



**Sterlite Technologies Limited**

Subsidiaries Financial Statements

Financial Year 2019-20

# **Speedon Network Limited**

Financial Statements for 2019-20

# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

### To the Members of Speedon Network Limited

### Report on the Audit of the Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of Speedon Network Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

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

#### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500018 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

Independent Auditors' Report

To the Members of Speedon Network Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Price Waterhouse Chartered Accountants LLP

Independent Auditors' Report  
To the Members of Speedon Network Limited  
Report on audit of the Financial Statements for the year ended March 31, 2020

9. 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.

## Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements.
    - The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020.
    - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
    - The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.



# Price Waterhouse Chartered Accountants LLP

Independent Auditors' Report

To the Members of Speedon Network Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

12. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act is not applicable.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAEZ8804

Place: Pune

Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11f of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements for the year ended March 31, 2020.

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

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

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



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11f of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements for the year ended March 31, 2020.

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

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

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

### Opinion

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

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Neeraj Sharma  
Partner  
Membership Number: 108391  
UDIN: 20108391AAAAEZ8804  
Place: Pune  
Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements as of and for the year ended March 31, 2020.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets except for location wise details of Optical Network Terminal devices, telecom boxes installed in societies/apartments, telecom devices lying with subscribers/customers and certain other assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the Management during the previous year and no material discrepancies have been noticed on such verification. Assets in the nature of Optical Network Terminal devices, telecom boxes installed in societies/apartments and telecom devices lying with subscribers/customers are not physically verified. As informed by management these assets are under continuous operational surveillance.
- (c) The Company does not own any immovable properties as disclosed in Note 4 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i) (c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii) (a), (iii) (b) and (iii) (c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Goods and Services Tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including Income Tax and other material statutory dues, as applicable, with the appropriate authorities.  
The extent of the arrears of statutory dues outstanding as at March 31, 2020, for a period of more than six months from the date they became payable are as follows:



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements as of and for the year ended March 31, 2020.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment
Integrated Goods & Services Tax Act, 2017	Goods and Services Tax	21,380	April 2019	May 20, 2019	Unpaid till date
Integrated Goods & Services Tax Act, 2017	Goods and Services Tax	1,677	June 2019	July 20, 2019	Unpaid till date
Integrated Goods & Services Tax Act, 2017	Goods and Services Tax	152	July 2019	August 20, 2019	Unpaid till date

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and services tax which have not been deposited on account of any dispute. The particulars of dues of sales tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
KVAT Act 2003 read with Central Sales Tax Act, 1956	Sales Tax	11.63	2015-16, 2016-17 and 2017-18	Assistant Commissioner of Commercial Taxes, Karnataka (Bangalore)

- viii. The Company does not have any loans or borrowings from any financial institution or bank or Government. The Company has compulsorily convertible debentures as at the balance sheet date. Therefore, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act is not applicable. Also, refer paragraph 12 of main Audit Report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements as of and for the year ended March 31, 2020.

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAEZ8804

Place: Pune

Date: July 28, 2020

**SPEEDON NETWORK LIMITED**  
BALANCE SHEET AS AT 31 MARCH 2020

	Note	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	4	1,887.16	2,056.13
Capital work-in progress		93.29	173.97
Other intangible assets	4A	99.84	112.34
<b>Financial assets</b>			
Investments	5	2.00	2.00
Loans	6	14.74	12.93
Deferred tax assets (net)	7		
Other non-current assets	8	299.76	50.07
		<u>2,397.05</u>	<u>2,406.94</u>
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	9	336.00	1,291.51
Cash and cash equivalents	10	58.47	4.46
Other bank balances	10A	37.86	35.84
Contract Assets	11	87.41	48.01
Other current assets	8	316.36	424.53
		<u>836.10</u>	<u>1,804.35</u>
<b>Total Assets</b>		<u>3,233.15</u>	<u>4,211.29</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	155.00	155.00
Other Equity	13	198.53	916.06
<b>Total Equity</b>		<u>353.53</u>	<u>1,071.06</u>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	2,062.63	2,061.92
Contract Liabilities	16		7.99
		<u>2,062.63</u>	<u>2,069.91</u>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables			
- Total outstanding dues of micro enterprises & small enterprises	15	0.21	14.24
- Total outstanding dues of creditors other than micro enterprises & small enterprises		508.44	149.56
Contract Liabilities	16		1.08
Other current liabilities	17	8.38	5.44
		<u>517.03</u>	<u>170.32</u>
<b>Total Liabilities</b>		<u>2,879.66</u>	<u>3,140.23</u>
<b>Total Equity &amp; Liabilities</b>		<u>3,233.15</u>	<u>4,211.29</u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012754N/NS00016

Neeraj Shrivastava  
Partner  
Membership Number: 108391  
Place: Pune  
Date: July 28, 2020

For and on behalf of the Board Of Directors of Speedon Network Limited

K S Rao  
Director  
DIN: 00322333  
Place:  
Date: July 28, 2020

Anupam Jindal  
Director  
DIN: 03040078  
Place:  
Date: July 28, 2020


Amit Singhania  
Chief Executive Officer  
Place:  
Date: July 28, 2020

**SPEEDON NETWORK LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**


	Note	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>INCOME</b>			
Revenue from operations	18	1,418.92	2,623.92
Other income	19	2.15	-
<b>Total Income (I)</b>		<b>1,421.07</b>	<b>2,623.92</b>
<b>EXPENSES</b>			
Other expenses	21	1,689.18	2,128.92
<b>Total Expense (II)</b>		<b>1,689.18</b>	<b>2,128.92</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>(268.11)</b>	<b>495.00</b>
Depreciation and amortisation expense	22	252.78	257.20
Finance costs	23	199.92	176.28
Finance income	20	(3.28)	(0.96)
<b>Profit/(Loss) before tax</b>		<b>(717.53)</b>	<b>62.48</b>
Tax expenses:			
Current tax		-	24.12
Deferred tax		-	24.12
<b>Total tax expenses</b>		<b>-</b>	<b>48.24</b>
<b>Profit/(Loss) for the year</b>		<b>(717.53)</b>	<b>38.36</b>
Other comprehensive income			
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>(717.53)</b>	<b>38.36</b>
<b>Earnings per equity share</b>	24		
Basic			
Computed on the basis of profit/(loss) for the year (Rs.)		(46.29)	2.47
Diluted			
Computed on the basis of profit/(loss) for the year (Rs.)		(46.29)	0.08
<b>Summary of significant accounting policies</b>	2		

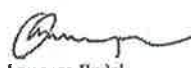
The accompanying notes are an integral part of the financial statements.  
As per our report of even date

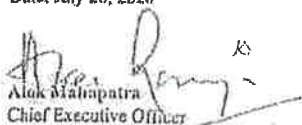
For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012754N/N500016

  
**Neeraj Sharma**  
Partner  
Membership Number: 108391  
Place: Pune  
Date: July 28, 2020

For and on behalf of the Board Of Directors of Speedon Network Limited

  
**K S Raa**  
Director  
DIN: 00022533  
Place:  
Date: July 28, 2020

  
**Anupama Jindal**  
Director  
DIN: 03040078  
Place:  
Date: July 28, 2020

  
**Alak Mahapatra**  
Chief Executive Officer  
Place:  
Date: July 28, 2020

**SPEEDON NETWORK LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	Note	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>A. Operating activities</b>			
Profit/(Loss) before tax		(717.53)	62.48
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and impairment of property, plant & equipment	22	240.27	244.69
Amortization & impairment of intangible assets	22	12.51	12.51
Income from investments			-
Finance costs	23	199.92	176.28
Finance income	20	(3.28)	(0.96)
		<u>449.42</u>	<u>432.32</u>
Operating profit before working capital changes		(268.11)	495.90
<b>Working capital adjustments:</b>			
Increase/(Decrease) in trade payables	15	344.84	66.38
Increase/(Decrease) in other current liabilities	17	2.94	3.48
Increase/(Decrease) in contract liabilities	16	(9.07)	9.07
Increase/(Decrease) in other non-current liabilities		-	(9.07)
Decrease/(increase) in contract assets	11	(39.40)	(48.01)
Decrease/(increase) in trade receivable	9	955.51	(1,120.17)
Decrease/(increase) in current assets	8	108.18	(86.00)
Decrease/(increase) in other current financial assets		-	7.49
Decrease/(increase) in other bank balances	10A	0.15	-
Decrease/(increase) in other non-current assets	8	(249.93)	(21.93)
Changes in working capital		<u>1,113.20</u>	<u>(1,198.54)</u>
Cash generated from operations		<u>845.09</u>	<u>(702.58)</u>
Income Taxes paid		-	-
Net cash flow from operating activities		<u>845.09</u>	<u>(702.58)</u>
<b>B. Investing activities</b>			
Purchase of property, plant & equipment		-	(27.75)
Loans to related parties		(0.82)	(1.56)
Movement in property, plant & equipments		8.58	-
Net cash flow used in investing activities		<u>7.76</u>	<u>(29.31)</u>
<b>C. Financing activities</b>			
Proceeds of long term borrowings		195.17	746.91
Repayment of long term borrowings		(922.90)	(11.62)
Bank Charges		(1.11)	(1.35)
Net cash flow used in financing activities		<u>(728.84)</u>	<u>733.94</u>
Net increase/(decrease) in cash and cash equivalents		54.01	1.27
Cash and cash equivalents as at beginning of year		4.46	3.19
Cash and cash equivalents as at year end		<u>58.47</u>	<u>4.46</u>
<b>Components of cash and cash equivalents:</b>			
		31 March 2020	31 March 2019
Balances with banks:			
On current accounts	10	58.47	4.46
On unpaid dividend account		-	-
Cash in hand	10	-	-
Total cash and cash equivalents		<u>58.47</u>	<u>4.46</u>

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration No: 012754/N/NS00016

Neeraj Sharma  
Partner  
Membership Number: 108391  
Place: Pune  
Date: July 28, 2020

For and on behalf of the Board Of Directors of Speedon Network Limited

K S Rao  
Director  
DIN: 00022335  
Place:  
Date: July 28, 2020

Anupam Jindal  
Director  
DIN: 03040078  
Place:  
Date: July 28, 2020

Alok Mahapatra  
Chief Executive Officer  
Place:  
Date: July 28, 2020

**SPEEDON NETWORK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

**A. Equity Share Capital**

Equity shares of Rs. 10 each issued, subscribed and fully paid

	Note	No. in lakhs	Amount
At 01 April 2018	12	15.50	155.00
Changes in equity share capital			
At 31 March 2019		15.50	155.00
Changes in equity share capital			
At 31 March 2020	12	15.50	155.00


For the year ended March 31, 2020


Particulars	Securities Premium	Retained Earnings	Equity Portion of Compulsorily Convertible Debentures	Equity Contribution from Parent	Total Equity (Rs. in lacs)
At March 31, 2018 (Refer Note:12)	345.54	(4,122.00)	4,470.59	183.57	877.70
Profit/(Loss) for the year	-	38.36	-	-	38.36
Other comprehensive income for the year	-	-	-	-	-
At March 31, 2019 (Refer Note:12)	345.54	(4,083.64)	4,470.59	183.57	916.06
Profit/(Loss) for the year	-	(717.53)	-	-	(717.53)
Other comprehensive income for the year	-	-	-	-	-
At March 31, 2020 (Refer Note:12)	345.54	(4,801.17)	4,470.59	183.57	198.53

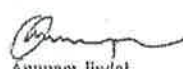
The accompanying notes are an integral part of the financial statements.  
As per our report of even date

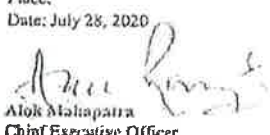
For and on behalf of the Board Of Directors of Speedon Network Limited

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012754N/N500016

  
Neera Shastri  
Partner  
Membership Number: 108391  
Place: Pune  
Date: July 28, 2020

  
K S Rao  
Director  
DIN: 00022533  
Place:  
Date: July 28, 2020

  
Anupam Jindal  
Director  
DIN: 03040078  
Place:  
Date: July 28, 2020

  
Alok Mahapatra  
Chief Executive Officer  
Place:  
Date: July 28, 2020

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## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

### 1. Corporate information

Speedon Network Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a wholly owned subsidiary of Sterlite Technologies Limited. The business of the Company is to deploy active equipment's of last mile aimed at facilitating the delivery of Voice, Video, Text, Data Services and other related telecom and media services by various service providers to business and households on payment basis.

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Ind AS financial statements have been prepared on a historical cost basis.

The Ind AS financial statements are presented in Indian Rupees in Lacs, except when otherwise indicated.

#### Amended standards adopted by the Company

The company has applied Ind AS 116 for the first time for their annual reporting period starting from April 01, 2019. The impact of adoption of Ind AS 116 on the financial statements of the Company is insignificant.

#### Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.

### a) Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on the basis of underlying transactions.

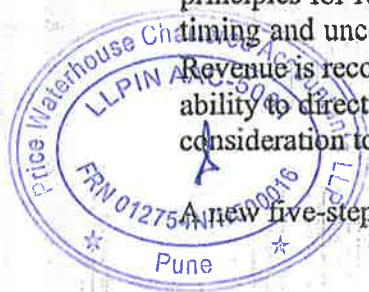
Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### b) Revenue from contracts with customers

Ind AS 115 Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.

### Revenue recognition policy

The Company has following streams of revenue:

- (i) Sale of services

The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company identifies distinct performance obligations in each contract. For most of the contracts, the Company provides a service of last mile data connectivity through leasing of its network equipment.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

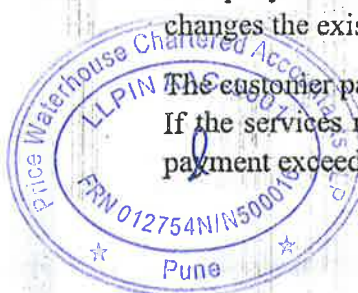
If none of the criteria above are met, the Company recognises revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

Due to the nature of the contracts, revenue is straight lined over the period of performance.

The Company estimates variable consideration using expected value method of probability-weighted values at an amount to which it expects to be entitled. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contracts are modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations.

The customer pays the amount against the services provided based on the agreed price in the contract. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payment exceeds the services rendered, a contract liability is recognised.



## **Speedon Network Limited**

Notes to financial statements for the year ended 31 March 2020

### **c) Other Income**

#### **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

### **d) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are recognised in books by deducting the grant from the carrying amount of the asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **e) Income Taxes**

#### **Current income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

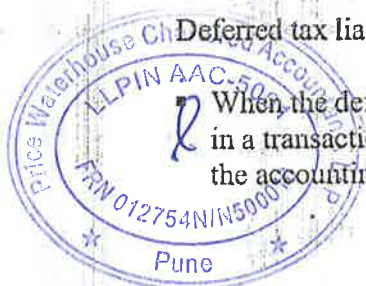
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Deferred tax**

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

- In respect of taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences between the carrying amount and tax bases of investments in subsidiaries, branch, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

Current and Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### f) Property, plant and equipment

All property, plant and equipment and Capital work in progress are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Such historical cost includes the cost of replacing part of the property, plant and equipment and borrowing costs if the recognition criteria are met. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The Company, based on technical assessments made by technical experts and management estimates, depreciates the certain items of tangible assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Table below provide the details of the useful life which are different from useful life prescribed under Schedule II of the Companies Act, 2013:

Asset Category	Useful Life considered	Useful life (Schedule II#)
Plant and Machinery	1 - 18 Years *	Continuous process plant -25 Years Others - 15 Years
Optical fibre cable (included in plant and machinery)	18 Years *	18 Years
Office equipment	6	5

\* Considered on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets.

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

Leasehold Improvements are depreciated over the shorter of the asset's useful life and the lease term.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

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

### g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

The Company does not have any intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Duct taken on Indefeasible Right of Use (IRU) is amortized over the agreement period on a straight-line basis.

Customer acquisition costs consist of payments made to obtain consents/permissions for laying of fibre cables and other telecom infrastructure in residential and commercial complexes/townships. Such cost is amortized over the period of the consent/permission on a straight-line basis.

Softwares are amortised on a straight-line basis over a period of ten years.

### h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### i) Leases

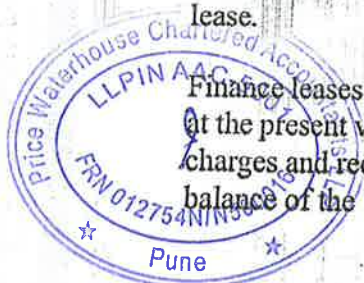
#### Accounting policies till March 31, 2019:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly stated in the arrangement.

#### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the leases inception at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risk and rewards of ownership are not transferred to the Company are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payment is structured to increase in line with the expected general inflation to compensate for the lessors expected inflationary cost increases.

### Accounting policies with effect from April 01, 2019:

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

The company leases various assets which includes building & plant and machinery. Rental contracts are typically made for fixed periods of 2 to 15 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes

Until the 2018-19 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### j) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### k) Provisions and contingent liabilities

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

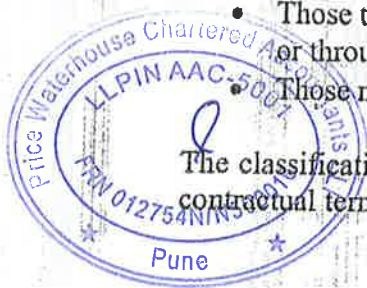
### l) Investment and Other Financial assets

#### i) Classification & Recognition:

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commit to purchase or sale the financial asset.

### ii) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

### Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity investment in subsidiaries and joint venture are carried at historical cost as per the accounting policy choice given by IND AS 27.

The Company makes investments in certain joint ventures and associates with the objective to generate growth in the medium term and with identified exit strategies. Such investments are managed on a fair value basis. The company has elected to measure investments in such joint ventures and associates in accordance with Ind AS 109.

### iii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- b) Lease receivables, if any
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

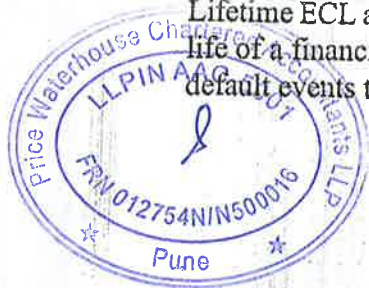
The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables, if any.

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

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 EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### iv) Derecognition of financial asset

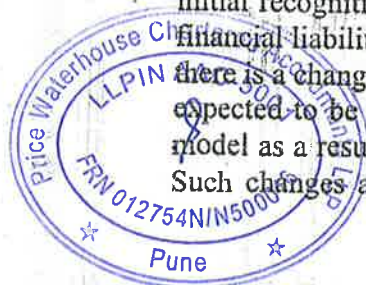
A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### v) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### m) Financial liabilities

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.



## Speedon Network Limited

Notes to financial statements for the year ended 31 March 2020

### o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### p) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

#### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### q) Presentation of EBITDA

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and tax expense.

### r) Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### s) Segment Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors has been identified as being the CODM. Refer note 34 for segment information presented.

### t) Rounding of amount

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.



## **Speedon Network Limited**

Notes to financial statements for the year ended 31 March 2020

### **2.2 Going Concern Assumption**

During the year the company has incurred a loss and is carrying accumulated losses pertaining to prior years. The outstanding loan has been obtained from the holding company and there is no outstanding loan to other parties.

Basis the terms of the payable balances, which requires the Company to repay only as and when it has funds to repay and the management's intention is to continue with the entity. Hence the financial statements have been prepared on going concern basis.

### **2.3 Recent accounting pronouncements**

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



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 3 : SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF 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 CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 4: PROPERTY, PLANT & EQUIPMENT**

	(Rs. in Lacs)		
	Plant & machinery	Office equipments	Total
<b>Cost</b>			
At 1 April 2018			
Additions	3,409.76	0.35	3,410.11
Disposals	-	-	-
At 31 March 2019	3,409.76	0.35	3,410.11
Additions			
Disposals	71.60	-	71.60
At 31 March 2020	3,481.36	0.35	3,481.71
<b>Depreciation, Amortization &amp; Impairment</b>			
At 1 April 2018			
Charge for the year	1,109.22	0.07	1,109.29
At 31 March 2019	244.59	0.10	244.69
Charge for the year	1,353.81	0.17	1,353.98
At 31 March 2020	240.20	0.07	240.27
	1,594.01	0.24	1,594.25
<b>Net Book Value</b>			
At 31 March 2020	1,887.35	0.11	1,887.46
At 31 March 2019	2,055.95	0.18	2,056.13

Capital work in progress mainly comprises amounts pertaining to plant & machinery.



