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

Separate Financial Statements
31 March 2020

Moore Stephens
P. O. Box 28817
M 5A Zalfa Building, Garhoud
Dubai, United Arab Emirates

T +971 (0)4 2820811 / 2820783
F +971 (0)4 2820812

www.moore-uae.ae

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

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 2020, 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 24.

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In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, 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 IFRSs, 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.

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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

Moore Stephens

Dubai
5 June 2020

Separate statement of comprehensive income

(stated in USD)

	Note	2020	2019
Income			
Revenue from contracts with customers	3.3 a) and 4	**311,423,909**	335,650,499
Cost of sales	5	**(280,853,262)**	(302,218,309)
Gross profit		**30,570,647**	33,432,190
Other income	6	**6,857,468**	1,125,033
Impairment gains on financial assets	19.1 b)	**214,695**	--
		37,642,810	34,557,223
Expenses			
General and administration	7	**6,681,880**	4,178,584
Selling and distribution	8	**15,639,606**	16,667,727
Impairment losses on financial assets	19.1 b)	--	186,537
Depreciation	9	**9,964**	12,102
		22,331,450	21,044,950
Profit and total comprehensive income for the year		**15,311,360**	13,512,273

The attached notes 1 to 21 form part of these separate financial statements.

Separate statement of financial position

(stated in USD)

	Note	2020	2019
Assets			
Non-current assets			
Furniture and equipment	9	20,824	22,639
Investments in subsidiaries	10	1,938,460	1,938,460
Total non-current assets		1,959,284	1,961,099
Current assets			
Financial assets at amortised cost	11	--	9,430,000
Inventories	12	8,137,677	12,336,053
Accounts and other receivables	13	117,772,241	121,518,568
Bank and cash balances	14	5,020,050	17,698,084
Total current assets		130,929,968	160,982,705
Total assets		132,889,252	162,943,804
Shareholders' funds and liabilities			
Shareholders' funds			
Share capital	15	325,000	325,000
Retained earnings		13,069,059	45,175,199
Total shareholders' funds		13,394,059	45,500,199
Liabilities			
Non-current liabilities			
Employees' terminal benefits	16	216,413	198,755
Total non-current liabilities		216,413	198,755
Current liabilities			
Accounts and other payables	17	119,278,780	117,244,850
Total current liabilities		119,278,780	117,244,850
Total liabilities		119,495,193	117,443,605
Total shareholders' funds and liabilities		132,889,252	162,943,804

The attached notes 1 to 21 form part of these separate financial statements.

Director
5 June 2020

Separate statement of changes in shareholders' funds

(stated in USD)

	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)**
Balance at 31 March 2020	**325,000**	**13,069,059**	**13,394,059**

	Share capital	Retained earnings	Total
Balance at 1 April 2018 (as previously reported)	325,000	31,738,810	32,063,810
Effect of adoption of new accounting standards	--	(75,884)	(75,884)
Balance at 1 April 2018 (as restated)	325,000	31,662,926	31,987,926
Total comprehensive income for the year	--	13,512,273	13,512,273
Balance at 31 March 2019	325,000	45,175,199	45,500,199

The attached notes 1 to 21 form part of these separate financial statements.

Separate statement of cash flows

(stated in USD)

