Continued)**

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The separate financial statements are presented in US Dollars (USD).

**3.2 Basis of measurement**

These separate financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by the Company to all periods presented in these separate financial statements are set out below.

**3.3 Significant accounting policies**

**a) Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

*Sale of goods*

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, normally on delivery to the customer.

Delivery occurs when the goods have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The normal credit terms are 30 days to 120 days from invoice date.

*Warranties*

Contracts with customers often include warranties in line with Group's general terms and conditions, which are regarded as part of the promise to the customer. Assurance-type warranties are warranties for general repairs of defects that existed at the time of sale and are accounted for under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

*Advances from customers*

The Company generally receives short-term advances from its customers. For short-term advances received from customers, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to customer will be one year or less.

**b) Furniture and equipment**

Furniture and equipment are stated in the separate statement of financial position at cost less accumulated depreciation and any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the separate statement of comprehensive income during the financial period in which they are incurred.

VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C  
AJMAN FREE ZONE, AJMAN

Separate financial statements for the year end 31 March 2021

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3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

b) Furniture and equipment (Continued)

The residual values and useful lives of furniture and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation is charged on assets so as to write off the cost of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Furniture and fixtures	4 years
Office equipment	4 years
Computers	4 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the separate statement of comprehensive income.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Recognition and initial measurement

Trade accounts receivable and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets: Classification

On initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVPL).

The Company has not classified and measured any financial asset at FVOCI. All recognised financial assets are measured subsequently at either amortised cost or FVPL.

**VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C**  
**AJMAN FREE ZONE, AJMAN**  
Separate financial statements for the year end 31 March 2021

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3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(ii) Classification and subsequent measurement (Continued)

*Financial assets: Classification (Continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL or FVOCI:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified or measured at amortised cost or FVOCI are measured at FVPL.

The Company's financial assets, which include accounts and other receivables, financial assets at amortised cost and bank and cash balances, are classified and subsequently measured at amortised cost. The Company's financial assets also include quoted debt investments which are classified and subsequently measured at FVPL.

*Financial assets: Subsequent measurement and gains and losses*

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the separate statement of comprehensive income. Any gain or loss on derecognition is recognised in the separate statement of comprehensive income.

- Quoted debt investments at FVPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the separate statement of comprehensive income.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVPL. The Company does not have any financial liability that is classified and measured at FVPL. Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the separate statement of comprehensive income. Any gain or loss on derecognition is also recognised in the separate statement of comprehensive income.

The Company's financial liabilities, which include accounts and other payables, are classified and subsequently measured at amortised cost.

(iii) Derecognition

*Financial assets*

A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is derecognised either when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

VEGA INDUSTRIES (MIDDLE EAST) - F.Z.C  
AJMAN FREE ZONE, AJMAN  
Separate financial statements for the year end 31 March 2021

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3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(iii) Derecognition (Continued)

Financial assets (Continued)

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Financial liabilities

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Trade accounts receivable; and
- Other financial assets at amortised cost

In case of trade accounts receivable, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the customers/debtors and the economic environment. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the separate statement of comprehensive income.

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**AJMAN FREE ZONE, AJMAN**  
Separate financial statements for the year end 31 March 2021

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**3. Basis of preparation and significant accounting policies and estimates (Continued)**

**3.3 Significant accounting policies (Continued)**

**f) Inventories**

Inventories are stated at lower of cost or net realisable value, after making due allowance for any obsolete or slow moving items. Cost consists of aggregate of purchase price and other related expenses incurred to bring the inventories to their present location and condition and is determined as follows:

- Goods held for resale – weighted average cost
- Goods in transit – cost incurred upto the reporting date

Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

**g) Investments in subsidiaries**

Investments in subsidiaries are carried at cost, less any impairment provisions (see note 3.1).

**h) Contract liabilities**

The contract liabilities primarily relate to the advance consideration received from customers and prior to meeting the revenue recognition criteria or when the amount of consideration received from customers exceed the amount of revenue recognised. Contract liabilities are recognised as revenue when the Company performs under the contract. Contract liabilities are disclosed as part of accounts and other payables.