**SPEEDON NETWORK LIMITED**  
Notes to financial statements for the year ended 31 March 2020

**NOTE 4A: OTHER INTANGIBLE ASSETS**

Intangible assets	(Rs. in Laacs)	
	Software/ Licenses	Total
Cost		
At 1 April 2018		
Additions		
Disposals	125.07	125.07
As at 31 March 2019	-	-
Additions		
Disposals	125.07	125.07
As at 31 March 2020	-	-
	125.07	125.07
Amortization & Impairment		
At 1 April 2018		
Charge for the year		
As at 31 March 2019	0.21	0.21
Charge for the year	12.51	12.51
As at 31 March 2020	12.72	12.72
	12.51	12.51
	25.23	25.23
Net Block		
At 31 March 2020	99.84	99.84
At 31 March 2019	112.35	112.34

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# **SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

## **NOTE 5: INVESTMENTS**

Non-current investments in equity instruments (fully paid up)

Investment in Subsidiaries  
Equity instruments (unquoted)

20,000 (31 March 2019 - 20,000) Equity shares of Sterlite Telesystems Limited of Rs. 10 each fully paid up

Total Investments

Total non-current investments

Aggregate amount of unquoted investments

Amount of impairment in the value of investments

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
2.00	2.00
2.00	2.00
2.00	2.00
-	-

## **NOTE 6: LOANS**

Non-Current

Loans to related party (Refer Note No. 28)

Less : Loss allowance

Total non-current loan

Break-up for security details

Loans considered good - Secured

Loans considered good - Unsecured

Loans which have significant increase in credit risk

Loans - Credit impaired

Total

Less : Loss allowance

Total

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
14.74	12.93
14.74	12.93
-	-
14.74	12.93
-	-
14.74	12.93
-	-
14.74	12.93

## **NOTE 7 DEFERRED TAX ASSET**

Deferred tax liability

Property, plant & equipment: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting

Gross deferred tax liability

Deferred tax assets

Carry Forward Losses and Unabsorbed Depreciation

Demerger Costs

VNO License Fee

Deferred tax assets recognised

Deferred tax assets not recognised (Refer Note Below)

Net deferred tax assets

Reconciliation of deferred tax asset

Opening deferred tax asset, net

Deferred tax asset derecognised during the year

Closing deferred tax asset, net

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
77.61	64.89
77.61	64.89
1,448.00	1,535.62
0.20	0.20
3.25	3.25
1,451.45	1,539.07
77.61	64.89
1,373.84	1,474.18
-	-
31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
-	24.12
-	(24.12)
-	-

Note:

In the current year, the company has recognised deferred tax asset only to the extent of deferred tax liabilities. The company is not likely to generate taxable income in the foreseeable future. These unused tax losses can be carried forward as per the provisions of Income Tax Act, 1961.

The tax expense is computed as per the provisions of Income Tax Act, 1961. Statutory tax rate of 26% is applicable to the company for the financial year ended 31 March 2020. Considering loss incurred during the year and lack of probability of future recovery of losses incurred, tax expense for the year is Nil.



**SPEEDON NETWORK LIMITED**  
Notes to financial statements for the year ended 31 March 2020

**NOTE 8: OTHER ASSETS**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>Non-current</b>		
Advance income tax, including TDS (net of provision)	103.31	50.07
Balances with government authorities	191.10	
Others	5.35	
<b>Total other non-current assets</b>	<b>299.76</b>	<b>50.07</b>
<b>Current</b>		
Balances with government authorities (including amount paid under protest)	306.00	416.35
Others	10.36	8.18
<b>Total other current assets</b>	<b>316.36</b>	<b>424.53</b>

**NOTE 9: TRADE RECEIVABLES**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>Current</b>		
Trade receivables	352.03	87.10
Receivables from related parties (Refer Note No. 28)	-	1,220.44
Less : Loss allowance	(16.03)	(16.03)
<b>Break-up for security details</b>	<b>336.00</b>	<b>1,291.51</b>
- Secured, considered good		
Trade receivables considered good - Secured		
Trade receivables considered good - Unsecured		
Trade receivables which have significant increase in credit risk	352.03	1,307.54
Trade receivables - Credit impaired		
<b>Total</b>	<b>352.03</b>	<b>1,307.54</b>
Less: Impairment Allowance	16.03	16.03
	<b>336.00</b>	<b>1,291.51</b>

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

**NOTE 10: CASH AND CASH EQUIVALENTS**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>Cash in hand</b>		
Balances with banks:		
In current accounts (in INR)	58.47	4.46
	<b>58.47</b>	<b>4.46</b>

There are no repatriation restrictions with regards to cash and cash equivalents.

**NOTE 10A: OTHER BANK BALANCES**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
Deposits with original maturity for more than 3 months but less than 12 months	37.86	35.84
<b>Total other bank balances</b>	<b>37.86</b>	<b>35.84</b>

**NOTE 11: Contract Assets**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>Contract assets</b>		
	87.41	48.01
	<b>87.41</b>	<b>48.01</b>

**Significant changes in Contract assets**

Contract assets have increased from previous year as entity has incurred costs towards the fulfilment of performance obligations identified under the contracts with customers. There is no impairment allowance of the contract assets for current year and previous year. During the year ended March 31, 2020, Rs. Nil Lacs (March 31, 2019: Rs NIL Lacs) of opening unbilled revenue has been reclassified to Trade receivables upon billing to customers.



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 12: SHARE CAPITAL**

Authorised Equity Share Capital

5,000,000 (31 March 2019: 5,000,000) Equity Shares of Rs. 10 each

Issued, subscribed and fully paid-up shares

1,550,000 (31 March 2019: 1,550,000) Equity Shares of Rs. 10 each fully paid - up

Total issued, subscribed and fully paid-up share capital

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

At the beginning of the year

Issued during the year

Outstanding at the end of the year

**b. Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares held by holding company and their subsidiaries/associates:**

Immediate holding company

Sterlite Technologies Limited and its nominee shareholders

**d. Detail of shareholders holding more than 5% of shares in the company**

Sterlite Technologies Limited and its nominee shareholders

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
--------------------------------	--------------------------------

500.00	500.00
--------	--------

155.00	155.00
--------	--------

155.00	155.00
--------	--------

31 March 2020		31 March 2019	
Nos in lacs	Rs. in lacs	Nos in lacs	Rs. in lacs

15.50	155.00	15.50	155.00
-------	--------	-------	--------

15.50	155.00	15.50	155.00
-------	--------	-------	--------

31 March 2020		31 March 2019	
No. in lacs	% holding	No. in lacs	% holding

15.50	100.00%	15.50	100.00%
-------	---------	-------	---------

31 March 2020		31 March 2019	
No. in lacs	% holding	No. in lacs	% holding

15.50	100.00%	15.50	100.00%
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**SPEEDON NETWORK LIMITED**  
Notes to financial statements for the year ended 31 March 2020

**NOTE 13 : OTHER EQUITY**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>Equity Portion of Compulsorily Convertible Debentures</b>		
Opening balance		
Add: Issued during the year	4,470.59	4,470.59
<b>Equity Portion of Compulsorily Convertible Debentures</b>	<b>4,470.59</b>	<b>4,470.59</b>
<b>Securities premium reserve</b>		
Opening and Closing balance		
<b>Securities premium reserve</b>	<b>345.54</b>	<b>345.54</b>
<b>Equity Contribution from Parent</b>		
Opening and Closing balance		
<b>Equity Contribution from Parent</b>	<b>183.57</b>	<b>183.57</b>
<b>Retained earnings</b>		
Opening balance		
Add: Profit/(Loss) for the year	(4,083.64)	(4,122.00)
<b>Total retained earnings</b>	<b>(717.53)</b>	<b>38.36</b>
<b>Total other equity</b>	<b>(4,801.17)</b>	<b>(4,083.64)</b>
	<b>198.53</b>	<b>916.06</b>

**Nature and Purpose of reserves other than retained earnings:**

**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**Equity Contribution from Parent**

This reserve is attributable to the fair value difference at inception for loan obtained from the holding company.

**Equity Portion of Compulsorily Convertible Debentures**

This reserve is created on the Compulsory Convertible Debentures issued by the company in earlier years as per the requirement of Ind AS 109.

**NOTE 14: BORROWINGS**

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>Non-current borrowings</b>		
<b>Term loans</b>		
Loan from Related Party (unsecured) (refer note below)	2,362.63	2,961.92
<b>The above amount includes</b>	<b>2,362.63</b>	<b>2,961.92</b>
Secured borrowings		
Unsecured borrowings	2,362.63	2,961.92
<b>Total Non-current borrowings</b>	<b>2,362.63</b>	<b>2,961.92</b>

**Note:**

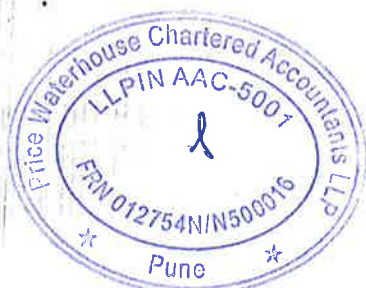
The Company has obtained unsecured borrowing from holding company which carries interest at 8% p.a. (2018-19: 8% p.a.) and the same is repayable on demand based on availability of funds with the Company.

**Net debt reconciliation**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
Cash and cash equivalents	58.47	4.46
Current investments*	37.86	35.84
Current Borrowings		
Non-current borrowings (including interest accrued but not due and current maturity of long term borrowings)	(2,362.63)	(2,961.92)
<b>Net Debt</b>	<b>(2,266.30)</b>	<b>(2,921.62)</b>

\*includes other bank balance of Rs. 37.86 lacs (March 31, 2019: Rs. 35.84 lacs) with respect to fixed deposit. These fixed deposits can be encashed by the Company at any time without any major penalties.



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**Non-current borrowings**

Opening balance  
Cashflows  
Interest expense  
Interest paid  
Closing balance

(Rs. in crores) 31 March 2020	(Rs. in crores) 31 March 2019
2,961.92	2,051.69
(798.10)	735.30
198.81	174.93
2,362.63	2,961.92

**Cash and cash equivalents**

Opening balance  
Cashflows  
Closing balance

(Rs. in crores) 31 March 2020	(Rs. in crores) 31 March 2019
4.46	3.19
54.01	1.27
58.47	4.46

**Current Investments**

Opening balance  
Cashflows  
Interest accrued  
Closing balance

(Rs. in crores) 31 March 2020	(Rs. in crores) 31 March 2019
35.84	35.84
2.02	-
37.86	35.84

**NOTE 15: TRADE PAYABLES**

Total outstanding dues of micro enterprises & small enterprises (refer note 27)  
Total outstanding dues of creditors other than micro enterprises & small enterprises  
Trade payables to related parties (refer note 28)  
Others

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
0.21	14.24
326.10	-
182.34	149.56
508.44	149.56
508.65	163.80

**Total Trade Payable****NOTE 16: CONTRACT LIABILITIES**

Non-Current  
Advance from Customers

Current  
Advance from Customers

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
-	7.99
-	7.99
-	1.08
-	1.08

Contract liabilities have decreased as entity has utilised the advance from customers during the year. During the year ended March 31, 2020, the Company recognized revenue of Rs. 9.07 lacs (March 31, 2019: Rs. NIL lacs) against which the advance from customers was utilised.

**NOTE 17: OTHER LIABILITIES**

Current

Statutory dues payable

Total other current liabilities

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
8.38	5.44
8.38	5.44

**NOTE 18: REVENUE FROM OPERATIONS**

Revenue from Contract with Customers  
Revenue from Sale of services

Total revenue from Contract with Customers

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
1,418.92	2,623.92
1,418.92	2,623.92

There is no amount of unsatisfied (or partially satisfied) performance obligation as on March 31, 2020.



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 19: OTHER INCOME**

Interest on tax refund	
Others	
<b>Total other income</b>	

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
0.63	-
1.52	-
<b>2.15</b>	<b>-</b>

**NOTE 20: FINANCE INCOME**

Interest income on	
- Bank deposits	
- Loan to related party (Refer Note No 28)	
<b>Total finance income</b>	

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
2.18	-
1.10	0.96
<b>3.28</b>	<b>0.96</b>

**NOTE 21: OTHER EXPENSES**

Insurance	
Legal and professional fees	
License Fees	
Network Maintenance Expenses	
Net Exchange loss on foreign currency transactions	
Power, fuel and water	
Office maintenance charges	
Provision for doubtful debts	
Payment to auditor (refer note below)	
Rent	
Rates and taxes	
Travelling and conveyance	
Telephone charges	
Miscellaneous expenses	
<b>Total other expenses</b>	

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
-	6.64
11.16	14.10
113.95	226.94
1,365.80	1,698.60
-	0.55
78.77	69.82
0.12	-
-	13.53
9.00	4.60
57.59	31.73
0.26	23.97
3.22	0.18
1.58	0.05
47.73	38.22
<b>1,689.18</b>	<b>2,128.92</b>

**Payment to auditor**

As auditor:	
Audit fee	
Tax audit fee	
GST Audit and Other Certification Services	

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
4.50	3.00
1.00	1.00
3.50	0.60
<b>9.00</b>	<b>4.60</b>

**NOTE 22: DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation of tangible assets	
Amortisation of intangible assets	
<b>Total depreciation and amortisation expense</b>	

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
240.27	244.69
12.51	12.51
<b>252.78</b>	<b>257.20</b>

**NOTE 23: FINANCE COST**

Interest on loan from related party (Refer Note No. 28)	
Bank charges	
<b>Total finance cost</b>	

31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
198.81	174.93
1.11	1.35
<b>199.92</b>	<b>176.28</b>



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 24: EARNINGS PER SHARE (EPS)**

The following table shows the computation of basic and diluted EPS

	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
<b>(a) Basic earnings per share</b>		
Profit/(Loss) for the year		
Weighted average number of equity shares in calculating basic EPS	(717.53)	38.36
<b>Total Basic earnings per share attributable to the equity holders of the company</b>	15.50 (46.29)	15.50 2.47
<b>(a) Diluted earnings per share</b>		
Profit/(Loss) for the year		
Weighted average number of equity shares in calculating diluted EPS	(717.08)	38.81
<b>Total diluted earnings per share attributable to the equity holders of the company</b>	462.56 (46.29)	462.56 0.08
Diluted (on nominal value of Rs. 10 Per Share) Rupees/share		

**NOTE 25: CAPITAL AND OTHER COMMITMENTS**

There is no Capital and Other Commitments during the Current year. (31 March 2019: NIL)

**NOTE 26: DETAILS OF LOANS AND ADVANCES GIVEN TO SUBSIDIARIES**

The details are provided as required by section 186 of the Companies Act 2013.

Name of Subsidiary	31 March 2020 (Rs. in lacs)		31 March 2019 (Rs. in lacs)	
	Outstanding Amount	Maximum Balance	Outstanding Amount	Maximum Balance
Sterlite Telesystems Limited	14.74	14.74	12.93	12.93

**NOTE 27: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006**

Description	31 March 2020 (Rs. in lacs)	31 March 2019 (Rs. in lacs)
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.		
Principal amount due to micro and small enterprises	0.21	14.24
Interest due on above*	0.00	0.21
(ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.00	0.21
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Amount due to Micro and Small enterprises are disclosed on the basis of information available with the Company regarding status of the suppliers as Micro and Small enterprises.

\*Amounts are below rounding off norms



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 28 : RELATED PARTY TRANSACTIONS****Name of related party and nature of relationships:****Parent entity:**

Sterlite Technologies Limited ('STL')	(Immediate holding company)
Twinstar Overseas Limited, Mauritius	(Intermediate holding company)
Volcan Investments Limited, Bahamas	(Ultimate holding company)

Other related parties with whom transactions have taken place during the year:

**Subsidiary**

Sterlite Telesystems Limited ('STSL')

**Key Management Personnel (KMP)**

K S Rao (Non-Executive Director)  
 Anupam Jindal (Non-Executive Director)  
 Dharmendra Jain (Non-Executive Independent Director)  
 Lalit Narayan Tandon (Non-Executive Independent Director) (up to March 04, 2020)

Transactions with related parties during the year and outstanding balances are as follows:

Particulars	Transactions with STL		Transactions with STSL	
	2019-20	2018-19	2019-20	2018-19
<b>Transactions during the year</b>				
Services provided (exclusive of duties and taxes)	421.15	2,413.89	-	-
Network Maintenance Expenses	965.67	1,197.62	-	-
Other Operating Expenses	34.62	30.33	-	-
Interest on loans taken	198.81	174.93	-	-
Interest on loans given	-	-	1.10	0.96
Loans taken (principal amount)	195.17	746.91	-	-
Repayment of loans	973.39	11.62	-	-
Loans given (principal amount)	-	-	0.82	1.36
<b>Closing balances as at year end</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 Mar 2019</b>	<b>As at 31 Mar 2020</b>	<b>As at 31 Mar 2019</b>
Long term loan taken	2,362.63	2,961.92	-	-
Equity Portion of Compulsorily Convertible Debentures (Refer Note 13)	4,470.59	4,470.59	-	-
Equity Contribution from Parent (Refer Note 13)	183.57	183.57	-	-
Loans & advances receivables	-	-	14.74	12.93
Investment in equity shares	-	-	2.00	2.00
Trade Receivable	-	1,220.44	-	-
Trade Payable	326.10	-	-	-



## **SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

### **Note 29: FINANCIAL RISK MANAGEMENT**

The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, loans, trade and other receivables, cash and cash equivalents, other bank balances and other financial assets that derive directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All risk management activities are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company reviews and agrees policies for managing each of these risks, which are summarised below:

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are approved and reviewed regularly by Board to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

#### **Credit risk**

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

#### **Trade receivables and Contract Assets**

Customer credit risk is managed by top management subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. During the period, the Company made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. As significant outstanding trade receivable are outstanding from holding company credit risk related to these receivables is considered to be low. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation and based on assessment performed management has concluded that impact of expected credit loss is not material and current provision made against trade receivable is adequate to cover the provision on account of expected credit loss.

#### **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2020 and 31 March 2019 is the carrying amounts of each class of financial assets.

#### **Liquidity risk**

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



# **SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Rs. in lacs			
	Less than 3 months	3 months to 12 months	1 year to 5 years	Total
As at March 31, 2020				
Trade payables	268.29	240.35	-	508.64
	<u>268.29</u>	<u>240.35</u>	<u>-</u>	<u>508.64</u>
As at March 31, 2019				
Trade payables	144.95	18.85	-	163.80
	<u>144.95</u>	<u>18.85</u>	<u>-</u>	<u>163.80</u>

The Company has obtained unsecured borrowing from holding company and the same is repayable on demand based on availability of funds with the company.

## **Note 30: CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains adequate funds to meet its obligations. The Company currently relies on loan provided by the Parent Company. The term of this loan requires the Company to repay only as and when it has adequate internal accruals for such repayment.

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

Interest Bearing Loans and borrowings  
Less: Cash and Cash equivalents & current investment\*  
**Net debt**

31 March 2020	31 March 2019
(Rs. in lacs)	(Rs. in lacs)
2,362.63	2,961.92
96.33	40.30
<u>2,266.30</u>	<u>2,921.62</u>
Equity share capital	155.00
Other equity	155.00
<u>Total capital</u>	<u>916.06</u>
<u>Capital and net debt</u>	<u>1,071.06</u>
Gearing ratio	2,619.83
	86.51%
	73.17%

\*includes other bank balance of Rs. 37.86 lacs (31 March 2019 : 35.84 lacs) with respect to fixed deposit. These fixed deposits can be encashed by the Company at any time without any major penalties.

There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

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



**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 31: FAIR VALUE MEASUREMENTS**

The management assessed that cash and cash equivalents, other bank balances trade receivables, trade payables, investments, loans other assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Therefore, carrying value of these instruments is considered to be same as the fair value.

**NOTE 32: COMPULSORILY CONVERTIBLE DEBENTURES**

During the FY 17-18, the Company had issued 1,500 lacs unsecured Compulsorily Convertible Debentures ('CCDs') of Rs 10 each at a price of Rs 10 each against loan received from its holding company. Pursuant to resolution dated March 16, 2018, the term of CCDs has been extended up to 31st December 2023. However, the CCDs can be converted to equity shares at any time after allotment at the option of investor subject to necessary approval in place. Interest payable on the CCDs is 0.01% per annum. Each CCD is convertible into 1 equity share of face value of Rs 10. As these debentures were compulsorily convertible carrying insignificant interest payments, entire amount was classified as equity contribution from holding company.