	Note	2020	2019
Cash flows from operating activities			
Profit for the year		**15,311,360**	13,512,273
Adjustments for:			
Depreciation	9	**9,964**	12,102
Interest income from financial assets at amortised cost	6	**(556,530)**	(427,642)
Dividend income from subsidiaries	6	**(5,210,354)**	(59,986)
Gain on disposals of financial assets at amortised cost	6	**(235,107)**	--
Loss on disposal of furniture and equipment		**--**	841
Impairment (gains)/losses on financial assets	19.1 b)	**(214,695)**	186,537
Provision for warranty		**185,522**	346,922
Provision for employees' terminal benefits	16	**47,924**	20,353
Cash flows from operations before working capital changes		**9,338,084**	13,591,400
Decrease in inventories		**4,198,376**	82,413
Decrease/(increase) in accounts and other receivables		**3,961,022**	(29,475,556)
Decrease in margin money deposits under lien		**26,958**	17,942
Increase in accounts and other payables		**1,848,408**	18,472,714
Employees' terminal benefits paid	16	**(30,266)**	(12,367)
Net cash from operating activities		**19,342,582**	2,676,546
Cash flows from investing activities			
Purchase of furniture and equipment	9	**(8,149)**	(11,921)
Increase in investments in subsidiaries	10	**--**	(1,000,071)
Purchase of financial assets at amortised cost	11	**(8,179,440)**	(3,390,569)
Proceeds from disposals of financial assets at amortised cost		**17,844,547**	3,000,000
Dividend received from subsidiaries		**5,210,354**	59,986
Interest received from financial assets at amortised cost	6	**556,530**	427,642
Net cash from/(used in) investing activities		**15,423,842**	(914,933)
Cash flows from financing activity			
Dividends paid		**(47,417,500)**	--
Net cash (used in) financing activity		**(47,417,500)**	--
(Decrease)/increase in cash and cash equivalents during the year		**(12,651,076)**	1,761,613
Cash and cash equivalents at the beginning of the year		**17,636,214**	15,874,601
Cash and cash equivalents at the end of the year	14	**4,985,138**	17,636,214

The attached notes 1 to 21 form part of these separate financial statements.

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 New standard adopted by the Company

The Company has adopted the following applicable new IFRS as of 1 April 2019:

- IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 April 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). 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. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from accounting under IAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs.

  The management has elected to apply the standard using the modified retrospective approach with the initial application date of 1 April 2019. Therefore, the comparative information has not been restated and continues to be reported in accordance with the previous accounting policy.

The management has reviewed the impact of the above new standard and believes that the adoption of the this new standard is not likely to have 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 the standard that is applicable to the Company has been published and is mandatory for accounting periods of the Company beginning after 1 April 2019, but which has not been adopted early by the Company:

- 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, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual periods commencing on or after 1 January 2020.

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.

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 years presented in these separate financial statements, except for the adoption of IFRS 16 using the modified retrospective approach as explained in Note 3.4 m), are set out below.

3.3 Significant accounting policies

a) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services 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 90 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.

3. Basis of preparation and significant accounting policies and estimates

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 and loss (FVPL), 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 either FVOCI or FVPL. All recognised financial assets are measured subsequently at amortised cost.

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)

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.

The Company's financial assets include accounts and other receivables, due from subsidiaries, financial assets at amortised cost and bank and cash balances which are classified and subsequently measured at amortised cost.

<u>*Financial assets: Subsequent measurement and gains and losses*</u>
- 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.

<u>*Financial liabilities: Classification, subsequent measurement and gains and losses*</u>
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 include accounts and other payables which are classified and subsequently measured at amortised cost.

(iii) Derecognition

<u>*Financial assets*</u>
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.

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.

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 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.

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

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

3.3 **Significant accounting policies (Continued)**

f) **Inventories (Continued)**

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:

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

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

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. 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.

Policy applicable before 1 April 2019

As a Lessee
Asset held under other lease was classified as operating lease and was not recognised in the Company's separate statement of financial position. Payments made under operating lease were recognised in the separate statement of comprehensive income on a straight-line basis over the lease term.

n) 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.

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.

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

3.4 Significant accounting estimates, judgement and assumptions (Continued)

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.

Debt investments at amortised cost
For debt investments at amortised cost, the Company considers the investments to have low credit risk. It is the Company's policy to measure expected credit losses on such investments on a 12-month basis unless when there has been a significant increase in credit risk since origination, then allowance will be based on the lifetime expected credit losses. The Company's investments comprise significantly of listed/quoted bonds that have an investment grade credit rating and are considered to be low credit risk investments. Other financial assets are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

At each reporting date, the Company evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt investment. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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. In assessing whether the credit risk has increased significantly, the Company takes into account qualitative and quantitative supportable forward-looking information.