**i) Employees' terminal benefits**

Provision is made for employees' terminal benefits on the basis prescribed under the UAE Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

**j) Accounts and other payables**

Accounts and other payables are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company.

**k) Foreign currencies**

*Functional and presentation currency*

The separate financial statements are presented in US Dollars (USD), which is the Company's functional and presentation currency.

*Transactions and balances*

Transactions in currencies other than USD are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising in these cases are dealt with in the separate statement of comprehensive income.

**l) Cash and cash equivalents**

Cash and cash equivalents consist of unrestricted bank and cash balances less margin money deposits under lien, which are subject to an insignificant risk of changes in value.

**m) Operating leases**

At the inception of the contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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### 3. Basis of preparation and significant accounting policies and estimates (Continued)

#### 3.3 Significant accounting policies (Continued)

##### m) Operating leases (Continued)

- the contract involves the use of an identified asset – this maybe specified explicitly or implicitly in the contract and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset, i.e., the Company has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used

##### **As a Lessee**

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. A lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

##### *Short-term leases*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### n) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the separate financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categories at the end of each reporting period.

##### o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

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3. **Basis of preparation and significant accounting policies and estimates (Continued)**

3.3 **Significant accounting policies (Continued)**

o) **Contingent liabilities (Continued)**

Contingent liabilities are not recognised but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

3.4 **Significant accounting estimates, judgement and assumptions**

The preparation of separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The significant management judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

**IFRS 15, 'Revenue from Contracts with Customers'**

The application of revenue recognition policy in accordance with IFRS 15 has required management to make the following judgments:

*Satisfaction of performance obligation*

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine appropriate method of recognising revenue. The Company has assessed that based on the contracts with customers, the Company has only one performance obligation and it is satisfied at a point in time, normally on delivery of goods to the customer.

*Determination of transaction prices*

The Company is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgment, the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

**Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

*Trade accounts receivable*

The Company applies the simplified approach in measuring expected credit losses to its trade accounts receivable, which uses a provision matrix. The provision rates are based on days past due for groupings of various customer segments that substantially share the same risk characteristics or loss patterns. The provision rates are initially based on the Company's historical observed default rates and adjusted with current conditions and the Company's view of economic conditions over the expected lives of the receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

*Other financial assets at amortised cost*

Expected credit losses for other financial assets at amortised cost are measured equal to 12-month expected credit loss when the credit risk was not increased significantly since initial recognition, or lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly, the Company takes into account qualitative and quantitative supportable forward-looking information.

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### 3. Basis of preparation and significant accounting policies and estimates (Continued)

#### 3.4 Significant accounting estimates, judgement and assumptions (Continued)

##### Impairment of financial assets (Continued)

###### *Cash and cash equivalents*

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. While cash and cash equivalents are also subject to impairment, the identified impairment loss is considered immaterial.

##### Impairment of inventories

Inventories are held at lower of cost or net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

##### Impairment of furniture and equipment

A decline in the value of furniture and equipment could have a significant effect on the amounts recognised in the separate financial statements. Management assesses the impairment of furniture and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected

##### Useful lives of furniture and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

##### Impairment of investments in subsidiaries

Management assesses whether there are any indicators of possible impairment of investments in subsidiaries each reporting date based on events or circumstances that indicate the carrying value of investment may not be recoverable. Such indicators include changes in the Company's business plans, and carrying amount of investment is higher than the carrying amount of the investee's assets, or a dividend exceeds the total comprehensive income of the investee.

Impairment exists when the carrying value of investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

##### Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).



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3. Basis of preparation and significant accounting policies and estimates (Continued)

3.4 Significant accounting estimates, judgement and assumptions (Continued)

Determining the lease term (Continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision in the lease terms.