**NOTE 33: CONTINGENT LIABILITIES**

a) Sales tax

31 March 2020	31 March 2019
(Rs. in lacs)	(Rs. in lacs)
11.63	34.86

**NOTE 34: SEGMENT REPORTING**

The Company's operations predominately relate to provision of data services through active equipment in telecom network accordingly this is the only reportable segment as per Ind AS-108 "Operating Segments".

The significant revenue is generated from holding company which is located in India.

All non current operating assets of the Company are located in India.

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**SPEEDON NETWORK LIMITED**

Notes to financial statements for the year ended 31 March 2020

**NOTE 35: NOTE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The company has opted for the exemption in accordance with paragraph 4(a) of Ind AS 110 and section 129 of Companies Act, 2013 read with Companies (Accounts) Amendment Rules, 2016 and opted to not prepare consolidated financial statements as it is a wholly owned subsidiary of Sterlite Technologies Limited ("Holding Company") which is incorporated in Aurangabad, India, under the Companies Act, 2013. The holding company's consolidated financial statements can be obtained from E-1, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India.

**NOTE 36: IMPACT OF COVID - 19 PANDEMIC**


The outbreak of Coronavirus (COVID - 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated the impact of pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

**NOTE 37: PREVIOUS YEAR FIGURES**


Previous year figures have been reclassified to conform to this year's classification.


The accompanying notes are an integral part of the financial statements  
As per our report of even date

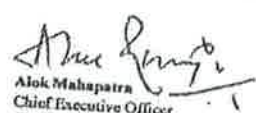
For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012734N/N300016

  
Neeraj Sharma  
Partner  
Membership Number: 108391  
Place: Pune  
Date: July 28, 2020

For and on behalf of the Board Of Directors of Speedon Network Limited

  
K S Rao  
Director  
DIN: 00022533  
Place:  
Date: July 28, 2020

  
Anupam Jindal  
Director  
DIN: 03040078  
Place:  
Date: July 28, 2020

  
Alok Mahapatra  
Chief Executive Officer  
Place:  
Date: July 28, 2020

# **Sterlite Tech Cables Solutions Limited**

Financial Statements for 2019-20

# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

### To the Members of Sterlite Tech Cables Solutions Limited

### Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Sterlite Tech Cables Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period then ended.

#### Basis for opinion

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

#### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under

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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Tech Cables Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditors' responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - 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 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.



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Tech Cables Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. 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.

### Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2020.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.



# **Price Waterhouse Chartered Accountants LLP**

Independent Auditors' Report

To the Members of Sterlite Tech Cables Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

12. The Company has not paid/ provided for managerial remuneration during the period and hence the provisions of Section 197 read with Schedule V to the Act are not applicable to the company.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAFC9997

Place: Pune

Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Tech Cables Solutions Limited on the financial statements as of and for the year ended March 31, 2020

- i. There are no fixed assets in the company, hence the requirements under Clause 3(i) (a), (b) and (c) are not applicable to the company and not commented upon.
- ii. As on the reporting date, the company's business does not involve any inventory and the company, consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, income tax, goods and service tax as applicable, with the appropriate authorities.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and service tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act is not applicable. Also, refer paragraph 12 of main Audit Report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Tech Cables Solutions Limited on the financial statements for the year ended March 31, 2020

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Neeraj Sharma  
Partner  
Membership Number: 108391  
UDIN: 20108391AAAAFC9997  
Place: Pune  
Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 f of the Independent Auditors' Report of even date to the members of Sterlite Tech Cables Solutions Limited on the financial statements for the year ended March 31, 2020

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Sterlite Tech Cables Solutions Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

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

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 f of the Independent Auditors' Report of even date to the members of Sterlite Tech Cables Solutions Limited on the financial statements for the year ended March 31, 2020

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


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

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

### Opinion

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

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

  
Neeraj Sharma  
Partner  
Membership Number: 108391  
UDIN: 20108391AAAAFC9997  
Place: Pune  
Date: July 28, 2020

**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2020**

	Note	31 March 2020 (Amount in Rs.)
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets		
Cash and cash equivalents	3	42,500,000
<b>Total Assets</b>		<b>42,500,000</b>
<b>EQUITY AND LIABILITIES</b>		<b>42,500,000</b>
<b>Equity</b>		
Equity share capital	4	500,000
Other Equity	5	(127,205)
<b>Total Equity</b>		<b>372,795</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowing		
Trade payables	6	42,009,205
(A) total outstanding dues of micro enterprises and small enterprises (refer note 15)	7	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	7	118,000
<b>Total Liabilities</b>		<b>42,127,205</b>
<b>Total Equity &amp; Liabilities</b>		<b>42,500,000</b>
Summary of significant accounting policies	2	

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N/N500016



**Neeraj Sharma**

Partner

Membership Number: 108391

Place : Pune

Date : July 28, 2020

**For and on behalf of the board of directors of  
Sterlite Tech Cables Solutions Limited**



**Ankit Agarwal**

Director

DIN: 03344202

Place : Pune

Date : July 28, 2020



**Anupam Jindal**

Director

DIN: 03040078



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2020**

	Note	From 20 November 2019 to 31 March 2020 (Amount in Rs.)
<b>INCOME</b>		
Revenue from operations		-
<b>Total Income (I)</b>		-
<b>EXPENSES</b>		
Other expenses	8	118,000
<b>Total Expense (II)</b>		<b>118,000</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>(118,000)</b>
Finance costs	9	9,205
<b>Loss before tax</b>		<b>(127,205)</b>
<b>Tax expense:</b>		
Current tax	10	-
Deferred tax		-
<b>Total tax expenses</b>		<b>-</b>
<b>Loss for the period</b>		<b>(127,205)</b>
<b>Other comprehensive income</b>		
Other comprehensive income		-
<b>Total comprehensive income for the period, net of tax</b>		<b>(127,205)</b>
<b>Earnings per equity share</b>	11	
<b>Basic and diluted</b>		
Computed on the basis of profit for the period		(2.54)
Summary of significant accounting policies	2	

The accompanying notes are an integral part of the financial statements

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016



**Neeraj Sharma**  
Partner  
Membership Number :108391

Place : Pune  
Date : July 28, 2020

**For and on behalf of the board of directors of  
Sterlite Tech Cables Solutions Limited**



**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020



**Anupam Jindal**  
Director  
DIN: 03040078



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020**

**A. Equity share capital**

Issue of share capital  
At 31 March 2020

Numbers	Amount in Rs.
50,000	500,000
<b>50,000</b>	<b>500,000</b>

**B. Other equity**

Loss for the period  
Balance as at 31 March 2020

Retained earnings (Amount in Rs.)
(127,205)
<b>(127,205)</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016



**Neeraj Sharma**  
Partner  
Membership Number :108391

Place : Pune  
Date : July 28, 2020

**For and on behalf of the board of directors of  
Sterlite Tech Cables Solutions Limited**



**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020



**Anupam Jindal**  
Director  
DIN: 03040078



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020**

	Note	31 March 2020 (Amount in Rs.)
<b>A. Operating activities</b>		
Loss before tax		(127,205)
Finance costs	9	9,205
<b>Operating loss before working capital changes</b>		<b>(118,000)</b>
Increase in trade payables		118,000
<b>Cash generated from operations</b>		<b>-</b>
Income tax paid (net of refunds)		-
<b>Net cash flow from operating activities</b>		<b>-</b>
<b>B. Investing activities</b>		
<b>Net cash flow from investing activities</b>		<b>-</b>
<b>C. Financing activities</b>		
Proceeds/(repayment) of short term borrowings (net)		42,000,000
Proceeds from issue of equity shares		500,000
<b>Net cash flow from financing activities</b>		<b>42,500,000</b>
<b>Net increase cash and cash equivalents</b>		<b>42,500,000</b>
<b>Cash and cash equivalents as at period end</b>	3	<b>42,500,000</b>
<b>Components of cash and cash equivalents:</b>		
		<b>31 March 2020</b>
<b>Balances with banks:</b>		
On current accounts	3	42,500,000
<b>Total cash and cash equivalents</b>		<b>42,500,000</b>

The accompanying notes are an integral part of the financial statements.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016



**Neeraj Sharma**  
Partner  
Membership Number :108391

Place: Pune  
Date : July 28, 2020

**For and on behalf of the board of directors of**  
**Sterlite Tech Cables Solutions Limited**



**Ankit Agarwal**  
Director  
DIN: 03344202

Place: Pune  
Date : July 28, 2020



**Anupam Jindal**  
Director  
DIN: 03040078



## **1. Corporate information**

Sterlite Tech Cables Solutions Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 20 November 2019 and is a wholly owned subsidiary of Sterlite Technologies Limited.

## **2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of preparation**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Ind AS financial statements have been prepared on a historical cost basis.

The Ind AS financial statements are presented in Indian Rupees, except when otherwise indicated.

### **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.



**a) Foreign currency translation**

**Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

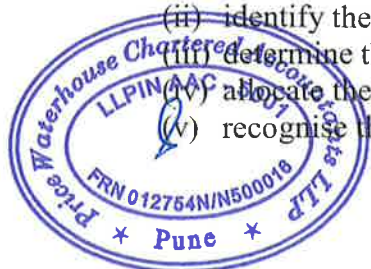
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b) Revenue from contracts with customers**

Ind AS 115 Revenue from contracts with customers has been issued with effect from April 1, 2018. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.



**Revenue recognition policy**

The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

**c) Other Income**

**1. Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

**2. Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**d) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income



Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **e) Income Taxes**

##### **Current income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred tax**

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences between the carrying amount and tax bases of investments in subsidiaries, branch, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

Current and Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **f) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **g) Leases**

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

The amount measured on a retrospective basis as if the new rules had always been applied



- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### **h) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or companies of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **i) Provisions**

##### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

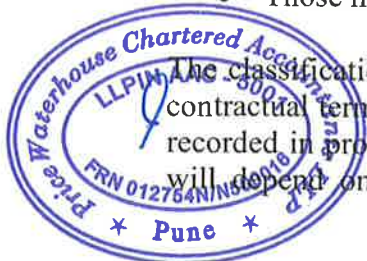
#### **j) Investment and Other Financial assets**

##### **i) Classification:**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity



instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii) Measurement:**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.



Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity investment in subsidiaries and joint venture are carried at historical cost as per the accounting policy choice given by IND AS 27.

The Company makes investments in certain joint ventures and associates with the objective to generate growth in the medium term and with identified exit strategies. Such investments are managed on a fair value basis. The company has elected to measure investments in such joint ventures and associates in accordance with Ind AS 109.

### **iii) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- b) Lease receivables under Ind AS 17
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

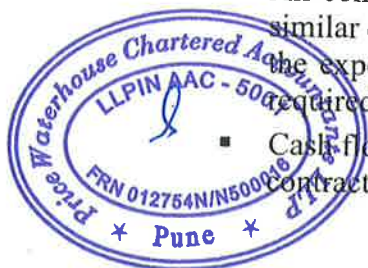
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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 EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### **iv) Derecognition of financial asset**

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **v) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



**k) Financial liabilities**

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**l) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.



**m) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**n) Presentation of EBITDA**

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

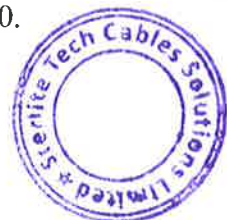
Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and tax expense

**o) Rounding of amount**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees as per the requirement of Schedule III, unless otherwise stated.

**2.2 Recent Accounting Pronouncements**

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



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020**

**NOTE 3: CASH AND CASH EQUIVALENTS**

**Balances with banks:**

On current accounts

**31 March 2020**  
**(Amount in Rs.)**

42,500,000

**42,500,000**

**NOTE 4: SHARE CAPITAL**

**Authorised share capital**

50,000 Equity Shares of Rs.10 each

**31 March 2020**  
**(Amount in Rs.)**

500,000

**500,000**

**Issued, subscribed and fully paid-up share capital**

50,000 Equity Shares of Rs.10 each fully paid up

500,000

**Total issued, subscribed and fully paid-up share capital**

**500,000**

**a. Movement in equity share capital**

Issued during the period

**Outstanding as at 31 March 2020**

**Numbers** **Amount in Rs.**

50,000

500,000

**50,000**

**500,000**

**b. Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

**c. Shares of the company held by holding company**

**Immediate holding company**

Sterlite Technologies Limited and its nominee shareholders

**31 March 2020**

**Numbers** **% holding**

50,000

100%

**d. Detail of shareholders holding more than 5% of shares in the company**

Sterlite Technologies Limited and its nominee shareholders

**31 March 2020**

**Numbers** **% holding**

50,000

100%

**NOTE 5 : OTHER EQUITY**

**Retained earnings**

Opening balance

Add: Net loss for the period

**Total retained earnings**

**31 March 2020**  
**(Amount in Rs.)**

(127,205)

**(127,205)**

**Total other equity**

**(127,205)**

**NOTE 6: BORROWING**

Loans from related party (unsecured)

**31 March 2020**  
**(Amount in Rs.)**

42,009,205

**42,009,205**

**NOTE 7: TRADE PAYABLES**

Total outstanding dues of creditors other than micro enterprises & small enterprises (refer note 15)

Total outstanding dues of creditors other than micro & small enterprises

**31 March 2020**  
**(Amount in Rs.)**

118,000

**118,000**



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020**

**NOTE 8: OTHER EXPENSES**

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>
Payment to auditor (refer note below)	118,000
<b>Total other expenses</b>	<b>118,000</b>
<b>Payment to auditor</b>	
As auditor:	<b>31 March 2020</b> <b>(Amount in Rs.)</b>
Audit fees	118,000
	<b>118,000</b>

**NOTE 9: FINANCE COST**

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>
Interest on financial liabilities measured at amortised cost - On loan from holding company	9,205
<b>Total finance cost</b>	<b>9,205</b>

**NOTE 10: DEFERRED TAX**

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>
<b>Deferred tax asset</b>	
Total losses for the current period	127,205
Total losses for the current period on which deferred tax asset has not been recognised	(127,205)

In the current period, the company has not recognised deferred tax asset on carried forward losses as the company is not likely to generate taxable income in the foreseeable future. These unused tax losses can be carried forward as per the provisions of Income Tax Act, 1961.

The tax expense is computed as per the provisions of Income Tax Act, 1961. Statutory tax rate of 22% is applicable to the company for the financial year ended 31 March 2020. Considering loss incurred during the year and lack of probability of future recovery of losses incurred, tax expense for the year is Nil.

**NOTE 11: EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the period attributable to equity holders by the weighted average number of Equity shares outstanding during the period. The following tables shows the computation of basic EPS:

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>
Loss for the period	(127,205)
Weighted average number of equity shares in calculating basic and diluted EPS	
Earnings per share	50,000
Basic and diluted (on nominal value of Rs. 10 per share) Rupees/share	(2.54)

**NOTE 12: FAIR VALUE MEASUREMENT**

All the financial instruments of the entity are classified at amortised cost. The management assessed that cash and cash equivalents and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and therefore carrying value of these instruments is considered to be the same as fair value.

**NOTE 13: RELATED PARTY TRANSACTIONS**

**A.Name of related party and nature of relationships:**

**Related parties where control exists:**

Sterlite Technologies Limited  
Twinstar Overseas Limited, Mauritius  
Volcan Investments Limited, Bahamas

**Key management personnel (KMP)**

Anupam Jindal - Director  
Ankit Agarwal - Director  
Venkatesh Murthy - Director

Immediate holding company  
Intermediate holding company  
Ultimate holding company



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020**

**B. Transactions with related parties during the period and outstanding balances are as follows:**

**Transactions with Sterlite Technologies Limited**

**Transactions during the period**

Issue of equity share capital

Loan received

Interest payable

**31 March 2020**  
**(Amount in Rs.)**

500,000  
42,000,000  
9,205

**C. Disclosure in respect of material related party transactions during the period:**

**Sterlite Technologies Limited :**

Particulars	Relationship	31 March 2020
Issue of share capital	Holding Company	500,000
Loan received	Holding Company	42,000,000
Interest payable	Holding Company	9,205

**NOTE 14: FINANCIAL RISK MANAGEMENT**

The Company does not have any operations. The Company's principal financial assets include cash and cash equivalents and financial liabilities in the nature of trade payables.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are approved and reviewed regularly by Board to reflect changes in market conditions and the Company's activities. Currently the Company has adopted the risk management policies as defined by its holding company to manage risk's relevant to its operations. Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's maximum exposure to credit risk for the components of the balance sheet of 31 March 2020 is the carrying amount of each class of financial assets.

**Credit risk**

The company is exposed to credit risk arising from financial assets in the nature of cash and cash equivalents. The management manages credit risk by keeping its funds with reputed financial institutions with good credit rating. The company has adopted risk management policies as defined by its holding company to manage risks relevant to its operations.

**Liquidity Risk**

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

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 3 months	Total
<b>As at March 31, 2020</b>		
Short Term Borrowings	42,009,205	42,009,205
Trade payables	118,000	118,000
	<b>42,127,205</b>	<b>42,127,205</b>

**NOTE 15: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006**

There are no Micro and Small enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.



**STERLITE TECH CABLES SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020**

**NOTE 16: CRITICAL ESTIMATES AND JUDGEMENTS**

The company presently does not have any operations and therefore no critical estimates and judgements are involved in preparation of financial statements.

**NOTE 17: SEGMENT REPORTING**

The company does not have any operations and therefore there are no reportable segments.

**NOTE 18: IMPACT OF COVID-19 PANDEMIC**

The outbreak of Coronavirus (COVID - 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated the impact of pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

**NOTE 19: PREVIOUS PERIOD FIGURES**

This being the first year of the Company, the financial statements have been drawn for the period 20/11/2019 (date of incorporation) till March 31, 2020 and therefore no corresponding figures for the previous period have been given in the financial statements.

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N/N500016



**Neeraj Sharma**

Partner

Membership Number: 108391

Place : Pune

Date : July 28, 2020

**For and on behalf of the board of directors of  
Sterlite Tech Cables Solutions Limited**



**Ankit Agarwal**

Director

DIN: 03344202



**Anupam Jindal**

Director

DIN: 03040078

Place : Pune

Date : July 28, 2020



# **Sterlite Innovative Solutions Limited**

Financial Statements for 2019-20

# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

### To the Members of Sterlite Innovative Solutions Limited

### Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Sterlite Innovative Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

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

#### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Innovative Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - 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 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



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Innovative Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. 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.

### Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2020.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.



# Price Waterhouse Chartered Accountants LLP

Independent Auditors' Report

To the Members of Sterlite Innovative Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
- 12. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act is not applicable.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAFA5837

Place: Pune

Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 f of the Independent Auditors' Report of even date to the members of Sterlite Innovative Solutions Limited on the financial statements for the year ended March 31, 2020.

## Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Sterlite Innovative Solutions Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

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

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



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 f of the Independent Auditors' Report of even date to the members of Sterlite Innovative Solutions Limited on the financial statements for the year ended March 31, 2020.