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

3.4 Significant accounting estimates, judgement and assumptions (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).

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*

	2020	2019
Sale of grinding media	**211,690,298**	245,531,613
Sale of mining liners	**93,840,523**	83,962,045
Sale of hardware accessories	**5,719,324**	5,679,113
Others	**173,764**	477,728
	311,423,909	335,650,499

b) *Customer relationship*

	2020	2019
Third party customers	**158,786,233**	209,025,198
Related party customers (Note 18)	**152,637,676**	126,625,301
	311,423,909	335,650,499

5. Cost of sales

	2020	2019
Cost of goods sold	**278,795,628**	300,547,823
Other direct expenses	**2,057,634**	1,670,486
	280,853,262	302,218,309

6. Other income

	2020	2019
Dividend income from subsidiaries (Note 18)	**5,210,354**	59,986
Interest income from financial assets at amortised cost	**556,530**	427,642
Gain on disposals of financial assets at amortised cost (Note 11)	**235,107**	--
Management fee (Note 18)	**285,571**	292,870
Gain on foreign currency exchange	--	196,608
Reversal of liabilities no longer considered payable	**335,671**	24,837
Others	**234,235**	123,090
	6,857,468	1,125,033

Management fee represents amount charged to a subsidiary for the services rendered by the Company (Note 18).

7. General and administration expenses

	2020	2019
Legal and professional fees	**1,843,212**	1,665,796
Salaries and employee related costs	**1,815,362**	1,596,367
Directors' remuneration (Note 18)	**270,492**	256,809
Communication	**125,572**	127,289
Insurance	**82,682**	186,441
Short-term lease and license fees	**67,765**	75,779
Loss on foreign currency exchange	**2,173,024**	--
Bank charges	**243,440**	201,587
Others	**60,331**	68,516
	6,681,880	4,178,584

8. Selling and distribution expenses

	2020	2019
Clearing and forwarding	**11,007,642**	11,748,070
Commission on sales	**2,420,605**	2,512,147
Travelling and conveyance	**1,559,881**	1,559,141
Warehousing charges	**353,351**	256,716
Business promotion expenses	**112,605**	244,731
Product warranty expenses	**185,522**	346,922
	15,639,606	16,667,727

9. **Furniture and equipment**

2020	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
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**
Accumulated depreciation					
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**
Net book value					
At 31 March 2020	--	--	**20,824**	--	**20,824**

2019	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
At 1 April 2018	50,169	28,416	87,990	90,869	257,444
Additions during the year	--	--	11,921	--	11,921
Disposals during the year	--	--	(1,496)	--	(1,496)
At 31 March 2019	50,169	28,416	98,415	90,869	267,869
Accumulated depreciation					
At 1 April 2018	49,682	27,255	68,669	88,177	233,783
Charge for the year	343	965	8,102	2,692	12,102
Relating to disposals	--	--	(655)	--	(655)
At 31 March 2019	50,025	28,220	76,116	90,869	245,230
Net book value					
At 31 March 2019	144	196	22,300	--	22,639

10. Investments in subsidiaries

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

Name of the subsidiaries	Place of incorporation	Activity	Proportion of the ownership interest held by the Company 2020	2019
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	2020	2019
Vega Industries Limited 10,000 shares of GBP 1 each (2018 – 10,000 shares of GBP 1 each)	**334,375**	334,375
Wuxi Weigejia Trade Co. Ltd 30 shares of USD 10,000 each (2018 – 30 shares of USD 10,000 each)	**300,000**	300,000
Vega Steel Industries (RSA) (Proprietary) Limited 100 shares of ZAR 1 each (2018 – 100 shares of ZAR 1 each)	**14**	14
PT Vega Industries 198 shares of IDR 13,116,000 each (2018 – share application money)	**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
	1,938,460	1,938,460

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.