4. Revenue from contracts with customers

The following sets out the disaggregation of the Company's revenue from contracts with customers:

a) *Type of goods*

	2021	2020
Sale of grinding media	189,353,563	211,690,298
Sale of mining liners	89,586,831	93,840,523
Sale of hardware accessories	5,763,883	5,719,324
Others	418,749	173,764
	285,123,026	311,423,909

b) *Customer relationship*

	2021	2020
Third party customers	143,776,046	158,786,233
Related party customers (Note 19)	141,346,980	152,637,676
	285,123,026	311,423,909

5. Cost of sales

	2021	2020
Cost of goods sold	256,798,770	278,795,628
Other direct expenses	1,721,907	2,057,634
	258,520,677	280,853,262

6. Other income

	2021	2020
Dividend income from subsidiaries (Note 19)	43,814	5,210,354
Interest income from financial assets at fair value through profit or loss	107,035	--
Interest income from financial assets at amortised cost	--	556,530
Unrealised gain on fair valuation of financial assets at fair value through profit or loss (Note 11)	84,981	--
Gain on disposals of financial assets at amortised cost (Note 12)	--	235,107
Management fee (Note 19)	458,163	285,571
Gain on foreign currency exchange	2,891,662	--
Reversal of liabilities no longer considered payable	--	335,671
Others	5,358	234,235
	3,591,013	6,857,468

Management fee represents amount charged to a subsidiary for the services rendered by the Company (Note 19).

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7. General and administration expenses	2021	2020
Salaries and employee related costs	1,780,939	1,815,362
Legal and professional fees	1,504,783	1,843,212
Insurance	458,638	82,682
Bank charges	256,905	243,440
Directors' remuneration (Note 19)	276,707	270,492
Communication	96,146	125,572
Short-term lease and license fees	47,510	67,765
Loss on foreign currency exchange	--	2,173,024
Others	77,421	60,331
	<b>4,499,049</b>	<b>6,681,880</b>

8. Selling and distribution expenses	2021	2020
Clearing and forwarding	12,480,705	11,007,642
Commission on sales	3,531,093	2,420,605
Warehousing charges	414,291	353,351
Travelling and conveyance	252,497	1,559,881
Business promotion expenses	145,857	112,605
Product warranty expenses	86,748	185,522
	<b>16,911,191</b>	<b>15,639,606</b>

9. Furniture and equipment					
2021	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
<i>Cost</i>					
At 1 April 2020	50,169	28,416	106,564	90,869	276,018
Additions during the year	--	30,021	17,085	--	47,106
At 31 March 2021	50,169	58,437	123,649	90,869	323,124
<i>Accumulated depreciation</i>					
At 1 April 2020	50,169	28,416	85,740	90,869	255,194
Charge for the year	--	3,531	9,955	--	13,486
At 31 March 2021	50,169	31,947	95,695	90,869	268,680
<i>Net book value</i>					
At 31 March 2021	--	26,490	27,954	--	54,444
2020	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
<i>Cost</i>					
At 1 April 2019	50,169	28,416	98,415	90,869	267,869
Additions during the year	--	--	8,149	--	8,149
At 31 March 2020	50,169	28,416	106,564	90,869	276,018
<i>Accumulated depreciation</i>					
At 1 April 2019	50,025	28,220	76,116	90,869	245,230
Charge for the year	144	196	9,624	--	9,964
At 31 March 2020	50,169	28,416	85,740	90,869	255,194
<i>Net book value</i>					
At 31 March 2020	--	--	20,824	--	20,824

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**10. Investments in subsidiaries**

The following summarises the information of the Company's investments in subsidiaries:

Name of the subsidiary	Place of incorporation	Activity	Proportion of the ownership interest held by the Company	
			2021	2020
Vega Industries Limited	United Kingdom	Importing and distribution of grinding media	100%	100%
Wuxi Weigejia Trade Co. Ltd	People's Republic of China	Wholesale, installation, import and export business on mining, quarrying equipment, cement special equipment and relevant spare parts	100%	100%
Vega Steel Industries (RSA) (Proprietary) Limited	Republic of South Africa	Importing and trading of steel and alloy castings and related components	75%	75%
PT Vega Industries	Indonesia	Importing and distribution of grinding media	99%	99%
Vega Industries Chile SPA	Republic of Chile	Importing and distribution of grinding media	100%	100%
AIA Ghana Limited	Republic of Ghana	Importing and distribution of grinding media and mil liners and mining support services	100%	100%
Vega Industries Australia, Pty Ltd	Commonwealth of Australia	Importing and trading of steel and alloy casting and related components	100%	100%