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

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

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

### Opinion

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

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAFA5837

Place: Pune

Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Innovative Solutions Limited on the financial statements as of and for the year ended March 31, 2020

- i. There are no fixed assets in the company, hence the requirements under Clause 3(i) (a), (b) and (c) are not applicable to the company and not commented upon.
- ii. As on the reporting date, the business of the company does not involve inventories and the company consequently does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, income tax, goods and service tax as applicable, with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, or goods and service tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act are not applicable. Also, refer paragraph 12 of main Audit Report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Innovative Solutions Limited on the financial statements for the year ended March 31, 2020

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Neeraj Sharma  
Partner

Membership Number: 108391  
UDIN: 20108391AAAAFA5837  
Place: Pune  
Date: July 28, 2020


**STERLITE INNOVATIVE SOLUTIONS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2020**

	Note	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	3	282,038	498,230
<b>Total Assets</b>		<b>282,038</b>	<b>498,230</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	4	500,000	500,000
Other Equity	5	(355,962)	(237,770)
<b>Total Equity</b>		<b>144,038</b>	<b>262,230</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises (Refer Note 14)	6	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	6	138,000	216,000
Other current liabilities	7	-	20,000
<b>Total Liabilities</b>		<b>138,000</b>	<b>236,000</b>
<b>Total Equity &amp; Liabilities</b>		<b>282,038</b>	<b>498,230</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016

  
**Neeraj Sharma**  
Partner  
Membership Number: 108391

Place : Pune  
Date : July 28, 2020



**For and on behalf of the board of directors**  
**Sterlite Innovative Solutions Limited**

  
**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020

  
**Anupam Jindal**  
Director  
DIN: 03040078

**STERLITE INNOVATIVE SOLUTIONS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

	Note	From 01 April 2019 to 31 March 2020 (Amount in Rs.)	From 1 June 2018 to 31 March 2019 (Amount in Rs.)
<b>INCOME</b>			
Revenue from operations		-	-
<b>Total Income (I)</b>		-	-
<b>EXPENSES</b>			
Other expenses	8	118,192	237,770
<b>Total Expense (II)</b>		<b>118,192</b>	<b>236,000</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>(118,192)</b>	<b>(236,000)</b>
Finance costs		-	-
<b>Loss before tax</b>		<b>(118,192)</b>	<b>(237,770)</b>
<b>Tax expense:</b>			
Current tax	10	-	-
Deferred tax		-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>Loss for the year</b>		<b>(118,192)</b>	<b>(237,770)</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>(118,192)</b>	<b>(237,770)</b>
<b>Earnings per equity share</b>	10		
<b>Basic and diluted</b>			
Computed on the basis of profit for the year		(2.36)	(4.76)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012754N/N500016

Neeraj Sharma  
Partner  
Membership Number :108391

Place : Pune  
Date : July 28, 2020

For and on behalf of the board of directors of  
Sterlite Innovative Solutions Limited

Ankit Agarwal  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020

Anupam Jindal  
Director  
DIN: 03040078



**STERLITE INNOVATIVE SOLUTIONS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

**A. Equity share capital**

Issue of share capital  
**At March 31, 2019**  
Issue of share capital  
**At 31 March 2020**

Numbers	Amount in Rs.
50,000	500,000
<b>50,000</b>	<b>500,000</b>
-	-
<b>50,000</b>	<b>500,000</b>

**B. Other equity**

Loss for the period  
**At 31 March 2019**  
Loss for the year  
**At 31 March 2020**


Retained earnings (Amount in Rs.)
(237,770)
<b>(237,770)</b>
(118,192)
<b>(355,962)</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016

  
**Neeraj Sharma**  
Partner  
Membership Number : 108391

Place : Pune  
Date : July 28, 2020

**For and on behalf of the board of directors of  
Sterlite Innovative Solutions Limited**

  
**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020

  
**Anupam Jindal**  
Director  
DIN: 03040078



STERLITE INNOVATIVE SOLUTIONS LIMITED  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	March 31, 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>A. Operating activities</b>			
Loss before tax		(118,192)	(237,770)
Operating loss before working capital changes		(118,192)	(237,770)
Increase in trade payables		(78,000)	216,000
Increase in other liabilities		(20,000)	20,000
Cash generated from operations		(216,192)	(1,770)
Income tax paid (net of refunds)		-	-
Net cash flow from operating activities		(216,192)	(1,770)
<b>B. Investing activities</b>			
Net cash flow from investing activities		-	-
<b>C. Financing activities</b>			
Proceeds from issue of equity shares		-	500,000
Net cash flow from financing activities		-	500,000
Net increase/(decrease in) cash and cash equivalents		(216,192)	498,230
Cash and cash equivalents as at beginning of year	3	498,230	-
Cash and cash equivalents as at year end	3	282,038	498,230
<b>Components of cash and cash equivalents:</b>			
		March 31, 2020	31 March 2019
Balances with banks:			
On current accounts		282,038	498,230
Total cash and cash equivalents		282,038	498,230

The accompanying notes are an integral part of the financial statements.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012754N/N500016

Neeraj Sharma  
Partner  
Membership Number : 108391

Place: Pune  
Date : July 28, 2020

For and on behalf of the board of directors of  
Sterlite Innovative Solutions Limited

Ankit Agarwal  
Director  
DIN: 03344202

Place: Pune  
Date : July 28, 2020

Anupam Jindal  
Director  
DIN: 03040078



## **1. Corporate information**

Sterlite Innovative Solutions Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 01 June 2018 and is a wholly owned subsidiary of Sterlite Technologies Limited.

## **2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of preparation**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Ind AS financial statements have been prepared on a historical cost basis.

The Ind AS financial statements are presented in Indian Rupees, except when otherwise indicated.

### **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

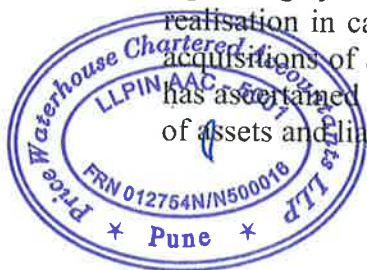
A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.



**a) Foreign currency translation**

**Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

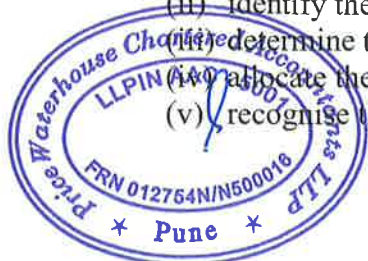
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b) Revenue from contracts with customers**

Ind AS 115 Revenue from contracts with customers has been issued with effect from April 1, 2018. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.



**Revenue recognition policy**

The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

**c) Other Income**

**1. Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

**2. Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**d) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the year necessary to match them with the costs that they are intended to compensate and presented within other income.



Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **e) Income Taxes**

##### **Current income tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred tax**

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences between the carrying amount and tax bases of investments in subsidiaries, branch, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

Current and Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **f) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **g) Leases**

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- the amount measured on a retrospective basis as if the new rules had always been applied



- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### **h) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or companies of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

#### **i) Provisions**

##### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

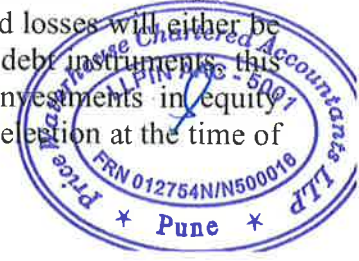
#### **j) Investment and Other Financial assets**

##### **i) Classification:**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of



initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii) Measurement:**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

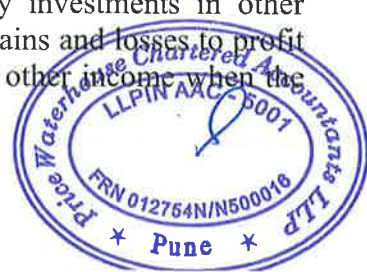
**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the year in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.



Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity investment in subsidiaries and joint venture are carried at historical cost as per the accounting policy choice given by IND AS 27.

The Company makes investments in certain joint ventures and associates with the objective to generate growth in the medium term and with identified exit strategies. Such investments are managed on a fair value basis. The company has elected to measure investments in such joint ventures and associates in accordance with Ind AS 109.

### **iii) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- b) Lease receivables under Ind AS 17
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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 EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### **iv) Derecognition of financial asset**

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **v) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting year following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



**k) Financial liabilities**

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting year with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting year and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**l) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



**m) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**n) Presentation of EBITDA**

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and tax expense

**o) Rounding of amount**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees as per the requirement of Schedule III, unless otherwise stated.

**2.3 Recent accounting pronouncements**

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



**NOTE 3: CASH AND CASH EQUIVALENTS**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
Balances with banks:		
On current accounts	282,038	498,230
	<b>282,038</b>	<b>498,230</b>

**NOTE 4: SHARE CAPITAL**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
Authorised share capital	500,000	500,000
50,000 Equity Shares of Rs.10 each	<b>500,000</b>	<b>500,000</b>
Issued, subscribed and fully paid-up share capital	500,000	500,000
50,000 Equity Shares of Rs.10 each fully paid up	<b>500,000</b>	<b>500,000</b>
Total issued, subscribed and fully paid-up share capital	<b>500,000</b>	<b>500,000</b>

**a. Movement in equity share capital**

	Number of shares	Amount in Rs.
Issued during the period	50,000	500,000
Outstanding as at 31 March 2019	50,000	500,000
Issued during the year	-	-
Outstanding as at 31 March 2020	<b>50,000</b>	<b>500,000</b>

**b. Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares of the company held by holding company**

**Immediate holding company**  
Sterlite Technologies Limited and its nominee shareholders

31 March 2020		
Numbers	% holding	
50,000	100%	

**Immediate holding company**  
Sterlite Technologies Limited and its nominee shareholders

31 March 2019		
Numbers	% holding	
50,000	100%	

**d. Detail of shareholders holding more than 5% of shares in the company**

31 March 2020		
Numbers	% holding	
50,000	100%	
31 March 2019		
Numbers	% holding	
50,000	100%	

**NOTE 5: OTHER EQUITY**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
Retained earnings		
Opening balance	(237,770)	-
Net loss for the year	(118,192)	(237,770)
Total retained earnings	<b>(355,962)</b>	<b>(237,770)</b>
Total other equity	<b>(355,962)</b>	<b>(237,770)</b>



**NOTE 6 : TRADE PAYABLE**

Total outstanding dues of creditors other than micro enterprises & small enterprises (refer note 14)  
Total outstanding dues of creditors other than micro & small enterprises

**Total Trade Payable**

31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
-	-
138,000	216,000
<b>138,000</b>	<b>216,000</b>

**NOTE 7 : OTHER CURRENT LIABILITY**

Withholding tax payable

**Total Other Current Liability**

31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
-	20,000
-	20,000

**NOTE 8: OTHER EXPENSES**

Payment to auditor (refer note below)  
Bank charges

**Payment to auditor**  
As auditor:  
Audit fee

31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
118,000	236,000
192	1,770
<b>118,192</b>	<b>237,770</b>

31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
118,000	236,000
<b>118,000</b>	<b>236,000</b>

**NOTE 9: DEFERRED TAX**

**Deferred tax asset**

Total losses for the current year

Total losses for the current year on which deferred tax asset has not been recognised

31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
118,192	237,770
(118,192)	(237,770)
-	-

In the current year, the company has not recognised deferred tax asset on carried forward losses as the company is not likely to generate taxable income in the foreseeable future. These unused tax losses can be carried forward as per the provisions of Income Tax Act, 1961.

The tax expense is computed as per the provisions of Income Tax Act, 1961. Statutory tax rate of 22% (March 31, 2019: 26%) is applicable to the company for the financial year ended 31 March 2020. Considering loss incurred during the year and lack of probability of future recovery of losses incurred, tax expense for the year is Nil.

**NOTE 10: EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the period attributable to equity holders by the weighted average number of Equity shares outstanding during the year. The following shows the computation of basic EPS.

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
Loss for the year	(118,192)	(237,770)
Weighted average number of equity shares in calculating basic and diluted EPS	50,000	50,000
Earnings per share		
Basic and diluted (on nominal value of Rs. 10 per share) Rupees/share	(2.36)	(4.76)

**NOTE 11: FAIR VALUE MEASUREMENT**

All the financial instruments of the entity are classified at amortised cost. The management assessed that cash and cash equivalents and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and therefore carrying value of these instruments is considered to be the same as fair value.

**NOTE 12: RELATED PARTY TRANSACTIONS**

**A. Name of related party and nature of relationships:**

**Related parties where control exists:**

Sterlite Technologies Limited  
Twinstar Overseas Limited, Mauritius  
Volcan Investments Limited, Bahamas

Intermediate holding company  
Intermediate holding company  
Ultimate holding company

**Key management personnel (KMP)**

Anupam Jindal - Non executive Director  
Ankit Agrawal  
Shweta Agarwal

**B. Transactions with related parties during the year and outstanding balances are as follows:**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>Transactions during the year</b>		
Transactions with Sterlite Technologies Limited		
Issue of equity share capital	-	500,000

**C. Disclosure in respect of material related party transactions during the year:**

Issue of equity share capital

Particulars	Relationship	31 March 2020	31 March 2019
Sterlite Technologies Limited	Holding Company	-	500,000



**NOTE 13: FINANCIAL RISK MANAGEMENT**

The Company does not have any operations. The Company's principal financial assets include cash and cash equivalents and financial liabilities in the nature of trade payables.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are approved and reviewed regularly by Board to reflect changes in market conditions and the Company's activities. Currently the Company has adopted the risk management policies as defined by its holding company to manage risk's relevant to its operations. Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's maximum exposure to credit risk for the components of the balance sheet of 31 March 2020 and 31 March 2019 is the carrying amount of each class of financial assets.

**Credit risk**

The company is exposed to credit risk arising from financial assets in the nature of cash and cash equivalents. The management manages credit risk by keeping its funds with reputed financial institutions with good credit rating. The company has adopted risk management policies as defined by its holding company to manage risks relevant to its operations.

**Liquidity Risk**

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

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 3 months	Total
As at March 31, 2020		
Trade Payable	138,000	138,000
	<u>138,000</u>	<u>138,000</u>
As at March 31, 2019		
Trade Payable	216,000	216,000
	<u>216,000</u>	<u>216,000</u>

**NOTE 14: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006**

There are no Micro and Small enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2020 and March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**NOTE 15: CRITICAL ESTIMATES AND JUDGEMENTS**

The company presently does not have any operations and therefore no critical estimates and judgements are involved in preparation of financial statements.

**NOTE 16: SEGMENT REPORTING**

The company does not have any operations and therefore there are no reportable segments.

**NOTE 17: IMPACT OF COVID-19 PANDEMIC**

The outbreak of Coronavirus (COVID - 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated the impact of pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

**NOTE 18: PREVIOUS PERIOD FIGURES**

Previous period numbers have been regrouped wherever necessary.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No: 012754N/N500016



Neeraj Sharma  
Partner  
Membership Number: 108391

For and on behalf of the board of directors of  
Sterlite Innovative Solutions Limited



Ankit Agarwal  
Director  
DIN: 03344202



Anupam Jindal  
Director  
DIN: 03040078



Place : Pune  
Date : July 28, 2020

Place : Pune  
Date : July 28, 2020

# **Sterlite Tech Connectivity Solutions Limited**

Financial Statements for 2019-20

# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Tech Connectivity Solutions Limited

### Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Sterlite Tech Connectivity Solutions Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

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

#### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity) on 11.11.2014 with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Tech Connectivity Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - 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 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



# Price Waterhouse Chartered Accountants LLP

## Independent Auditors' Report

To the Members of Sterlite Tech Connectivity Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. 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.

### Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2020.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.



# **Price Waterhouse Chartered Accountants LLP**

Independent Auditors' Report

To the Members of Sterlite Tech Connectivity Solutions Limited

Report on audit of the Financial Statements for the year ended March 31, 2020

- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
- 12. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act is not applicable.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAFB3096

Place: Pune

Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 f of the Independent Auditors' Report of even date to the members of Sterlite Tech Connectivity Solutions Limited on the financial statements for the year ended March 31, 2020

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Sterlite Tech Connectivity Solutions Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 f of the Independent Auditors' Report of even date to the members of Sterlite Tech Connectivity Solutions Limited on the financial statements for the year ended March 31, 2020

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

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

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

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

### Opinion

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

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Neeraj Sharma

Partner

Membership Number: 108391

UDIN: 20108391AAAAFB3096

Place: Pune

Date: July 28, 2020

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Tech Connectivity Solutions Limited on the financial statements as of and for the year ended March 31, 2020

- i. There are no fixed assets in the company, hence the requirements under Clause 3(i) (a), (b) and (c) are not applicable to the company and not commented upon.
- ii. As on the reporting date, the business of the company does not involve inventories and the company consequently does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, income tax, goods and service tax as applicable, with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, or goods and service tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The company has not paid/provided for managerial remuneration during the year. Hence, provisions of Section 197 read with Schedule V to the Act are not applicable. Also, refer paragraph 12 of main Audit Report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.



# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Tech Connectivity Solutions Limited on the financial statements for the year ended March 31, 2020

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Neeraj Sharma  
Partner  
Membership Number: 108391  
UDIN: 20108391AAAAFB3096  
Place: Pune  
Date: July 28, 2020

**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2020**

	Note	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	3	391,971	500,000
<b>Total Assets</b>		<b>391,971</b>	<b>500,000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	4	500,000	500,000
Other Equity	5	(236,029)	(118,000)
<b>Total Equity</b>		<b>263,971</b>	<b>382,000</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	6	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	6	128,000	118,000
<b>Total Liabilities</b>		<b>128,000</b>	<b>118,000</b>
<b>Total Equity &amp; Liabilities</b>		<b>391,971</b>	<b>500,000</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016



**Neeraj Sharma**  
Partner  
Membership Number: 108391

Place : Pune  
Date : July 28, 2020



**For and on behalf of the board of directors of  
Sterlite Tech Connectivity Solutions**

  
**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020


  
**Anupam Jindal**  
Director  
DIN: 03040078

**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

	Note	From 01 April 2019 to 31 March 2020	From 20 December 2018 to 31 March 2019
		(Amount in Rs.)	(Amount in Rs.)
<b>INCOME</b>			
Revenue from operations		-	-
<b>Total Income (I)</b>		-	-
<b>EXPENSES</b>			
Other expenses	7	118,029	118,000
<b>Total Expense (II)</b>		118,029	118,000
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		(118,029)	(118,000)
Finance costs		-	-
<b>Loss before tax</b>		(118,029)	(118,000)
<b>Tax expense:</b>			
Current tax	9	-	-
Deferred tax		-	-
<b>Total tax expenses</b>		-	-
<b>Loss for the year</b>		(118,029)	(118,000)
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		(118,029)	(118,000)
<b>Earnings per equity share</b>	9		
<b>Basic and diluted</b>			
Computed on the basis of profit for the year		(2.36)	(2.36)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/NS00016

  
**Neeraj Sharma**  
Partner  
Membership Number :108391


Place : Pune  
Date : July 28, 2020



**For and on behalf of the board of directors of**  
**Sterlite Tech Connectivity Solutions Limited**

  
**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020

  
**Anupam Jindal**  
Director  
DIN: 03040078

**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

**A. Equity share capital**

	<b>Numbers</b>	<b>Amount in Rs.</b>
Issue of share capital	50,000	500,000
<b>At 31 March 2019</b>	<b>50,000</b>	<b>500,000</b>
Issue of share capital	-	-
<b>At 31 March 2020</b>	<b>50,000</b>	<b>500,000</b>

**B. Other equity**

	<b>Retained earnings (Amount in Rs.)</b>
Loss for the period	(118,000)
<b>At 31 March 2019</b>	<b>(118,000)</b>
Loss for the year	(118,029)
<b>At 31 March 2020</b>	<b>(236,029)</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N/N500016



**Neeraj Sharma**

Partner

Membership Number :108391

Place : Pune

Date : July 28, 2020



**For and on behalf of the board of directors of  
Sterlite Tech Connectivity Solutions Limited**



**Ankit Agarwal**

Director

DIN: 03344202

Place : Pune

Date : July 28, 2020



**Anupam Jindal**

Director

DIN: 03040078

**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	Note	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>A. Operating activities</b>			
Loss before tax		(118,029)	(118,000)
Operating loss before working capital changes		(118,029)	(118,000)
Increase in trade payables		10,000	118,000
<b>Cash generated from operations</b>		<b>(108,029)</b>	<b>-</b>
Income tax paid (net of refunds)		-	-
<b>Net cash flow from operating activities</b>		<b>(108,029)</b>	<b>-</b>
<b>B. Investing activities</b>			
<b>Net cash flow from investing activities</b>		<b>-</b>	<b>-</b>
<b>C. Financing activities</b>			
Proceeds from issue of equity shares		-	500,000
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>500,000</b>
<b>Net increase cash and cash equivalents</b>		<b>(108,029)</b>	<b>500,000</b>
<b>Cash and cash equivalents as at beginning of year</b>	3	500,000	-
<b>Cash and cash equivalents as at year end</b>	3	<b>391,971</b>	<b>500,000</b>
<b>Components of cash and cash equivalents:</b>			
		<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Balances with banks:</b>			
On current accounts	3	391,971	500,000
<b>Total cash and cash equivalents</b>		<b>391,971</b>	<b>500,000</b>

The accompanying notes are an integral part of the financial statements.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016



**Neeraj Sharma**  
Partner  
Membership Number :108391



Place: Pune  
Date : July 28, 2020

**For and on behalf of the board of directors of**  
**Sterlite Tech Connectivity Solutions Limited**



**Ankit Agarwal**  
Director  
DIN: 03344202



**Anupam Jindal**  
Director  
DIN: 03040078

Place: Pune  
Date : July 28, 2020

## **1. Corporate information**

Sterlite Tech Connectivity Solutions Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 20 December 2018 and is a wholly owned subsidiary of Sterlite Technologies Limited.