11. Financial assets at amortised cost

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

	2020	2019
Balance at the beginning of the year	**9,430,000**	9,115,315
Additions during the year	**8,179,440**	3,390,569
Disposals during the year	**(17,609,440)**	(3,000,000)
Effect of adoption of IFRS 9	--	(75,884)
Balance at the end of the year	--	9,430,000

During the year, the Company realised a gain of USD 235,107 (2019: Nil) arising from disposals of financial assets at amortised cost (Note 6).

12. Inventories

	2020	2019
Goods held for resale	**4,180,575**	6,236,659
Goods in transit	**3,957,102**	6,099,394
	8,137,677	12,336,053

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

13. Accounts and other receivables

	2020	2019
Trade accounts receivable		
- Third parties	**32,354,388**	47,800,193
- Subsidiaries	**41,476,821**	32,036,167
- Related party	**43,096,120**	41,265,179
Due from subsidiaries (funding)	**380,319**	279,737
Advance to suppliers	**274,689**	248,772
Interest receivable from financial assets at amortised cost	--	110,885
Prepaid expenses	**43,971**	11,740
Deposits	**35,988**	38,439
Other receivables	**218,505**	146,652
	117,880,801	121,937,764
Less: Allowance for expected credit losses (Note 19.1 b))	**(110,060)**	(419,196)
	117,772,241	121,518,568

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 19.1 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.

14. Bank and cash balances

	2020	2019
Cash on hand	**1,201**	7,114
Bank current accounts	**4,983,937**	17,629,100
Margin money deposits	**34,912**	61,870
Bank and cash balances	**5,020,050**	17,698,084
Less: Margin money deposits under lien	**(34,912)**	(61,870)
Cash and cash equivalents in the separate statement of cash flows	**4,985,138**	17,636,214

Margin money deposits are subject to a lien for guarantees issued by banks on behalf of the Company (Note 20).

15. Share capital

	2020	2019
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:

	2020	2019
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

16. 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:

	2020	2019
Balance at the beginning of the year	**198,755**	190,769
Provided during the year	**47,924**	20,353
Paid during the year	**(30,266)**	(12,367)
Balance at the end of the year	**216,413**	198,755

17. Accounts and other payables

	2020	2019
Due to parent company	**112,254,504**	108,659,485
Due to subsidiaries	**1,183,175**	969,279
Due to related party	**443,765**	173,191
Accrued expenses	**1,808,824**	2,845,904
Contract liabilities	**1,295,222**	2,489,223
Provision for warranty	**2,293,290**	2,107,768
	119,278,780	117,244,850

18. 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:

Related party transactions	Relationship	2020	2019
Revenue from contracts with customers (Note 4)	Subsidiaries	**152,637,676**	126,625,301
Purchases and other direct expenses (cost of sales)	Parent company	**274,461,282**	299,313,688
Management fee (Note 6)	Subsidiaries	**285,571**	292,870
Dividend income (Note 6)	Subsidiaries	**5,210,354**	59,986
Salaries and employee related costs (general and administration expenses)	Subsidiaries	**443,765**	173,191
Bank charges (for corporate guarantee provided) (general and administration expenses)	Parent company	**25,000**	18,493
Clearing and forwarding (selling and distribution expenses)	Parent company	**8,893,560**	6,540,720
Travelling and conveyance (selling and distribution expenses)	Subsidiaries	**387,518**	456,595

18. Related party transactions (Continued)

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)	2020	2019
Directors' remuneration (Note 7)	**270,492**	256,809

19. Financial risk and capital management

19.1 Financial risk factors

The Company's financial instruments consist mainly of financial assets at amortised cost, 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 2020 and 31 March 2019. 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.

	2020 USD	2019 USD
Euro (EUR)	**1,055,294**	878,542
South African Rand (ZAR)	**925,880**	1,261,678
Australian Dollars (AUD)	**14,817,397**	6,024,369
British Sterling Pounds (GBP)	**878,400**	129,887
CAD	**273,212**	288,024
RUB	**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.