The carrying values of the above investments in subsidiaries are as follows:

Name of the subsidiaries	2021	2020
Vega Industries Limited 10,000 shares of GBP 1 each	334,375	334,375
Wuxi Weigejia Trade Co. Ltd 30 shares of USD 10,000 each	300,000	300,000
Vega Steel Industries (RSA) (Proprietary) Limited 100 shares of ZAR 1 each	14	14
PT Vega Industries 198 shares of IDR 13,116,000 each	198,000	198,000
Vega Industries Chile SPA (100 shares of CLP 670,300 each)	106,000	106,000
AIA Ghana Limited (4,421,700 shares of GHC 1 each)	1,000,000	1,000,000
Vega Industries Australia, Pty Ltd (100 shares of AUD 1 each)	71	71
	<b>1,938,460</b>	<b>1,938,460</b>

The above investments are stated at cost in these separate financial statements of the Company (Note 3.1).

The Company has operational and financial control over these subsidiaries.

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**11. Financial assets at fair value through profit or loss**

	2021	2020
Quoted debt investments	4,250,988	--
	4,250,988	--

Marketable securities are fair valued adopting level 1 of the fair value hierarchy referred to in Note 3.3 n).

The movements on the financial assets at fair value through profit or loss during the year are as follows:

	2021	2020
Balance at the beginning of the year	--	--
Additions during the year	4,166,007	--
Unrealised gain on fair valuation (Note 6)	84,981	--
Balance at the end of the year	4,250,988	--

**12. Financial assets at amortised cost**

Financial assets at amortised cost comprised debt securities (i.e. bonds) where the contractual cash flows were solely payments of principal and interest and the objective of the Company's business model was achieved by holding the assets to maturity and collecting contractual cash flows.

	2021	2020
Balance at the beginning of the year	--	9,430,000
Additions during the year	--	8,179,440
Disposals during the year	--	(17,609,440)
Balance at the end of the year	--	--

During the previous year, the Company realised a gain of USD 235,107 arising from disposals of financial assets at amortised cost (Note 6).

**13. Inventories**

	2021	2020
Goods held for resale	5,658,325	4,180,575
Goods in transit	5,323,046	3,957,102
	10,981,371	8,137,677

Goods held for resale are majority held by the related parties in their warehouses outside UAE.

**14. Accounts and other receivables**

	2021	2020
Trade accounts receivable		
- Third parties	27,736,615	32,354,388
- Subsidiaries	52,803,832	41,476,821
- Related party	34,894,363	43,096,120
Due from subsidiaries (funding)	164,747	380,319
Advances to suppliers	45,819	274,689
Interest receivable from financial assets at FVPL	61,786	--
Prepaid expenses	50,930	45,471
Deposits	44,411	35,988
Other receivables	183,615	218,505
	115,986,118	117,880,801
Less: Allowance for expected credit losses (Note 20.1 b))	(99,792)	(110,060)
	115,886,326	117,772,241

a) The Company's risk exposure and expected credit losses on trade accounts receivable, amounts due from subsidiaries and other receivables are disclosed in Note 20.1 b).

b) Unimpaired receivables and amounts due from subsidiaries are considered collectible based on historic experience. It is not the practice of the Company to obtain collateral over receivables.

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<b>15.</b>	<b>Bank and cash balances</b>	<b>2021</b>	<b>2020</b>
		1,434	1,201
	Cash on hand	25,984,652	4,983,937
	Bank current accounts	78,515	34,912
	Margin money deposits	26,064,601	5,020,050
	Bank and cash balances	(78,515)	(34,912)
	Less: Margin money deposits under lien	25,986,086	4,985,138
	Cash and cash equivalents in the separate statement of cash flows		

Margin money deposits are subject to a lien for guarantees issued by banks on behalf of the Company (Note 21).