## **2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of preparation**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Ind AS financial statements have been prepared on a historical cost basis.

The Ind AS financial statements are presented in Indian Rupees, except when otherwise indicated.

### **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

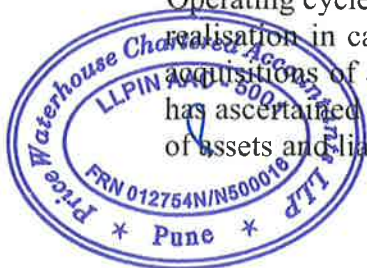
A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.



**a) Foreign currency translation**

**Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

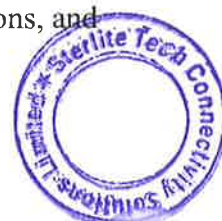
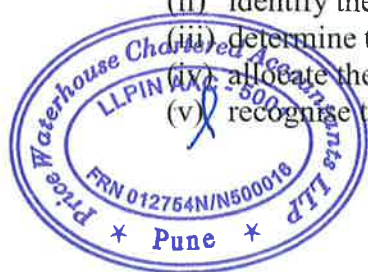
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b) Revenue from contracts with customers**

Ind AS 115 Revenue from contracts with customers has been issued with effect from April 1, 2018. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.



**Revenue recognition policy**

The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

- (a) The customer simultaneously consumes the benefits as the Company performs, or
- (b) The customer controls the work-in-progress, or
- (c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

**c) Other Income**

**1. Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

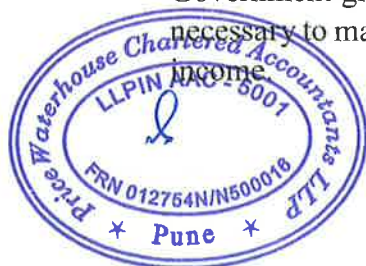
**2. Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**d) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the year necessary to match them with the costs that they are intended to compensate and presented within other income.



Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **e) Income Taxes**

##### **Current income tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred tax**

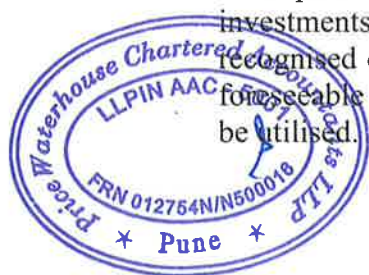
Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences between the carrying amount and tax bases of investments in subsidiaries, branch, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

Current and Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**f) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**g) Leases**

**As a Lessee:**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

the amount measured on a retrospective basis as if the new rules had always been applied



- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### **h) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or companies of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

#### **i) Provisions**

##### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **j) Investment and Other Financial assets**

##### **i) Classification:**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity



instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii) Measurement:**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

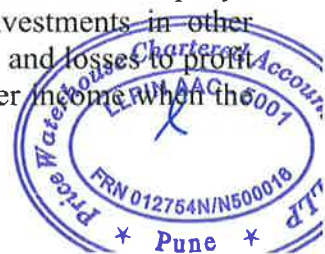
**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the year in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.



Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity investment in subsidiaries and joint venture are carried at historical cost as per the accounting policy choice given by IND AS 27.

The Company makes investments in certain joint ventures and associates with the objective to generate growth in the medium term and with identified exit strategies. Such investments are managed on a fair value basis. The company has elected to measure investments in such joint ventures and associates in accordance with Ind AS 109.

### **iii) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- b) Lease receivables under Ind AS 17
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

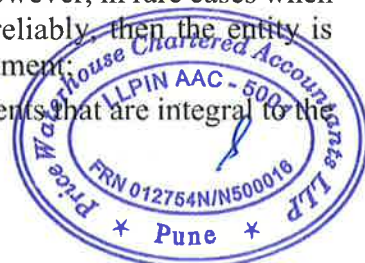
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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 EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### **iv) Derecognition of financial asset**

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **v) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting year following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### **k) Financial liabilities**

##### **Trade and other payables**



These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting year with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting year and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### **l) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **m) Earnings per share**

#### **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.



**n) Presentation of EBITDA**

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and tax expense

**o) Rounding of amount**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees per the requirement of Schedule III, unless otherwise stated.

**2.2 Recent Accounting Pronouncements**

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



**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 3: CASH AND CASH EQUIVALENTS**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>Balances with banks:</b>		
On current accounts	391,971	500,000
	<u>391,971</u>	<u>500,000</u>

**NOTE 4: SHARE CAPITAL**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>Authorised share capital</b>		
50,000 Equity Shares of Rs.10 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and fully paid-up share capital</b>		
50,000 Equity Shares of Rs.10 each fully paid up	500,000	500,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>500,000</u>	<u>500,000</u>

**a. Movement in equity share capital**

	Numbers	Amount in Rs.
Issued during the period	50,000	500,000
<b>Outstanding as at 31 March 2019</b>	<u>50,000</u>	<u>500,000</u>
Issued during the year	-	-
<b>Outstanding as at 31 March 2020</b>	<u>50,000</u>	<u>500,000</u>

**b. Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares of the company held by holding company**

	31 March 2020				
<b>Immediate holding company</b>					
Sterlite Technologies Limited and its nominee shareholders	<table> <tr> <th>Numbers</th><th>% holding</th></tr> <tr> <td>50,000</td><td>100%</td></tr> </table>	Numbers	% holding	50,000	100%
Numbers	% holding				
50,000	100%				

	31 March 2019				
<b>Immediate holding company</b>					
Sterlite Technologies Limited and its nominee shareholders	<table> <tr> <th>Numbers</th><th>% holding</th></tr> <tr> <td>50,000</td><td>100%</td></tr> </table>	Numbers	% holding	50,000	100%
Numbers	% holding				
50,000	100%				

**d. Detail of shareholders holding more than 5% of shares in the company**

	31 March 2020				
Sterlite Technologies Limited and its nominee shareholders	<table> <tr> <th>Numbers</th><th>% holding</th></tr> <tr> <td>50,000</td><td>100%</td></tr> </table>	Numbers	% holding	50,000	100%
Numbers	% holding				
50,000	100%				

	31 March 2019				
Sterlite Technologies Limited and its nominee shareholders	<table> <tr> <th>Numbers</th><th>% holding</th></tr> <tr> <td>50,000</td><td>100%</td></tr> </table>	Numbers	% holding	50,000	100%
Numbers	% holding				
50,000	100%				

**NOTE 5 : OTHER EQUITY**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
<b>Retained earnings</b>		
Opening balance	(118,000)	-
Add: Net loss for the period	(118,029)	(118,000)
<b>Total retained earnings</b>	<u>(236,029)</u>	<u>(118,000)</u>
<b>Total other equity</b>	<u>(236,029)</u>	<u>(118,000)</u>

**NOTE 6: TRADE PAYABLES**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
Total outstanding dues of creditors other than micro enterprises & small enterprises (refer note 13)	-	-
Total outstanding dues of creditors other than micro & small enterprises	-	-
Trade payables to related party	10,000	-
Others	118,000	118,000
	<u>128,000</u>	<u>118,000</u>



**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 7: OTHER EXPENSES**

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>	<b>31 March 2019</b> <b>(Amount in Rs.)</b>
Payment to auditor (refer note below)	118,000	118,000
Bank Charges	29	-
<b>Total other expenses</b>	<b>118,029</b>	<b>118,000</b>
<b>Payment to auditor</b>		
	<b>31 March 2020</b> <b>(Amount in Rs.)</b>	<b>31 March 2019</b> <b>(Amount in Rs.)</b>
As auditor:		
Audit fees	118,000	118,000
	<b>118,000</b>	<b>118,000</b>

**NOTE 8: DEFERRED TAX**

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>	<b>31 March 2019</b> <b>(Amount in Rs.)</b>
<b>Deferred tax asset</b>		
Total losses for the current period	118,029	118,000
Total losses for the current period on which deferred tax asset has not been recognised	(118,029)	(118,000)

In the current period, the company has not recognised deferred tax asset on carried forward losses as the company is not likely to generate taxable income in the foreseeable future. These unused tax losses can be carried forward as per the provisions of Income Tax Act, 1961.

The tax expense is computed as per the provisions of Income Tax Act, 1961. Statutory tax rate of 22% (31 March 2019: 26%) is applicable to the company for the financial year ended 31 March 2020. Considering loss incurred during the year and lack of probability of future recovery of losses incurred, tax expense for the year is Nil.

**NOTE 9: EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the period attributable to equity holders by the weighted average number of Equity shares outstanding during the period.

The following tables shows the computation of basic EPS:

	<b>31 March 2020</b> <b>(Amount in Rs.)</b>	<b>31 March 2019</b> <b>(Amount in Rs.)</b>
Loss for the year	(118,029)	(118,000)
Weighted average number of equity shares in calculating basic and diluted EPS	50,000	50,000
Earnings per share		
Basic and diluted (on nominal value of Rs. 10 per share) Rupees/share	(2.36)	(2.36)

**NOTE 10: FAIR VALUE MEASUREMENT**

All the financial instruments of the entity are classified at amortised cost. The management assessed that cash and cash equivalents and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and therefore carrying value of these instruments is considered to be the same as fair value.

**NOTE 11: RELATED PARTY TRANSACTIONS**

**A.Name of related party and nature of relationships:**

**Related parties where control exists:**

Sterlite Technologies Limited  
Twinstar Overseas Limited, Mauritius  
Volcan Investments Limited, Bahamas

**Key management personnel (KMP)**

Anupam Jindal - Director  
Ankit Agarwal - Director  
Pramod Kumar Srivastava - Director (till 24/09/2019)  
Venkatesh Murthy - Director (from 19/09/2019)



Immediate holding company  
Intermediate holding company  
Ultimate holding company



**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**B. Transactions with related parties during the year and outstanding balances are as follows:**

**Transactions with Sterlite Technologies Limited**

**Transactions during the year**

	31 March 2020 (Amount in Rs.)	31 March 2019 (Amount in Rs.)
Issue of equity share capital	-	500,000
Payment made on behalf of us	10,000	-

**C. Disclosure in respect of material related party transactions during the year:**

**Sterlite Technologies Limited**

Particulars	Relationship	31 March 2020	31 March 2019
Issue of equity share capital	Holding Company	-	500,000
Payment made on behalf of us	Holding Company	10,000	-

**NOTE 12: FINANCIAL RISK MANAGEMENT**

The Company does not have any operations. The Company's principal financial assets include cash and cash equivalents and financial liabilities in the nature of trade payables.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are approved and reviewed regularly by Board to reflect changes in market conditions and the Company's activities. Currently the Company has adopted the risk management policies as defined by its holding company to manage risk's relevant to its operations. Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's maximum exposure to credit risk for the components of the balance sheet of 31 March 2020 and 31 March 2019 is the carrying amount of each class of financial assets.

**Credit risk**

The company is exposed to credit risk arising from financial assets in the nature of cash and cash equivalents. The management manages credit risk by keeping its funds with reputed financial institutions with good credit rating. The company has adopted risk management policies as defined by its holding company to manage risks relevant to its operations.

**Liquidity Risk**

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

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 3 months	Total
<b>As at March 31, 2020</b>		
Trade payables	128,000	128,000
	<b>128,000</b>	<b>128,000</b>
<b>As at March 31, 2019</b>		
Trade payables	118,000	118,000
	<b>118,000</b>	<b>118,000</b>

**NOTE 13: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006**

There are no Micro and Small enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2020 and March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.



**STERLITE TECH CONNECTIVITY SOLUTIONS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 14: CRITICAL ESTIMATES AND JUDGEMENTS**

The company presently does not have any operations and therefore no critical estimates and judgements are involved in preparation of financial statements.

**NOTE 15: SEGMENT REPORTING**

The company does not have any operations and therefore there are no reportable segments.

**NOTE 16: IMPACT OF COVID-19 PANDEMIC**

The outbreak of Coronavirus (COVID - 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated the impact of pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

**NOTE 17: PREVIOUS PERIOD FIGURES**

Previous period numbers have been regrouped wherever necessary.

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The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/N500016



**Neeraj Sharma**  
Partner  
Membership Number: 108391

Place : Pune  
Date : July 28, 2020



**For and on behalf of the board of directors of**  
**Sterlite Tech Connectivity Solutions Limited**



**Ankit Agarwal**  
Director  
DIN: 03344202

Place : Pune  
Date : July 28, 2020



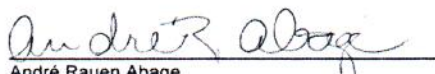
**Anupam Jindal**  
Director  
DIN: 03040078

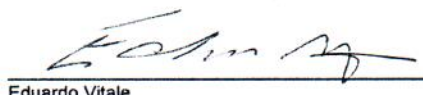
# **Sterlite Condu spar Industrial Ltda.**

Financial Statements for as on December 31, 2019

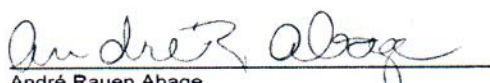
ATIVO		PASSIVO E PATRIMONIO LIQUIDO	
<b>ATIVO CIRCULANTE</b>		<b>PASSIVO CIRCULANTE</b>	
<b>DISPONÍVEL</b>	<b>234</b>	<b>EXIGÍVEL A CURTO PRAZO</b>	<b>25.209</b>
Disponibilidades	234	Fornecedores	17.451
		Impostos e Contribuições	1.492
		Emprést / Financiamentos	(6)
		Salários e Encargos	81
		Provisões	188
		Outras Obrigações	0
		Partes Relacionadas	5.208
		Adiantamentos Clientes	795
		Operações Hedge	0
<b>CRÉDITOS</b>	<b>19.451</b>		
Clientes a Receber	8.601		
Tributos a Recuperar	292		
Adiantamentos	1.495		
Estoques	9.052		
Mútuos	0		
Operações Hedge	0		
Outros Ativos	11		
<b>Total do ATIVO CIRCULANTE</b>	<b>19.685</b>	<b>Total do PASSIVO CIRCULANTE</b>	<b>25.209</b>
<b>NÃO CIRCULANTE</b>		<b>NÃO CIRCULANTE</b>	
<b>REALIZÁVEL A LONGO PRAZO</b>	<b>0</b>	<b>OBRIGAÇÕES A LONGO PRAZO</b>	<b>885</b>
Tributos a Recuperar	0	Fornecedores	0
Mútuos	0	Empréstimos / Financiamentos	0
Partes Relacionadas	0		
Depósitos Judiciais	0	Parcelamentos Tributários	885
Créditos Fiscais Diferidos	0	Provisões para contingências	0
<b>INVESTIMENTOS</b>	<b>0</b>		
Sterlite Conduspar Industrial Ltda.	0	<b>DIFERIDO</b>	<b>0</b>
		Débitos Fiscais Diferidos	0
<b>IMOBILIZADO</b>	<b>7.357</b>		
Bens em Operação	10.750		
(-) Depreciações	(3.393)		
Imobilizado em Andamento	0		
<b>INTANGÍVEL</b>	<b>32</b>		
Bens Intangíveis	32		
(-) Amortizações	0		
<b>Total do ATIVO NÃO CIRCULANTE</b>	<b>7.389</b>	<b>Total do Passivo NÃO CIRCULANTE</b>	<b>885</b>
		<b>Total do PASSIVO</b>	<b>26.094</b>
		<b>PATRIMÔNIO LÍQUIDO</b>	
		<b>CAPITAL SOCIAL</b>	<b>12.814</b>
		Capital Social Integralizado	12.814
		<b>RESERVAS</b>	<b>(11.836)</b>
		Reserva de Lucros	(10.814)
		Reserva Legal	0
		Resultado Exercício	(1.022)
		Ajuste Avaliação Patrimonial	0
		Lucros Distribuídos	0
		Ajuste a Valor Presente	0
		<b>Total do PATRIMÔNIO LÍQUIDO</b>	<b>978</b>
<b>Total do ATIVO</b>	<b>27.074</b>	<b>Total do PASSIVO + PATRIM. LIQUIDO</b>	<b>27.074</b>


Reconhecemos a exatidão do presente Balancete de Verificação com base na documentação apresentada, encerrado em 31 de Dezembro 2019 somando tanto em seu ATIVO como no PASSIVO, a importância supra de R\$ 27.074 (Vinte e Sete Milhões e Setenta e Quatro Mil Reais)

  
 André Rauen Abage  
 Diretor  
 CPF 961.591.209-30

  
 Eduardo Vitale  
 Contador  
 PR-064653/O-7  
 CPF 133.532.718-56

	dezembro-19	Acumulado - 2019
<b>RECEITA OPERACIONAL BRUTA</b>	<b>3.717</b>	<b>55.994</b>
Receitas de Vendas	3.717	55.994
(-)Cut-Off	-	-
<b>( - ) DEDUÇÕES DA RECEITA</b>	<b>(1.105)</b>	<b>(15.380)</b>
Impostos Incidentes Sobre Faturamento	(801)	(13.422)
Devoluções de Vendas	(304)	(1.958)
(-) Cut - Off Impostos s/Receita	-	-
<b>OUTRAS RECEITAS OPERACIONAIS</b>	<b>-</b>	<b>-</b>
Receitas Operacionais Diversas	-	-
<b>RECEITA OPERACIONAL LÍQUIDA</b>	<b>2.612</b>	<b>40.614</b>
<b>CUSTOS</b>	<b>(2.078)</b>	<b>(31.679)</b>
Custo dos Produtos Vendidos	(1.954)	(31.555)
(-)Cut-Off	-	-
Custo Total Produção	(124)	(124)
<b>LUCRO BRUTO OPERACIONAL</b>	<b>534</b>	<b>8.935</b>
<b>( - ) DESPESAS OPERACIONAIS</b>	<b>(786)</b>	<b>(7.169)</b>
<b>DESPESAS OPERACIONAIS</b>	<b>(786)</b>	<b>(7.169)</b>
Despesas com Folha de Pagamento	(148)	(731)
Impostos e Taxas	-	(44)
Despesas Administrativas Diversas	(638)	(6.394)
<b>DESPESAS E RECEITAS FINANCEIRAS</b>	<b>654</b>	<b>(3.584)</b>
<b>DESPESAS FINANCEIRAS</b>	<b>600</b>	<b>(2.399)</b>
Juros Pagos ou Incorridos	(14)	(510)
Outras despesas financeiras	(45)	(777)
Variações Monetárias	659	(1.112)
<b>RECEITAS FINANCEIRAS</b>	<b>54</b>	<b>(1.185)</b>
Juros e Rendimentos Auferidos	19	115
Variações Monetárias	35	(1.300)
<b>RESULTADO LÍQUIDO OPERACIONAL</b>	<b>402</b>	<b>(1.818)</b>
<b>RESULTADOS NÃO OPERACIONAIS</b>	<b>46</b>	<b>796</b>
Despesas Indedutíveis	-	-
Outras Receitas e Despesas	-	(10)
Outros Resultados Positivos	46	806
<b>RESULTADO LÍQUIDO</b>	<b>448</b>	<b>(1.022)</b>
<b>PROVISÕES TRIBUTOS</b>	<b>-</b>	<b>-</b>
Impostos sobre o Lucro	-	-
<b>RESULTADO LÍQUIDO DO EXERCÍCIO</b>	<b>448</b>	<b>(1.022)</b>

  
André Rauen Abage  
Diretor  
CPF 961.591.209-30

  
Eduardo Vitale  
Contador  
PR-064653/O-7  
CPF 133.532.718-56



05132020040007761464  
报告文号：苏公T[2020]E4003号

# Jiangsu Sterlite Tongguang Fiber Co., Ltd

Report of the Auditors and Financial Statements

For April 2019 to March 2020



**公证天业会计师事务所(特殊普通合伙)南通分所**

Nantong Branch, Gongzheng Tianye Certified Public Accountants, SGP

中国·江苏·南通

电话: 86 (513) 55018131

传真: 86 (513) 55018133

Nantong, Jiangsu, China

Tel: 86 (513) 55018131

Fax: 86 (513) 55018133

## **AUDIT REPORT**

**SUGONG T(2020) No.E4003**

**To the shareholders of Jiangsu Sterlite Tongguang Fiber Co., Ltd.**

### **I . Audit opinion**

We have audited the financial statements prepared by Jiangsu Sterlite Tongguang Fiber Co., Ltd., comprising the balance sheet as at March 31, 2020, and the income statement, owner's equity changes statement and cash flow statement from April 1, 2019 to March 31, 2020, and for the period of Jan 1, 2020 to March 31, 2020. And notes to the financial statements.