	2020	2019
Change in currency rate by 1% (+/-)	Effect on profit (+/-) USD	Effect on profit (+/-) USD
Currency		
EUR	**10,553**	8,785
ZAR	**9,259**	12,617
AUD	**148,174**	60,244
GBP	**8,784**	1,299
CAD	**2,732**	2,880
RUB	**148**	--

b) Credit risk

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

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

b) Credit risk (Continued)

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 related parties 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, 46% of the trade accounts receivable from third parties are due from 5 customers (2019: 44% from 5 customers) and 79% of trade accounts receivable from subsidiaries are from 3 subsidiaries (2019: 84% from 3 subsidiaries) and 100% of trade accounts receivable from related party is from a single party (2019: 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) Due from subsidiaries (funding)
c) Other receivables
d) Financial assets at amortised cost

While cash and cash equivalents, financial assets at amortised cost, due from subsidiaries (funding) and other receivables also 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:

	2020	2019
Recoveries of amounts previously written off	**(158,324)**	--
Amounts written off during the year	**68,605**	--
Reversal of prior year's impairment losses	**(124,976)**	(5,964)
Impairment loss on trade accounts receivable	--	192,501
Impairment (gains)/losses on financial assets	**(214,695)**	186,537

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 3.4 e)).

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

b) Credit risk (Continued)

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

2020	Current	0 to 3 months	3 to 6 months	6 months to 1 year	Above 1 year	Total
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%**	
Loss allowance	**22,996**	**16,566**	**24,025**	**15,836**	**30,637**	**110,060**

2019	Current	0 to 3 months	3 to 6 months	6 months to 1 year	Above 1 year	Total
Trade accounts receivable	58,548,953	42,966,916	14,617,660	3,441,288	1,526,722	121,101,539
Less: Loss allowance for credit-impaired trade accounts receivable (a)	--	--	--	--	342,397	342,397
Net carrying amount – trade accounts receivable	58,548,953	42,966,916	14,617,660	3,441,289	1,184,325	120,759,142
Expected loss rate	0.02%	0.03%	0.11%	0.5%	1.64%	
Loss allowance (b)	11,218	12,890	16,079	17,206	19,406	76,799
Total loss allowance (a + b)	11,218	12,890	16,079	17,206	361,803	419,196

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	
	2020	2019
Balance at the beginning of the year	**419,196**	249,848
Increase in loss allowance during the year	--	192,501
Reversal of prior year's loss allowance	**(124,976)**	(5,964)
Utilised for write-off during the year	**(184,160)**	(17,189)
Balance at the end of the year	**110,060**	419,196

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

2020	*On demand*	*0 months to 1 year*	*Total*
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**
Provision for expenses	--	**1,808,824**	**1,808,824**
Total	**116,174,734**	**1,808,824**	**117,983,558**

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

c) Liquidity risk (Continued)

2019	*On demand*	*0 months to 1 year*	*Total*
Due to parent company	108,659,485	--	108,659,485
Due to subsidiaries	969,279	--	969,279
Due to related party	173,191	--	173,191
Provision for warranty	2,107,768	--	2,107,768
Provision for expenses	--	2,845,904	2,845,904
Total	111,909,723	2,845,904	114,755,627

19.2 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 and services 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 2020 and 31 March 2019. Capital comprises share capital and retained earnings, and is measured at USD 13,394,059 as at 31 March 2020 (2019: USD 45,500,199).

20. Contingent liabilities

	2020	2019
Bank performance bonds and guarantees	**174,223**	415,997
	174,223	415,997

The above bank facilities are secured by a lien on margin money deposits held by banks (Note 14) and corporate guarantee of a shareholder.

21. Subsequent events

On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a global pandemic. As a result, economic uncertainties have arisen and consumer spending has reduced thereby affecting international trade. Whilst these events have had a limited impact on the Company's operations to date, these would have an increased implication on the Company's results of operations if the weakened economic environment continues. Given the uncertainty related to the duration and effect of this pandemic, the impact on the Company's separate financial statements cannot be currently estimated.