<b>16.</b>	<b>Share capital</b>	<b>2021</b>	<b>2020</b>
	Authorised capital (50,000 shares of USD 10 each)	500,000	500,000
	Issued, subscribed and paid up capital (32,500 shares of USD 10 each)	325,000	325,000
	The shareholding structure is as follows:	2021	2020
	M/s. AIA Engineering Ltd, India (30,875 shares of USD 10 each)	308,750	308,750
	Mr. Bhadresh Kantilal Shah (as a nominee of AIA Engineering Ltd.) India) (1,625 shares of USD 10 each)	16,250	16,250
		325,000	325,000

**17. Employees' terminal benefits**

The provision for end of service benefits for employees is made in accordance with the requirements of the labor laws of the UAE. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration and are payable on termination or completion of term of employment. The cost of providing these benefits is charged as an expense on an annual basis.

The movements on the provision recognised in the separate statement of financial position are as follows:

	2021	2020
Balance at the beginning of the year	216,413	198,755
Provided during the year	21,181	47,924
Paid during the year	(40,786)	(30,266)
Balance at the end of the year	196,808	216,413

**18. Accounts and other payables**

	2021	2020
Due to parent company	127,580,993	112,254,504
Due to subsidiaries	2,165,080	1,183,175
Due to related party	350,000	443,765
Accrued expenses	1,993,938	1,808,824
Contract liabilities	3,168,742	1,295,222
Provision for warranty	1,510,138	2,293,290
	136,768,891	119,278,780

**19. Related party transactions**

Related parties represent shareholders and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Prices and terms of these transactions were approved by the management. The significant related party transactions during the year are as follows:

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**19. Related party transactions (Continued)**

Related party transactions	Relationship	2021	2020
Revenue from contracts with customers (Note 4 b))	Subsidiaries	141,346,980	152,637,676
Purchases and other direct expenses (cost of sales)	Parent company	258,990,743	274,461,282
Management fee (Note 6)	Subsidiaries	458,163	285,571
Dividend income (Note 6)	Subsidiaries	43,814	5,210,354
Salaries and employee related costs (general and administration expenses)	Subsidiaries	668,064	748,712
Bank charges (for corporate guarantee provided) (general and administration expenses)	Parent company	25,000	25,000
Insurance (under general and administration expenses)	Parent company	347,105	--
Clearing and forwarding (selling and distribution expenses)	Parent company & Subsidiary	11,613,696	8,893,560
Travelling and conveyance (selling and distribution expenses)	Subsidiaries	26,414	82,571

The amounts due from/to related parties including parent company and subsidiaries do not attract interest and are receivable/payable on demand.

Key management compensation (including Directors' emoluments)	2021	2020
Directors' remuneration (Note 7)	276,707	270,492

**20. Financial risk and capital management**

**20.1 Financial risk factors**

The Company's financial instruments consist mainly of financial assets at fair value through profit or loss, accounts and other receivables, bank and cash balances, and accounts and other payables. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies during the years ended 31 March 2021 and 31 March 2020. The identified key risks are:

**a) Currency risk**

The Company manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements and foreign currency exposures and hedges foreign currency exposures.

The table below indicates the Company's foreign currency exposure at 31 March, as a result of its monetary assets and liabilities.

	2021	2020
	USD	USD
Euro (EUR)	19,308,656	1,055,294
South African Rand (ZAR)	3,316,705,12	925,880
Australian Dollars (AUD)	47,560,846	14,817,397
British Sterling Pounds (GBP)	292,422	878,400
Canadian Dollar (CAD)	3,350,233	273,212
Chilean peso (CLP)	88,529	--
Russian Rubble (RUB)	8,637,685	14,803

The following tables demonstrate the sensitivity to a reasonably possible change in the following foreign currencies, with all other variables held constant. The impact on the Company's profit is due to changes in the fair value of monetary assets and liabilities.