In our opinion, the financial statements of the Company present fairly, in all material respects the financial position of the Company as of March 31, 2020, and its operation results & cash flows for April 1, 2019 to March 31, 2020, in accordance with the Accounting Standards for Enterprise of the People's Republic of China.

### **II . Basis for audit opinion**

We conducted our audit in accordance with Independent Audit Standards promulgated by the Chinese Institute of Certified Public Accountants. In the paragraph "Responsibility of CPA", we shall detailed explain the corresponding responsibilities under the standards. We are independent with the engaged client, and fully abide by professional ethics during our job.

### **III. Responsibility of company's management**

The preparation and fairly disclosure of the financial statements are the responsibility of the company's management. These responsibilities include: preparing & fairly disclosing the financial statements in accordance with Accounting Standard for Business Enterprises of the People's Republic of China;

Designing, implementing & maintaining of the internal control system related with the preparation of the financial statements to avoid any frauds & misstatement.

The management is responsible for the assessing & disclosure of the going –concern issue assumption of the company, unless the liquidation of the company is determined by no other choice.

The government level is responsible for the supervising of the whole reporting process.

#### **IV.Responsibility of CPA**

Our target is to express an opinion on the financial statement based on our audit. Those standards require that we plan and perform the audit to ensure there is no misstatement materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting of framework and are detected with reasonable assurance. But the reasonable assurance is not ensure that all the material misstatements could be fully identified by our audit procedure. If the individual misstatement (maybe from fraud or errors) aggregated materially affect the financial statement or economic decision, then, the misstatement should be identified.

During our audit process, the professional judgment and suspects shall be held. The details can be found as followings:

- (1). Identify & assess the material misstatements which are resulted from fraud & error , design and conduct the corresponding audit procedures to collect complete and appropriate evidence as the opinion basis. Due to the fraud may involve with collaboration , forgery , knowingly omissions , false statement or override of internal control system, the potential risk from fraud is higher than the risk resulted from the errors;
- (2). Understanding the related internal control system and taken into account in the determination of appropriate audit process, but the purpose is not to give the opinion on the effectiveness of the internal control system;
- (3). Assessing the appropriateness of the accounting policy applied by the management and evaluating the rationality of the accounting estimates & disclosure;
- (4). Conclusion of the appropriateness for the going concern assumption provided by the management. Audit evidence shall be collected for the possible material uncertainty issues or may

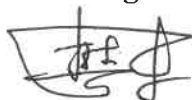
affect the going-concern conclusion of the company. If the uncertainty conclusion reached, the corresponding disclosure should be brought for the attention to the report users; otherwise, the modified opinion shall be expressed if the disclosure is not sufficient. Our audit conclusion is based on the information collected end at the reporting date, but the future items or events may affect the going concern assumption of the company.

(5). Evaluating the overall presentation of the financial statement, including the structure & contents and the judgment whether the related transactions and business activities are fairly presented.

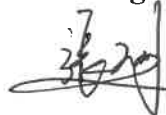
Communications with governance have been conducted, including the audit scope, time plan, audit findings and the defects & weaknesses of the internal control system identified during our audit.

**Nantong Branch, Gongzheng Tianye Certified Public Accountants, SGP**

**Certified Public Accountant of China CPA Yu Dong**



**Certified Public Accountant of China CPA Zhang Yulin**



**China · Nantong**

**21 April, 2020**

## BALANCE SHEET

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.

Mar. 31, 2020

ASSETS	REMAINING AT END OF YEAR	REMAINING AT BEG. OF YEAR	LIABILITIES AND OWNER'S EQUITY	Monetary Unit: RMB Yuan	
				REMAINING AT END OF YEAR	REMAINING AT BEG. OF YEAR
<b>CIRCULATING ASSETS:</b>			<b>CIRCULATING LIABILITIES</b>		
Monetary funds	14,442,177.06	63,105,535.11	Short-term loans	60,669,995.05	97,355,554.26
Trading financial debt			Trading financial debt		492,224.84
Notes receivable	594,390.00	7,280,000.00	Notes payable	7,787,079.43	10,265,794.12
Accounts receivable	19,931,983.71	33,500,707.70	Accounts payable	68,101,449.18	165,259,177.91
Accounts prepayments	33,431,342.21	7,704,169.07	Advance receivable	529,127.60	12,697.48
Interest receivable			Accrued staff's payroll	829,731.00	1,933,702.29
Dividends receivable			Taxes and expenses payable	194,142.98	189,718.00
Other receivable	97,930.00	67,930.00	Interest payable	185,294.62	461,017.58
Inventories	60,153,314.39	108,236,382.02	Dividends payable	850,000.00	850,000.00
Un-circulating assets maturing within one year			Amount other accrued payable	47,874.00	13,819.37
Other circulating assets	14,005,119.78	31,811,865.50	Un-circulating liabilities due within one year		
<b>TOTAL CIRCULATING ASSETS</b>	<b>142,656,257.15</b>	<b>251,706,589.40</b>	Other circulating liabilities		
<b>UN-CIRCULATING ASSETS:</b>			<b>TOTAL CIRCULATING LIABILITIES</b>	<b>139,194,693.86</b>	<b>276,833,705.85</b>
Financial assets of sales supply-able			<b>UN-CIRCULATING LIABILITIES:</b>		
Investment from keeping to maturity			Long-term loans	60,553,259.38	17,120,000.00
Long-term receivable			Bond payable		
Long-term investment in stock ownership			Long-term payables	2,550,000.00	2,550,000.00
Investment real estate			Related payable		
Fixed assets	373,965,403.13	394,060,303.41	Estimated liabilities		
Construction in progress	3,747,590.97	1,794,882.32	Deferred income	4,227,715.00	
Engineering material			Deferral income-tax debt		
Liquidation of the fixed assets			Other un-circulating liabilities		
Productive living things assets			<b>TOTAL UN-CIRCULATING LIABILITIES</b>	<b>67,330,974.38</b>	<b>19,670,000.00</b>
Oil and gas assets			<b>TOTAL LIABILITIES</b>	<b>206,525,668.24</b>	<b>296,503,705.85</b>
Intangible assets	9,794,131.29	10,342,605.98	<b>OWNER'S EQUITY</b>		
Development expenditure			Paid-in capital	168,436,015.19	168,436,015.19
Business reputation			Capital surplus		
Long-term prepaid expense			Less: Shares in stock		
Assets in deferred-income-tax	4,368,733.69		Surplus reserves	27,202,610.23	27,202,610.23
Other Un-circulating assets			Undistributed profit	132,367,822.57	165,762,049.84
<b>TOTAL UN-CIRCULATING ASSETS</b>	<b>391,875,859.08</b>	<b>406,197,791.71</b>	<b>TOTAL OWNER'S EQUITY</b>	<b>328,006,447.99</b>	<b>361,400,675.26</b>
<b>SUM TOTAL ASSETS</b>	<b>534,532,116.23</b>	<b>657,904,381.11</b>	<b>SUM TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>534,532,116.23</b>	<b>657,904,381.11</b>

## Income Statements

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd. April 2019 to March 2020


 Monetary Unit: RMB Yuan

ITEM	AMOUNT OF CURRENT YEAR	AMOUNT OF LAST YEAR
<b>I . TOTAL OPERATING INCOME</b>	<b>272,802,798.66</b>	<b>443,079,077.96</b>
Including: Operating income	272,802,798.66	443,079,077.96
Including: Income from main operation	272,135,388.02	442,220,321.45
Income from other operation	667,410.64	858,756.51
Interest income		
Earned from insurance charge		
Payment for service charge and commission fee		
<b>II . TOTAL OPERATION COST</b>	<b>315,412,057.08</b>	<b>368,337,345.34</b>
Including: Operation cost	273,440,168.18	313,545,363.91
Including: Cost of main operation	273,440,168.18	313,545,363.91
Other business payment		
Main operation tax & additional expenses	853,810.55	772,758.01
Sales expense	4,303,824.70	5,031,350.51
General & administrative expense	15,620,184.46	26,019,930.25
R & D expense account	12,182,274.73	11,033,885.62
Financial expense	7,444,708.22	3,861,744.62
Losses from depreciation of assets	1,567,086.24	8,072,312.42
Add: Other income	5,273,197.02	
Investment income ( deficit, using "-")	66,129.64	467,518.97
Gain form fair value charge ( deficit, using "-")	492,224.84	-492,224.84
Income from disposal of assets( deficit, using "-")	-374,395.68	
Remittance gain and loss ( deficit, using "-")		
<b>III. OPERATING PROFITS ( deficit, using "-")</b>	<b>-37,152,102.60</b>	<b>74,717,026.75</b>
Add: Non-operating income	850,290.51	3,405,370.70
Less: Non-operating expenditure	2,999,734.08	1,755,750.11
Including: Disposal loss from un-circulating assets		
<b>IV. SUM OF PROFIT ( deficit, using "-")</b>	<b>-39,301,546.17</b>	<b>76,366,647.34</b>
Less: Expenses for income tax	-5,907,318.90	11,375,093.58
<b>V . NET PROFIT ( deficit, using "-")</b>	<b>-33,394,227.27</b>	<b>64,991,553.76</b>

## Income Statements

Prepared by: Jiangsu Sterlite Tongguang Fiber Co.,  
Ltd. April 2019 to March 2020

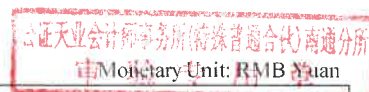
Monetary Unit:  
RMB, Yuan  
盖章

ITEM	April 2019 to December 2019	January 2020 to March 2020	April 2018 to March 2019
<b>I . TOTAL OPERATING INCOME</b>	<b>243,359,085.47</b>	<b>29,443,713.19</b>	<b>443,079,077.96</b>
Including: Operating income	243,359,085.47	29,443,713.19	443,079,077.96
Including: Income from main operation	242,868,812.63	29,266,575.39	442,220,321.45
Income from other operation	490,272.84	177,137.80	858,756.51
Interest income			
Earned from insurance charge		-	
Payment for service charge and commission fee		-	
<b>II . TOTAL OPERATION COST</b>	<b>257,256,882.42</b>	<b>58,155,174.66</b>	<b>368,337,345.34</b>
Including: Operation cost	230,585,502.34	42,854,665.84	313,545,363.91
Including: Cost of main operation	230,585,502.34	42,854,665.84	313,545,363.91
Other business payment			
Main operation tax & additional expenses	643,299.97	210,510.58	772,758.01
Sales expense	4,008,130.65	295,694.05	5,031,350.51
General & administrative expense	12,065,536.28	3,554,648.18	26,019,930.25
R & D expense account	9,888,583.32	2,293,691.41	11,033,885.62
Financial expense	4,785,653.36	2,659,054.86	3,861,744.62
Losses from depreciation of assets	-4,719,823.50	6,286,909.74	8,072,312.42
Add: Other income	1,634,191.05	3,639,005.97	
Investment income ( deficit, using "-")	66,129.64	-	467,518.97
Gain form fair value charge ( deficit, using "-")	492,224.84	-	-492,224.84
Income from disposal of assets( deficit, using "-")		- 374,395.68	
Remittance gain and loss ( deficit, using "-")		-	
<b>III. OPERATING PROFITS ( deficit, using "-")</b>	<b>-11,705,251.42</b>	<b>-25,446,851.18</b>	<b>74,717,026.75</b>
Add: Non-operating income	845,269.27	5,021.24	3,405,370.70
Less: Non-operating expenditure	3,256,582.85	- 256,848.77	1,755,750.11
Including: Disposal loss from un-circulating assets		-	
<b>IV. SUM OF PROFIT ( deficit, using "-")</b>	<b>-14,116,565.00</b>	<b>-25,184,981.17</b>	<b>76,366,647.34</b>
Less: Expenses for income tax	-5,968,905.37	61,586.47	11,375,093.58
<b>V. NET PROFIT ( deficit, using "-")</b>	<b>-8,147,659.63</b>	<b>-25,246,567.64</b>	<b>64,991,553.76</b>

## Cash Flow Sheet

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.

April 2019 to March 2020



ITEM	SUM
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from sale of goods or rendering of services	306,306,925.49
Refunds of taxes	34,274,136.02
Other cash received relating to the operating activities	10,538,098.05
<b>Sub-Total Cash Inflows of Operating Activities</b>	<b>351,119,159.56</b>
Cash paid for goods and services	297,172,656.05
Cash paid to and on behalf of employees	30,752,932.15
Paid all types of taxes	1,621,863.33
Other cash paid to relating to operating activities	18,185,090.68
<b>Sub-Total Cash Outflows of Operating Activities</b>	<b>347,732,542.21</b>
<b>Net Cash Flows from Operating Activities</b>	<b>3,386,617.35</b>
<b>II. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	
Cash received from return of investments	36,000,000.00
Cash received from earning of investments	66,129.64
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,399,589.54
Net cash received from disposal of sub-company and other operating body	
Other cash received relating to investment activities	
<b>Sub-Total of Cash Inflows of Investing Activities</b>	<b>41,465,719.18</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	56,555,951.35
Cash paid to investments	31,000,000.00
Net cash received from sub-company and other operating body	
Other cash paid relating to investing activities	
<b>Sub-Total of Cash Outflows of Investing Activities</b>	<b>87,555,951.35</b>
<b>Net cash flows from investing activities</b>	<b>-46,090,232.17</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash received from the absorption of investments	
Cash received from borrowing	278,727,373.02
Other cash received relating to financing activities	
<b>Sub-Total Cash Inflows of Financing Activities</b>	<b>278,727,373.02</b>
Cash repayments Of amounts borrowed	273,499,460.91
Cash paid for distribution of dividends, profits or interests	11,094,462.56
Other cash paid relating to the financing activities	
<b>Sub-Total Cash Outflows of Financing Activities</b>	<b>284,593,923.47</b>
<b>Net cash flows from financing activities</b>	<b>-5,866,550.45</b>
<b>IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>-93,192.78</b>
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-48,663,358.05</b>
Add: Cash & remaining of cash equivalents at beginning of the period	63,105,535.11
<b>VI. CASH &amp; CASH EQUIVALENTS REMAINING AT END OF THE PERIOD</b>	<b>14,442,177.06</b>

## Owner's Equity Changes Statement

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.

April 2019 to March 2020

ITEM	Paid-in capital	Capital surplus	Less: Shares in stock	Surplus reserves	Unrealized profit	Monetary Unit: RMB Yuan
<b>I. REMAINING AT END OF LAST YEAR</b>	<b>168,436,015.19</b>			<b>27,202,610.23</b>	<b>165,762,049.84</b>	<b>361,400,675.26</b>
Add: Changes in accounting policy						
Correct to last period						
<b>II. REMAINING AT BEGINNING OF CURRENT YEAR</b>	<b>168,436,015.19</b>			<b>27,202,610.23</b>	<b>165,762,049.84</b>	<b>361,400,675.26</b>
<b>III. AMOUNT CHANGES OF CURRENT YEAR (decrement, using "-")</b>					<b>-33,394,227.27</b>	<b>-33,394,227.27</b>
(I). NET INCOME					<b>-33,394,227.27</b>	<b>-33,394,227.27</b>
(II). GAIN AND LOSS OF DIRECTLY INTO OWNERS' EQUITY						
Fair value changes net amount from the financial assets of sales supply-able						
Amount influence from other owner's equity of the investee under equity method						
Amount of income-tax influence charged into owner's equity						
Others						
(III). INCREASE OR DECREASE CAPITAL BY OWNERS						
Owner's capital						
Amount of shares payment into owner's equity						
Others						
(IV). PROFIT DISTRIBUTION						
Withdrew surplus						
Profit distributed to owners ( or stock holder )						
Other						
(V). INTERNAL TRANSFERING OF OWNERS' EQUITY						
Capital surplus splitting capital ( or capital stock )						
Surplus splitting capital ( or capital stock )						
Deficit coverage by surplus						
Other						
<b>IV. REMAINING AT END OF THE CURRENT YEAR</b>	<b>168,436,015.19</b>		<b>-</b>	<b>27,202,610.23</b>	<b>132,367,822.57</b>	<b>328,006,447.99</b>



**Jiangsu Sterlite Tongguang Fiber Co., Ltd.**



## **Notes to the Financial Statements**

**For April 2019 to March 2020**

**(All Amounts are in RMB unless otherwise stated)**

### **I . GENERAL INFORMATION**

Jiangsu Sterlite Tongguang Fiber Co., Ltd. (the “Company” hereafter) is a Joint Venture Company set up by M/s Sterlite Global Ventures (Mauritius) Ltd., a wholly owned subsidiary of M/s Sterlite Technologies Ltd, India and M/s Jiangsu Tongguang Communication Co. Ltd., China according to the approval letter [2011] No 8384 issued by the People’s Government of Jiangsu Province. The Company was registered with Nantong Haimen Administration Bureau of Industry and Commerce on January 19th, 2011 with the business license numbered 320684400011561. On March 15, 2016 it got the business license of a unified social code 91320684567766496K changed and issued by Haimen Administrative Approval Bureau .The Company’s Legal Representative is Mr.Ankit Agarwal. The Company’s approved business scope includes optical fiber technology consulting, development, design, manufacturing of optical fibers and optical fiber related products and sale of self-manufactured products.Optical fiber, optical fiber preform, and fiber optic cable products, wholesale, import and export and commission agency (excluding auction) of optical fiber, optical fiber preform, optical fiber cable and related products. The registered capital of the Company is USD 16.50 Million ( i.e. RMB 103.84 million ) same as the actual capital. M/s Sterlite Global Ventures (Mauritius) Ltd. has contributed USD 12.375 Million, accounting for 75% of the capital infused till now and M/s Jiangsu Tongguang Communication Co. Ltd has contributed USD 4.125 Million, accounting for 25% of the capital infused till now. On 20<sup>th</sup> March 2014,Company changed the registered capital as RMB 103,836,015.19 equaled with USD 16.50 Million.

According to the resolution of the board of directors of the company on March 28, 2018, the registered capital of the company is increased by undistributed profits of RMB 64.60 million,of which RMB 48.45 million is invested by Sterlite Global Ventures(Mauritius)Ltd., and RMB 16.15 million is invested by Jiangsu Tongguang Communication Co. Ltd. The

registered capital and paid-in capital after that are RMB 168,436,015.19.



## **II. BASIS OF PREPARATION**

The Financial Statement is prepared on the basis of the Going Concern Principle.

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### Accounting System and Accounting Standards Adopted

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and Accounting System for Business Enterprises of the People's Republic of China and other supplementary regulations.

### Accounting Year

The Company has adopted the calendar year as its accounting year, i.e. from April 1 to March 31, it is special purpose financial statement prepared for period Apr. to Mar.

### Recording Currency

The recording currency of the Company is the Renminbi (RMB).

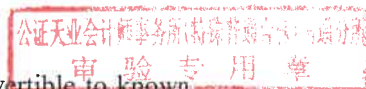
### Basis of Accounting and Principle of Measurement

The Company has adopted the accrual basis of accounting and uses the historical cost convention as the principle of measurement.

### Foreign Currency Translation

Transactions denominated in foreign currencies (currencies other than the recording currency) are converted into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the first day of the trading month. Monetary assets and liabilities denominated in foreign currencies are converted in to Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gains or losses are dealt with as finance costs, except for those attributable to foreign currency borrowings that have been used specifically for the construction of fixed assets before the assets are ready for their intended use, which are capitalized as part of the fixed asset costs.

## Cash Equivalents



Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Accounts receivable and bad debt reserves

The provision method of bad debts:

The company's bad debt losses is using allowance method of accounting. When bad debt losses are occurred, the corresponding provision for bad debts is written off with approval of Board and relevant management authorities.

The provision for bad debts method and ratio:

The provision for bad debts is made based on a combination of specific identification of assessments of probability and extent of loss referring to special accounts receivable, and the company should make provision of bad debts respectively. Specific accrual ratios are as follows:

<u>Term overdue</u>	<u>Proportion of bad debt preparation for accounts receivable (%)</u>	<u>Proportion of bad debt preparation for other receivable (%)</u>
Within 1 year	-	-
1-2years	10	10
2-3years	20	20
3-5years	50	50
More than 5 years	100	100

## Inventories

(1) Inventory category: inventories include raw materials, inventory of goods, work in progress, finished goods and so on. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

(2) The valuation method of acquisition and use: inventories are recorded by using the standard costing method when acquiring inventories. The cost of products includes standard costing and the differences between the standard costing and actual cost.

(3) The inventory system: the company is using the perpetual inventory system.

(4) Provisions for deduction of the inventories value and methods: the inventory is valued at the lower of its cost or its net realizable value. The inventory cost is higher than its net realizable value and provision for decline in value of inventory is credited to current profit and loss.

(5) Work-in-progress and finished goods are valued at lower of cost and net realizable value. cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

(6) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## Fixed Assets and Depreciation

### (1) Criteria of fixed assets

Fixed assets are the tangible assets in higher unit value. They are defined as the production of goods, the provision of services and the lease or management used for more than one year.

### (2) Measurement of fixed assets

Fixed assets are recorded at cost on acquisition. The acquisition cost includes purchase price, import taxes, transportation costs, insurance costs and other related costs that are necessary for the fixed assets being ready for their intended use.

### (3) Depreciation of fixed assets

Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are put into use, using the straight-line method. The estimated residual value, useful life and annual depreciation rate of each category of fixed assets are as follows:

<u>Category of fixed assets</u>	<u>Residual value</u>	<u>Useful life</u>	<u>Annual depreciation rate</u>
Electronic Equipment	10%	5 years	18%
Houses and buildings	10%	20years	4.5%
Machinery	10%	10-15years	9%-6%
Office furniture	10%	5 years	18%
tool of production	10%	5 years	18%

### (4) Measurement of subsequent expenditures on fixed assets

Subsequent expenditures on fixed assets for major reconstruction, expansion, improvement and renovation are capitalized as a part of fixed assets cost when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company, such as extension of the useful lives of the fixed assets, substantial improvement of product quality, or substantial reduction in product cost. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. The increased cost of the fixed assets is limited to their recoverable amount.

Subsequent expenditures on fixed assets except for the aforementioned are expensed as incurred. Capitalized expenditures arising from the renovation of fixed assets are depreciated on a reasonable basis over the shorter period of interval between the current renovation to the next and the expected remaining useful life of the renovated fixed assets.

#### (5) Measurement of fixed assets at the balance sheet date and impairment provision

Fixed assets are measured at the lower of carrying amount and recoverable amount at the balance sheet date. When the recoverable amount of fixed assets is lower than the carrying amount, due to factors such as continuous decline in market price, technological obsolescence, damages or long-time idleness, impairment provision for fixed assets is determined on an item-by-item basis at the excessive part of the carrying amount over the recoverable amount. For fixed assets that meet the conditions for full impairment provision, the impairment provision is determined at the full carrying amount of fixed assets on an item-by-item basis.

### Construction in progress

(1) Construction in progress is measured at actual cost. The actual cost is determined specifically as follows:

A. Contracted projects under construction are recorded at the sum of construction price, installation cost, and capitalized interest expense, amortization of premium or discount, and foreign currency exchange differences that are relating to specific borrowings for financing the construction.

B. Self-built projects under construction are recorded at the sum of construction materials used, raw materials used and related non-deductible input value-added taxes, goods in stock used and related taxes and levies, cost of various services provided by the Company's auxiliary production departments, and capitalized interest expense, amortization of premium or discount, and foreign currency exchange differences that are relating to specific borrowings for financing the construction.

(2) Construction in progress is measured at the lower of the carrying amount and the recoverable amount. Impairment provision is made for construction in progress if there exists evidence that the value of construction in progress has declined.

### Borrowing costs

(1) Recognition of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized. The other costs are charged to the Profit & Loss Account. Borrowing costs include interests, ancillary costs, and foreign currency exchange differences incurred in connection with borrowing. Except borrowing costs relating to specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets as certain conditions are met, other borrowing costs are expensed as incurred.

(2) Capitalization period of borrowing costs

A. The capitalization of borrowing costs commences as the following three conditions are met: (a) the capital expenditures are incurred; (b) the borrowing costs are incurred; (c) the acquisition or construction activities have commenced to enable the assets to be ready for their intended use.

B. The capitalization of borrowing costs should be suspended during the periods when the acquisition or construction activities are abnormally interrupted and the interruption period is more than three consecutive months; the borrowing costs are incurred during the period until the acquisition or construction activities are resumed.

C. The capitalization of borrowing costs ceases when the assets being acquired or constructed are ready for their intended use. Borrowing costs incurred thereafter should be recognized as expense in the period in which they are incurred.

(3) Capitalization amount of borrowing costs

The capitalized borrowing costs for each accounting period are determined by using the weighted average amount of accumulated expenditures incurred in that period for the acquisition or construction of fixed assets and the capitalization rate of the borrowings. The procedures are in accordance with the Accounting Standards for Business Enterprises—Borrowing Costs.

Government grants

(1) Types of government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the company at no consideration except for the capital contribution from the government as an investor in the company. Government grants are divided into asset related government grants and income related Government grants according to the nature of the subsidy objects specified in the relevant government documents.

If the government document does not clearly specify the subsidy object, the company classifies the government subsidy as asset related or income related based on whether it is used for acquisition and construction or forms long-term assets in other ways.

## (2) Recognition of Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and that the company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

## (3) Accounting treatment of Government grants

A government grant related to an asset is recognized initially as deferred income and amortized to profit or loss in the same period according to a reasonable, systematic approach by instalments over the useful life of the asset. A government grant related to income that compensates the Company for expenses or losses to be incurred in the subsequent periods is recognized initially as deferred income and recognized in profit or loss in the same period in which the cost expenses or losses are recognized. A government grant that compensates the Company for cost expenses or losses incurred is recognized in profit or loss immediately.

A government related to the company's daily activities is recognized in other income according to the essence of economic business. A government irrelevant to the company's daily activities is recognized in non operating income and expenditure.

## Enterprise and local income taxes

The Company uses the taxes payable method to account for the enterprise and local income taxes.

On October 24, 2018, the company obtained the certificate of high tech enterprise, enjoying the preferential policy of enterprise income tax rate of 15%.



**IV. THE ACCOMPANYING NOTES ARE PART OF THE FINANCIAL STATEMENTS**

**1) MONETARY FUNDS**

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Cash at Hand	-	899.00
Cash on Bank	11,001,138.04	53,979,432.66
Others	3,441,039.02	9,125,203.45
<b>Total</b>	<b>14,442,177.06</b>	<b>63,105,535.11</b>

**2) NOTES RECEIVABLE**

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Relevant party notes receivable	-	-	-	7,280,000.00	100.00	-
Notes of non related parties	594,390.00	100.00	-	-	-	-
<b>Total</b>	<b>594,390.00</b>	<b>100.00</b>	<b>-</b>	<b>7,280,000.00</b>	<b>100.00</b>	<b>-</b>

**3) ACCOUNTS RECEIVABLE**

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Within 1 year	19,931,983.71	100.00	-	33,500,707.70	100.00	-
<b>Total</b>	<b>19,931,983.71</b>	<b>100.00</b>	<b>-</b>	<b>33,500,707.70</b>	<b>100.00</b>	<b>-</b>

Major items of accounts receivable:

Customer names	Ending balance	Character
STERLITE Technologies LIMITE	6,912,892.82	Payment for goods
Tongguang Communication	2,921,160.62	Payment for goods
Sterlite Condu spar Industrial	2,783,080.77	Payment for goods
ACOME	2,125,216.54	Payment for goods

#### 4) ACCOUNTS PREPAYMENTS

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Within 1 year	32,625,701.68	97.59	-	7,704,169.07	100.00	-
1-2years	805,640.53	2.41	-	-	-	-
<b>Total</b>	<b>33,431,342.21</b>	<b>100.00</b>	<b>-</b>	<b>7,704,169.07</b>	<b>100.00</b>	<b>-</b>

Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

#### 5) OTHER RECEIVABLES

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Within 1 year	97,930.00	100.00	-	67,930.00	100.00	-
1-2years	-	-	-	-	-	-
<b>Total</b>	<b>97,930.00</b>	<b>100.00</b>	<b>-</b>	<b>67,930.00</b>	<b>100.00</b>	<b>-</b>

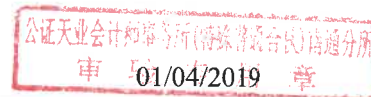
Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

#### 6) INVENTORIES

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Raw materials	27,169,553.46	39,653,267.05
Material in transi	5,050,371.42	56,467.47
waste	307,831.35	311,896.50
Goods in Process	5,748,284.11	4,216,142.76
Finished Goods	11,295,047.56	50,151,257.15
Packing	33,671.88	65,047.97
Stores and Spares	18,346,942.07	15,276,942.74
Goods in transit	1,841,011.20	6,577,672.80
Provision for Inventory	-9,639,398.66	-8,072,312.42
<b>Total</b>	<b>60,153,314.39</b>	<b>108,236,382.02</b>

## 7) OTHER CIRCULATING ASSETS

ITEMS	31/03/2020	
	RMB	RMB
VAT is retained as input tax	13,196,746.71	25,761,239.70
Financial product	-	5,000,000.00
Prepaid expenses	186,441.13	1,050,625.80
Advance payment of income tax	621,931.94	-
Total	<b>14,005,119.78</b>	<b>31,811,865.50</b>



## 8) FIXED ASSETS

ITEMS	Houses and buildings	Machinery	Electronic Equipment	Office furniture	tool of production	Total
	RMB	RMB	RMB	RMB	RMB	RMB
<b>Cost</b>						
1st April 2019	<u>75,124,593.46</u>	<u>366,021,655.48</u>	<u>1,788,205.71</u>	<u>665,526.99</u>	<u>2,387,682.70</u>	<u>445,987,664.34</u>
Additions	-	14,801,351.89	23,594.85	53,774.03	171,944.24	15,050,665.01
Disposals	-	5,773,985.22	-	-	-	5,773,985.22
31st March 2020	<u>75,124,593.46</u>	<u>375,049,022.15</u>	<u>1,811,800.56</u>	<u>719,301.02</u>	<u>2,559,626.94</u>	<u>455,264,344.13</u>
<b>Accumulated Depreciation</b>						
1st April 2019	<u>8,869,727.91</u>	<u>41,320,710.40</u>	<u>741,737.98</u>	<u>279,619.71</u>	<u>715,564.93</u>	<u>51,927,360.93</u>
Add	3,389,676.85	25,277,049.58	226,618.86	85,633.90	392,600.88	29,371,580.07
Less	-	-	-	-	-	-
31st March 2020	<u>12,259,404.76</u>	<u>66,597,759.98</u>	<u>968,356.84</u>	<u>365,253.61</u>	<u>1,108,165.81</u>	<u>81,298,941.00</u>
<b>Net book value</b>						
1st April 2019	<u>66,254,865.55</u>	<u>324,700,945.08</u>	<u>1,046,467.73</u>	<u>385,907.28</u>	<u>1,672,117.77</u>	<u>394,060,303.41</u>
31st March 2020	<u>62,865,188.70</u>	<u>308,451,262.17</u>	<u>843,443.72</u>	<u>354,047.41</u>	<u>1,451,461.13</u>	<u>373,965,403.13</u>

## 9) CONSTRUCTION IN PROGRESS

<u>Items</u>	<u>01/04/2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>31/03/2020</u>
	RMB	RMB	RMB	RMB
A2 project	1,689,393.63	13,603,842.59	11,684,890.53	3,608,345.69
Machinery equipment	-	3,417,348.22	3,278,102.94	139,245.28
Software	105,488.69	37,168.15	142,656.84	-
<b>Total</b>	<b>1,794,882.32</b>	<b>17,058,358.96</b>	<b>15,105,650.31</b>	<b>3,747,590.97</b>

## 10) INTANGIBLE ASSETS

<u>Items</u>	<u>01/04/2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>31/03/2020</u>
	RMB	RMB	RMB	RMB
Land-use right	9,117,203.10	-	199,842.87	8,917,360.23
Software	1,225,402.88	174,515.25	523,147.07	876,771.06
<b>Total</b>	<b>10,342,605.98</b>	<b>174,515.25</b>	<b>722,989.94</b>	<b>9,794,131.29</b>

## 11) SHORT-TERM BORROWINGS

<u>ITEMS</u>	<u>31/03/2020</u>	<u>01/04/2019</u>
	RMB	RMB
Inward Bills	39,459,995.05	88,716,715.81
China Merchants Bank	12900000.00	8,638,838.45
SPDB	8310000.00	-
<b>Total</b>	<b>60,669,995.05</b>	<b>97,355,554.26</b>

## 12) NOTES PAYABLE

<u>ITEMS</u>	<u>31/03/2020</u>	<u>01/04/2019</u>
	RMB	RMB
Bank Acceptance Bill	7,787,079.43	10,265,794.12
<b>Total</b>	<b>7,787,079.43</b>	<b>10,265,794.12</b>

## 13) ACCOUNTS PAYABLE

<u>ITEMS</u>	<u>31/03/2020</u>		<u>01/04/2019</u>	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
Within 1 year	58,061,140.96	85.26	163,627,880.82	99.01

31/03/2020

公证天业会计师事务所(特殊普通合伙)南通分所  
01/04/2019 专用章

ITEMS	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
1-2 year	9,990,408.22	14.67	1,610,437.09	0.98
2-3 year	49,900.00	0.07	20,860.00	0.01
Total	<b>68,101,449.18</b>	<b>100.00</b>	<b>165,259,177.91</b>	<b>100.00</b>

Major items of accounts payable:

Customer names	Ending balance
STERLITE TECHNOLOGIES LIM	33,802,754.42
THE IT ELECTRONIC ELEVENT	15,000,718.88
STI CO LTD	7,009,794.66

**14) RECEIVED IN ADVANCE**

ITEMS	31/03/2020		01/04/2019	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
Within 1 year	529,127.60	100.00	12,697.48	100.00
1-2 year	-	-	-	-
Total	<b>529,127.60</b>	<b>100.00</b>	<b>12,697.48</b>	<b>100.00</b>

Major items of received in advance:

Customer names	Ending balance	Character
Sterlite Technologies Limited	528,767.67	received in advance for goods

**15) ACCRUED STAFF'S PAYROLL**

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Wages	829,731.00	855,060.80
Termination benefits	-	1,078,641.49
Total	<b>829,731.00</b>	<b>1,933,702.29</b>

**16) TAXES AND EXPENSES PAYABLE**

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Individual income tax	-9,790.78	9,249.86

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Land use tax	49,347.50	49,347.50
Property tax	150,921.66	123,901.94
Stamp tax	3,664.60	7,218.70
Total	<b>194,142.98</b>	<b>189,718.00</b>

#### 17) INTEREST PAYABLE

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Loan interest	185,294.62	461,017.58
Total	<b>185,294.62</b>	<b>461,017.58</b>

#### 18) DIVIDENDS PAYABLE

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Tongguang Communication	850,000.00	850,000.00
Total	<b>850,000.00</b>	<b>850,000.00</b>

#### 19) AMOUNT OTHER ACCRUED PAYABLE

ITEMS	31/03/2020		01/04/2019	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
Within 1 year	47,874.00	100.00	13,819.37	100.00
Total	<b>47,874.00</b>	<b>100.00</b>	<b>13,819.37</b>	<b>100.00</b>

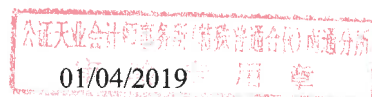
Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

#### 20) LONG-TERM LOANS

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
China Merchants Bank	8,380,000.00	17,120,000.00
ICICI Bank Ltd., Shanghai Branch	52,173,259.38	-
Total	<b>60,553,259.38</b>	<b>17,120,000.00</b>

## 21) LONG-TERM PAYABLES

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Advance income tax	2,550,000.00	2,550,000.00
<b>Total</b>	<b>2,550,000.00</b>	<b>2,550,000.00</b>



## 22) DEFERRED INCOME

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Government grants	4,227,715.00	-
<b>Total</b>	<b>4,227,715.00</b>	<b>-</b>

## 23) PAID-IN CAPITAL

Name of owners	01/04/2019		Add	Less	31/03/2020	
	In recording currency	%			In recording currency	%
	RMB		RMB	RMB	RMB	
Jiangsu Tongguang Communication Co. Ltd.	42,110,410.05	25.00	-	-	42,110,410.05	25.00
Sterlite Global Ventures (Mauritius) Ltd.	126,325,605.1 4	75.00	-	-	126,325,605. 14	75.00
<b>Total</b>	<b>168,436,015.19</b>	<b>100.00</b>	<b>=</b>	<b>=</b>	<b>168,436,015.19</b>	<b>100.00</b>

## 24) SURPLUS RESERVES

Items	01/04/2019	Add	Less	31/03/2020
	RMB	RMB	RMB	RMB
Legal surplus	27,202,610.23	-	-	27,202,610.23
<b>Total</b>	<b>27,202,610.23</b>	<b>-</b>	<b>-</b>	<b>27,202,610.23</b>

## 25) UNDISTRIBUTED PROFIT

Items	01/04/2019	Add	Less	31/03/2020
	RMB	RMB	RMB	RMB
Undistributed profit	165,762,049.84	-	33,394,227.27	132,367,822.57
<b>Total</b>	<b>165,762,049.84</b>	<b>-</b>	<b>33,394,227.27</b>	<b>132,367,822.57</b>

## 26) OPERATING INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Optical sales	272,135,388.02	442,220,321.45
Other business income	667,410.64	858,756.51
Total	<b>272,802,798.66</b>	<b>443,079,077.96</b>

## 27) OPERATION COST

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Optical cost	273,440,168.18	313,545,363.91
Total	<b>273,440,168.18</b>	<b>313,545,363.91</b>

## 28) MAIN OPERATION TAX & ADDITIONAL EXPENSES

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Property tax	603,686.65	419,545.10
Land use tax	197,390.00	197,390.00
stamp duty	52,733.90	152,963.60
Construction tax	-	1,667.93
Educational Surcharge	-	714.83
Local Education Fee	-	476.55
Surcharge	-	-
Total	<b>853,810.55</b>	<b>772,758.01</b>

## 29) SELLING EXPENSES

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Transportation costs	620,962.25	705,095.71
Export charges	300,298.71	442,278.34
Samples	80,345.41	236,593.65
Sales commission	3,199,282.14	3,647,382.81
Export freight	38,500.00	-
Other	64,436.19	-
Total	<b>4,303,824.70</b>	<b>5,031,350.51</b>

### 30) GENERAL & ADMINISTRATIVE EXPENSES

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Total	<b>15,620,184.46</b>	<b>26,019,930.25</b>
Main: Wage	3,968,093.04	8,181,916.88
Welfare	1,204,507.85	2,063,823.90
Social security costs	1,309,152.63	3,291,219.50
Local Transportation	572,700.00	1,431,175.00

### 31) R & D EXPENSE ACCOUNT

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Total	<b>12,182,274.73</b>	<b>11,033,885.62</b>
Main: Wages and surcharges	3,081,924.35	3,639,488.52
depreciation charge	1,789,276.72	1,416,094.16
electric charge	1,098,227.54	1,727,769.80

### 32) FINANCIAL EXPENSE

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Interest income	-173,702.34	-196,880.77
Exchange gain or loss	2,018,992.88	661,830.00
Service charge	350,662.06	1,181,967.16
Interest expenditure	4,888,159.10	2,105,779.79
Discount interest	360,596.52	109,048.44
Total	<b>7,444,708.22</b>	<b>3,861,744.62</b>

### 33) LOSSES FROM DEPRECIATION OF ASSETS

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Loss of inventory valuation	1,567,086.24	8,072,312.42
Total	<b>1,567,086.24</b>	<b>8,072,312.42</b>

### 34) OTHER INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Subsidy income	5,273,197.02	-
Total	<b>5,273,197.02</b>	<b>-</b>

### 35) GAIN FORM FAIR VALUE CHARGE

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Importers and sale of foreign exchange forward	492,224.84	-492,224.84
Total	<b>492,224.84</b>	<b>-492,224.84</b>

### 36) INVESTMENT INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Financial income	66,129.64	467,518.97
Total	<b>66,129.64</b>	<b>467,518.97</b>

### 37) NON-OPERATING INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Subsidy income	150,000.00	3,283,500.00
Compensation income	655,507.06	-
Other income	44,783.45	121,870.70
Total	<b>850,290.51</b>	<b>3,405,370.70</b>

### 38) NON-OPERATING EXPENDITURE

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Damages for breach of contract and quality compensation	2,730,618.22	1,637,465.22
Disabled employment security fund	107,999.99	73,761.84
Administrative penalty	125,950.06	42,996.15

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Other expenditure	35,165.81	1,526.90
Total	<b>2,999,734.08</b>	<b>1,755,750.11</b>

### 39) INCOME TAX

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Current income tax	-1,538,585.21	11,375,093.58
Deferred income tax	-4,368,733.69	-
Total	<b>-5,907,318.90</b>	<b>11,375,093.58</b>

## V. RELATED PARTIES

### 1. Related party relationship where control exists

Name	Registered address	Relationship with the Company
Sterlite Global Ventures (Mauritius) Ltd.	Mauritius	Investor
Jiangsu Tongguang Communication Co. Ltd.	China	Investor
Sterlite Technologies Limited(STL)	India	Ultimate holder
Sterlite(Shanghai)Trade Co.,Ltd.	China	Under the same control
Metallurgica Bresciana S.p.A	Italy	Under the same control
Sterlite Conduspar Industrial Limited	Brazil	Under the same control

### 2. Equity of the related parties with effective control attributable to the Company and changes goes to Note IV.23)

### 3. Relative party transaction

#### 3.1 Purchase

Enterprise name	April 2019 to March 2020	April 2018 to March 2019
Sterlite Technologies Limited(STL)	92,032,462.42	85,665,219.18

#### 3.2 Accept service

Enterprise name	April 2019 to March 2020	April 2018 to March 2019
Sterlite (Shanghai) Trading Co.,Ltd	3,356,484.98	3,647,382.81

### 3.3 Sales

Enterprise name	April 2019 to March 2020	April 2018 to March 2019
Jiangsu Tongguang Communication Co. Ltd	31,425,092.93	78,327,059.27
Sterlite (Shanghai) Trading Co.,Ltd	-	1,030,361.07
Sterlite Technologies Limited(STL)	108,485,066.05	244,210,738.07
Metallurgica Bresciana S.p.A	7,950,752.48	-
Sterlite Conduspar Industrial Limited	14,536,171.28	4,197,659.82

## VI. CONTINGENCIES

As of March 31, 2020, the company applied to the bank for the amount of the letter of credit issued abroad, which was 1,304,405.37 USD, and the sum of the letter of guarantee was 11,500,000.00 yuan.