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20. Financial risk and capital management (Continued)

20.1 Financial risk factors (Continued)

a) Currency risk (Continued)

<i>Change in currency rate by 1% (+/-)</i>	2021	2020
	Effect on profit (+/-)	Effect on profit (+/-)
	USD	USD
Currency		
EUR	193,087	10,553
ZAR	33,167,051	9,259
AUD	475,608	148,174
GBP	2,924	8,784
CAD	33,502	2,732
CLP	885	--
RUB	86,377	148

b) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances, trade accounts receivable and amounts due from subsidiaries.

*Debt instruments and bank balances*

Credit risk from banks and financial institutions is managed in accordance with the Company's policy. The Company's bank accounts are placed only with high credit quality financial institutions. Investments to any financial instruments are made only with approved parties/financial institutions and within the limits established by the management. The limits are set to minimise the concentration of risks and mitigate financial loss.

*Trade accounts receivable and due from subsidiaries*

The credit risk on trade accounts receivable and due from subsidiaries is subjected to credit evaluations. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are defined and are set based on internal and external ratings in accordance with the Company's policies. Outstanding customer receivables and amounts due from subsidiaries are regularly monitored and an allowance has been made for expected credit losses. The amounts presented in the separate statement of financial position are net of allowances for expected credit losses.

Certain trade accounts receivable are secured by letters of credit or other forms of credit guarantee or insurance from reputable banks or financial institutions.

The Company is not exposed to any significant concentration of credit risk because its exposure is spread over a large number of customers, except for trade accounts receivable from subsidiaries and related party. At the reporting date, 38% of the trade accounts receivable from third parties are due from 5 customers (2020: 46% from 5 customers) and 63% of trade accounts receivable from subsidiaries are from 3 subsidiaries (2020: 79% from 3 subsidiaries) and 100% of trade accounts receivable from related party is from a single party (2020: 100% from a single party).

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

*Impairment of financial assets*

The Company has the following financial assets that are subject to the expected credit loss model:

- a) Trade accounts receivable
- b) Other financial assets at amortised cost
- c) Cash and cash equivalents

While cash and cash equivalents and other financial assets at amortised cost which includes due from subsidiaries (funding), deposits and other receivables are subject to impairment, the identified impairment loss is considered immaterial.

The impairment losses on financial assets recognised in the separate statement of comprehensive income were as follows:

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20. Financial risk and capital management (Continued)

20.1 Financial risk factors (Continued)

b) Credit risk (Continued)

	2021	2020
Recoveries of amounts previously written off	(53,878)	(158,324)
Amounts written off during the year	17,350	68,605
Reversal of prior year's impairment losses	(29,780)	(124,976)
Impairment loss on trade accounts receivable	19,512	--
<b>Impairment (gains) on financial assets</b>	<b>(46,796)</b>	<b>(214,695)</b>

Trade accounts receivable

The Company applies the simplified approach in measuring expected credit losses by using a provision matrix for all trade accounts receivable (see Note 3.3 e)).

The gross carrying amounts and loss allowances as at 31 March were determined as follows for trade accounts receivable:

		0 to 3 months	3 to 6 months	6 months to 1 year	Above 1 year	Total
<b>2021</b>	Current					
Trade accounts receivable	40,141,300	40,220,652	25,539,149	8,635,288	898,421	115,434,810
Expected loss rate	0.053%	0.053%	0.012%	0.025%	5.767%	
<b>Loss allowance</b>	<b>21,352</b>	<b>21,352</b>	<b>3,114</b>	<b>2,162</b>	<b>51,812</b>	<b>99,792</b>

		0 to 3 months	3 to 6 months	6 months to 1 year	Above 1 year	Total
<b>2020</b>	Current					
Trade accounts receivable	55,571,637	40,034,002	16,454,164	4,075,565	791,961	116,927,329
Expected loss rate	0.041%	0.041%	0.146%	0.389%	3.868%	
<b>Loss allowance</b>	<b>22,996</b>	<b>16,566</b>	<b>24,025</b>	<b>15,836</b>	<b>30,637</b>	<b>110,060</b>

Reconciliation of the closing loss allowances for trade accounts receivable as at 31 March to the opening loss allowances are as follows:

	Trade accounts receivable	
	2021	2020
Balance at the beginning of the year	110,060	419,196
Increase in loss allowance during the year	19,512	--
Reversal of prior year's loss allowance	(29,780)	(124,976)
Utilised for write-off during the year	--	(184,160)
<b>Balance at the end of the year</b>	<b>99,792</b>	<b>110,060</b>

Trade accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, failure to agree in a repayment plan with the Company and a failure to make contractual payments. Impairment losses on trade accounts receivable are presented as net impairment losses in the separate statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same account.

c) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March, based on contractual payment dates:



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20. Financial risk and capital management (Continued)

20.1 Financial risk factors (Continued)

c) Liquidity risk (Continued)

2021	<i>On demand</i>	<i>0 months to 1 year</i>	<i>Total</i>
Due to parent company	127,580,993	--	127,580,993
Due to subsidiaries	2,165,080	--	2,165,080
Due to related party	350,000	--	350,000
Provision for warranty	1,510,138	--	1,510,138
Accrued expenses	--	1,993,938	1,993,938
<b>Total</b>	<b>131,606,211</b>	<b>1,993,938</b>	<b>133,600,149</b>

2020	<i>On demand</i>	<i>0 months to 1 year</i>	<i>Total</i>
Due to parent company	112,254,504	--	112,254,504
Due to subsidiaries	1,183,175	--	1,183,175
Due to related party	443,765	--	443,765
Provision for warranty	2,293,290	--	2,293,290
Accrued expenses	--	1,808,824	1,808,824
<b>Total</b>	<b>116,174,734</b>	<b>1,808,824</b>	<b>117,983,558</b>

d) Price risk

Although the Company has significant amounts invested in financial assets at fair value through profit or loss, the management has minimised the exposure to investment 'price' risk by ensuring the investment portfolio is varied and without any sector, geographical or other concentrations.

The impact on the Company's profit due to changes in the price of investments would be as follows:

<i>Change in price in 2% (+/-)</i>	<b>2021</b> Effect on profit (+/-)	<b>2020</b> Effect on profit (+/-)
Financial assets at fair value through profit or loss	<b>85,019</b>	--

20.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholders' funds 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 shareholders' funds, the Company may adjust the amount of dividends paid to shareholders, return funds to shareholders, issue new shares, or sell assets to reduce its exposure to debt. No changes were made in the objectives, policies or processes during the years ended 31 March 2021 and 31 March 2020. Capital comprises share capital and retained earnings, and is measured at USD 22,210,491 as at 31 March 2021 (2020: USD 13,394,059).

21. Contingent liabilities

	2021	2020
Bank performance bonds and guarantees	785,153	174,223
	<b>785,153</b>	<b>174,223</b>

The above bank facilities are secured by a lien on margin money deposits held by banks (Note 15) and corporate guarantee of a shareholder.

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**22. Fair value measurements**

This note provides information about how the Company determines the fair value of its financial assets and liabilities.

Financial assets of the Company consist of financial assets at fair value through profit or loss, accounts and other and bank and cash balances. Financial liabilities consist of accounts and other payables. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

*Fair value of Company's financial assets that are measured at fair value on a recurring basis:*

The following table gives information about financial assets that are held at fair value at the end of each reporting period including how the fair value has been determined, fair value hierarchy, a description of valuation technique and the inputs used in the fair value measurements.

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs used	unobservable input	Relationship of unobservable inputs to fair value
	2021	2020				
Quoted debt investments - carried at fair value through profit or loss	4,250,988	--	Level 1	Observable market rates at the end of the reporting period	N/A	N/A

There were no transfers between Level 1 and Level 2 fair value measurements during the year.

**23. Impact of COVID-19**

On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a global pandemic. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures, that include the implementation of travel bans, self-imposed quarantine periods, self-isolation, physical and social distancing and the closure of non-essential businesses, which have caused only marginal disruption to the Company's operations.

The situation including government and public response to the challenges continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage. Notwithstanding, these developments are not expected to have a significant impact on the Company's future financial results, cash flows and financial position, and the management will continue to monitor and adopt the required mitigating actions during the next financial period.