## VII. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As at the approval date of the issue of the financial statements, the Company has no significant events occurring after the balance sheet date that need to be disclosed.

\* \* \* THE END \* \* \*



# 营业执照

统一社会信用代码

913206020850023627

(1/1)

编号 320602666201907050141



扫描二维码登录“国家企业信用信息公示系统”了解更多登记、备案、许可、监管信息。

(副本)



名称 公证天业会计师事务所（特殊普通合伙）南通分所  
类型 特殊普通合伙企业分支机构  
负责人 郁东

成立日期 2013年11月13日  
营业期限 2013年11月13日至\*\*\*\*\*  
营业场所 南通市崇川区星城路299号南通创源科技园2号楼701、706室

经营范围

审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度财务决算审计；会计咨询、税务咨询、管理咨询、法律、法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

登记机关



2019年07月05日

国家企业信用信息公示系统网址：

<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

# 授 权 书

兹授权本所下列人员签发验资、审计报告，授权期限自 2020 年 1 月 1 日至 2020 年 12 月 31 日。

被授权人员如下：

郁 东      胡 杰

公证天业会计师事务所（特殊普通合伙）

首席合伙人、主任会计师

张新斌

二〇二〇年一月一日



姓名 郁东  
Full name  
性别 男  
Sex  
出生日期 1971-04-19  
Date of birth  
工作单位 南通正华联合会计师事务所  
Working unit  
身份证号码 320105710419143  
Identity card No.



南通正华 事务所  
CPA

转出协会盖章  
Stamp of the transfer-out Institute of CPAs  
2013年08月12日

同意转入  
Agree the transfer to be transferred to

证书编号: 320600060006  
No. of Certificate

批准注册协会: 江苏省注册会计师协会  
Authorized Institute of CPAs  
1997 7 7

发证日期: 年 月 日  
Date of Issuance

2007年4月30日

南通正华 事务所  
CPA  
南通正华  
转入协会盖章  
Stamp of the transfer-in Institute of CPAs  
2013年08月12日

10

年度检验登记  
Annual Renewal Registration

本证书经检验合格  
This certificate is valid for  
this renewal.

郁东(320600060006)  
您已通过2018年年检  
江苏省注册会计师协会

年度检验登记  
Annual Renewal Registration

本证书经检验合格  
This certificate is valid for  
this renewal.

郁东(320600060006)  
您已通过2019年年检  
江苏省注册会计师协会



2014



郁东(320600060006)  
您已通过2016年年检  
江苏省注册会计师协会



郁东(320600060006)  
您已通过2017年年检  
江苏省注册会计师协会

320600060006



姓 名 张玉林  
 Full name 张玉林  
 性 别 男  
 Sex 男  
 出生日期 1972-11-25  
 Date of birth 1972-11-25  
 工作单位 南通正华联合会计师事务所  
 Working unit 南通正华联合会计师事务所  
 身份证号码 320625197211250293  
 Identity card No. 320625197211250293



年度检验登记  
 Annual Renewal Registration

本证书经检验合格，继续有效一年。  
 This certificate is valid for another year after this renewal.



张玉林(320600310002)  
 您已通过2015年年检  
 江苏省注册会计师协会



张玉林(320600310002)  
 您已通过2016年年检  
 江苏省注册会计师协会

2014年 5月 6日

证书编号: 320600310002  
 No. of Certificate

批准注册协会: 江苏省注册会计师协会  
 Authorized Institute of CPAs

发证日期: 2014年 4月 27日  
 Date of Issuance

注册会计师工作单位变更事项登记  
 Registration of the Change of Working Unit by a CPA

同意调出  
 Agree the holder to be transferred from

南通正华 事务所  
 CPAs

转出协会盖章  
 Stamp of the transfer-out Institute of CPAs  
 2013年 01月 22日

同意调入  
 Agree the holder to be transferred to

江苏正华 事务所  
 CPAs

转入协会盖章  
 Stamp of the transfer-in Institute of CPAs  
 2013年 01月 22日

年度检验登记  
 Annual Renewal Registration

本证书经检验合格，  
 This certificate is valid for  
 this renewal.



张玉林(320600310002)  
 您已通过2017年年检  
 江苏省注册会计师协会



张玉林(320600310002)  
 您已通过2018年年检  
 江苏省注册会计师协会

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05132020040007761464  
报告文号：苏公T[2020]E4003号

# Jiangsu Sterlite Tongguang Fiber Co., Ltd

Report of the Auditors and Financial Statements

For April 2019 to March 2020



**公证天业会计师事务所(特殊普通合伙)南通分所**

Nantong Branch, Gongzheng Tianye Certified Public Accountants, SGP

中国·江苏·南通

电话: 86 (513) 55018131

传真: 86 (513) 55018133

Nantong, Jiangsu, China

Tel: 86 (513) 55018131

Fax: 86 (513) 55018133

## **AUDIT REPORT**

**SUGONG T(2020) No.E4003**

**To the shareholders of Jiangsu Sterlite Tongguang Fiber Co., Ltd.**

### **I . Audit opinion**

We have audited the financial statements prepared by Jiangsu Sterlite Tongguang Fiber Co., Ltd., comprising the balance sheet as at March 31, 2020, and the income statement, owner's equity changes statement and cash flow statement from April 1, 2019 to March 31, 2020, and for the period of Jan 1, 2020 to March 31, 2020. And notes to the financial statements.

In our opinion, the financial statements of the Company present fairly, in all material respects the financial position of the Company as of March 31, 2020, and its operation results & cash flows for April 1, 2019 to March 31, 2020, in accordance with the Accounting Standards for Enterprise of the People's Republic of China.

### **II . Basis for audit opinion**

We conducted our audit in accordance with Independent Audit Standards promulgated by the Chinese Institute of Certified Public Accountants. In the paragraph "Responsibility of CPA", we shall detailed explain the corresponding responsibilities under the standards. We are independent with the engaged client, and fully abide by professional ethics during our job.

### **III. Responsibility of company's management**

The preparation and fairly disclosure of the financial statements are the responsibility of the company's management. These responsibilities include: preparing & fairly disclosing the financial statements in accordance with Accounting Standard for Business Enterprises of the People's Republic of China;

Designing, implementing & maintaining of the internal control system related with the preparation of the financial statements to avoid any frauds & misstatement.

The management is responsible for the assessing & disclosure of the going –concern issue assumption of the company, unless the liquidation of the company is determined by no other choice.

The government level is responsible for the supervising of the whole reporting process.

#### **IV.Responsibility of CPA**

Our target is to express an opinion on the financial statement based on our audit. Those standards require that we plan and perform the audit to ensure there is no misstatement materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting of framework and are detected with reasonable assurance. But the reasonable assurance is not ensure that all the material misstatements could be fully identified by our audit procedure. If the individual misstatement (maybe from fraud or errors) aggregated materially affect the financial statement or economic decision, then, the misstatement should be identified.

During our audit process, the professional judgment and suspects shall be held. The details can be found as followings:

- (1). Identify & assess the material misstatements which are resulted from fraud & error , design and conduct the corresponding audit procedures to collect complete and appropriate evidence as the opinion basis. Due to the fraud may involve with collaboration , forgery , knowingly omissions , false statement or override of internal control system, the potential risk from fraud is higher than the risk resulted from the errors;
- (2). Understanding the related internal control system and taken into account in the determination of appropriate audit process, but the purpose is not to give the opinion on the effectiveness of the internal control system;
- (3). Assessing the appropriateness of the accounting policy applied by the management and evaluating the rationality of the accounting estimates & disclosure;
- (4). Conclusion of the appropriateness for the going concern assumption provided by the management. Audit evidence shall be collected for the possible material uncertainty issues or may

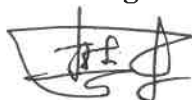
affect the going-concern conclusion of the company. If the uncertainty conclusion reached, the corresponding disclosure should be brought for the attention to the report users; otherwise, the modified opinion shall be expressed if the disclosure is not sufficient. Our audit conclusion is based on the information collected end at the reporting date, but the future items or events may affect the going concern assumption of the company.

(5). Evaluating the overall presentation of the financial statement, including the structure & contents and the judgment whether the related transactions and business activities are fairly presented.

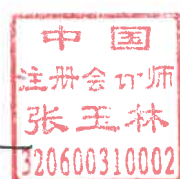
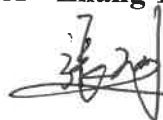
Communications with governance have been conducted, including the audit scope, time plan, audit findings and the defects & weaknesses of the internal control system identified during our audit.

**Nantong Branch, Gongzheng Tianye Certified Public Accountants, SGP**

**Certified Public Accountant of China CPA Yu Dong**



**Certified Public Accountant of China CPA Zhang Yulin**



**China · Nantong**

**21 April, 2020**

## BALANCE SHEET

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.

Mar. 31, 2020

公証天業會計師事務所  
Monetary Unit: RMB Yuan

ASSETS	REMAINING AT END OF YEAR	REMAINING AT BEG. OF YEAR	LIABILITIES AND OWNER'S EQUITY	REMAINING AT END OF YEAR	REMAINING AT BEG. OF YEAR
<b>CIRCULATING ASSETS:</b>			<b>CIRCULATING LIABILITIES</b>		
Monetary funds	14,442,177.06	63,105,535.11	Short-term loans	60,669,995.05	97,355,554.26
Trading financial debt			Trading financial debt		492,224.84
Notes receivable	594,390.00	7,280,000.00	Notes payable	7,787,079.43	10,265,794.12
Accounts receivable	19,931,983.71	33,500,707.70	Accounts payable	68,101,449.18	165,259,177.91
Accounts prepayments	33,431,342.21	7,704,169.07	Advance receivable	529,127.60	12,697.48
Interest receivable			Accrued staff's payroll	829,731.00	1,933,702.29
Dividends receivable			Taxes and expenses payable	194,142.98	189,718.00
Other receivable	97,930.00	67,930.00	Interest payable	185,294.62	461,017.58
Inventories	60,153,314.39	108,236,382.02	Dividends payable	850,000.00	850,000.00
Un-circulating assets maturing within one year			Amount other accrued payable	47,874.00	13,819.37
Other circulating assets	14,005,119.78	31,811,865.50	Un-circulating liabilities due within one year		
<b>TOTAL CIRCULATING ASSETS</b>	<b>142,656,257.15</b>	<b>251,706,589.40</b>	Other circulating liabilities		
<b>UN-CIRCULATING ASSETS:</b>			<b>TOTAL CIRCULATING LIABILITIES</b>	<b>139,194,693.86</b>	<b>276,833,705.85</b>
Financial assets of sales supply-able			<b>UN-CIRCULATING LIABILITIES:</b>		
Investment from keeping to maturity			Long-term loans	60,553,259.38	17,120,000.00
Long-term receivable			Bond payable		
Long-term investment in stock ownership			Long-term payables	2,550,000.00	2,550,000.00
Investment real estate			Related payable		
Fixed assets	373,965,403.13	394,060,303.41	Estimated liabilities		
Construction in progress	3,747,590.97	1,794,882.32	Deferred income	4,227,715.00	
Engineering material			Deferral income-tax debt		
Liquidation of the fixed assets			Other un-circulating liabilities		
Productive living things assets			<b>TOTAL UN-CIRCULATING LIABILITIES</b>	<b>67,330,974.38</b>	<b>19,670,000.00</b>
Oil and gas assets			<b>TOTAL LIABILITIES</b>	<b>206,525,668.24</b>	<b>296,503,705.85</b>
Intangible assets	9,794,131.29	10,342,605.98	<b>OWNER'S EQUITY</b>		
Development expenditure			Paid-in capital	168,436,015.19	168,436,015.19
Business reputation			Capital surplus		
Long-term prepaid expense			Less: Shares in stock		
Assets in deferred-income-tax	4,368,733.69		Surplus reserves	27,202,610.23	27,202,610.23
Other Un-circulating assets			Undistributed profit	132,367,822.57	165,762,049.84
<b>TOTAL UN-CIRCULATING ASSETS</b>	<b>391,875,859.08</b>	<b>406,197,791.71</b>	<b>TOTAL OWNER'S EQUITY</b>	<b>328,006,447.99</b>	<b>361,400,675.26</b>
<b>SUM TOTAL ASSETS</b>	<b>534,532,116.23</b>	<b>657,904,381.11</b>	<b>SUM TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>534,532,116.23</b>	<b>657,904,381.11</b>

## Income Statements

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd. April 2019 to March 2020


 Monetary Unit: RMB Yuan

ITEM	AMOUNT OF CURRENT YEAR	AMOUNT OF LAST YEAR
<b>I . TOTAL OPERATING INCOME</b>	<b>272,802,798.66</b>	<b>443,079,077.96</b>
Including: Operating income	272,802,798.66	443,079,077.96
Including: Income from main operation	272,135,388.02	442,220,321.45
Income from other operation	667,410.64	858,756.51
Interest income		
Earned from insurance charge		
Payment for service charge and commission fee		
<b>II . TOTAL OPERATION COST</b>	<b>315,412,057.08</b>	<b>368,337,345.34</b>
Including: Operation cost	273,440,168.18	313,545,363.91
Including: Cost of main operation	273,440,168.18	313,545,363.91
Other business payment		
Main operation tax & additional expenses	853,810.55	772,758.01
Sales expense	4,303,824.70	5,031,350.51
General & administrative expense	15,620,184.46	26,019,930.25
R & D expense account	12,182,274.73	11,033,885.62
Financial expense	7,444,708.22	3,861,744.62
Losses from depreciation of assets	1,567,086.24	8,072,312.42
Add: Other income	5,273,197.02	
Investment income ( deficit, using "-")	66,129.64	467,518.97
Gain form fair value charge ( deficit, using "-")	492,224.84	-492,224.84
Income from disposal of assets( deficit, using "-")	-374,395.68	
Remittance gain and loss ( deficit, using "-")		
<b>III. OPERATING PROFITS ( deficit, using "-")</b>	<b>-37,152,102.60</b>	<b>74,717,026.75</b>
Add: Non-operating income	850,290.51	3,405,370.70
Less: Non-operating expenditure	2,999,734.08	1,755,750.11
Including: Disposal loss from un-circulating assets		
<b>IV. SUM OF PROFIT ( deficit, using "-")</b>	<b>-39,301,546.17</b>	<b>76,366,647.34</b>
Less: Expenses for income tax	-5,907,318.90	11,375,093.58
<b>V . NET PROFIT ( deficit, using "-")</b>	<b>-33,394,227.27</b>	<b>64,991,553.76</b>

## Income Statements

Prepared by: Jiangsu Sterlite Tongguang Fiber Co.,  
Ltd. April 2019 to March 2020

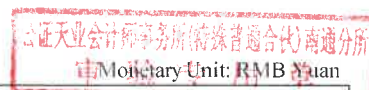
Monetary Unit:  
RMB, Yuan  
公证天华会计师事务所(普通合伙)南通分所  
审 计 专 用 章

ITEM	April 2019 to December 2019	January 2020 to March 2020	April 2018 to March 2019
<b>I . TOTAL OPERATING INCOME</b>	<b>243,359,085.47</b>	<b>29,443,713.19</b>	<b>443,079,077.96</b>
Including: Operating income	243,359,085.47	29,443,713.19	443,079,077.96
Including: Income from main operation	242,868,812.63	29,266,575.39	442,220,321.45
Income from other operation	490,272.84	177,137.80	858,756.51
Interest income			
Earned from insurance charge		-	
Payment for service charge and commission fee		-	
<b>II . TOTAL OPERATION COST</b>	<b>257,256,882.42</b>	<b>58,155,174.66</b>	<b>368,337,345.34</b>
Including: Operation cost	230,585,502.34	42,854,665.84	313,545,363.91
Including: Cost of main operation	230,585,502.34	42,854,665.84	313,545,363.91
Other business payment			
Main operation tax & additional expenses	643,299.97	210,510.58	772,758.01
Sales expense	4,008,130.65	295,694.05	5,031,350.51
General & administrative expense	12,065,536.28	3,554,648.18	26,019,930.25
R & D expense account	9,888,583.32	2,293,691.41	11,033,885.62
Financial expense	4,785,653.36	2,659,054.86	3,861,744.62
Losses from depreciation of assets	-4,719,823.50	6,286,909.74	8,072,312.42
Add: Other income	1,634,191.05	3,639,005.97	
Investment income ( deficit, using "-")	66,129.64	-	467,518.97
Gain form fair value charge ( deficit, using "-")	492,224.84	-	-492,224.84
Income from disposal of assets( deficit, using "-")		- 374,395.68	
Remittance gain and loss ( deficit, using "-")		-	
<b>III. OPERATING PROFITS ( deficit, using "-")</b>	<b>-11,705,251.42</b>	<b>-25,446,851.18</b>	<b>74,717,026.75</b>
Add: Non-operating income	845,269.27	5,021.24	3,405,370.70
Less: Non-operating expenditure	3,256,582.85	- 256,848.77	1,755,750.11
Including: Disposal loss from un-circulating assets		-	
<b>IV. SUM OF PROFIT ( deficit, using "-")</b>	<b>-14,116,565.00</b>	<b>-25,184,981.17</b>	<b>76,366,647.34</b>
Less: Expenses for income tax	-5,968,905.37	61,586.47	11,375,093.58
<b>V. NET PROFIT ( deficit, using "-")</b>	<b>-8,147,659.63</b>	<b>-25,246,567.64</b>	<b>64,991,553.76</b>

## Cash Flow Sheet

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.

April 2019 to March 2020



ITEM	SUM
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from sale of goods or rendering of services	306,306,925.49
Refunds of taxes	34,274,136.02
Other cash received relating to the operating activities	10,538,098.05
<b>Sub-Total Cash Inflows of Operating Activities</b>	<b>351,119,159.56</b>
Cash paid for goods and services	297,172,656.05
Cash paid to and on behalf of employees	30,752,932.15
Paid all types of taxes	1,621,863.33
Other cash paid to relating to operating activities	18,185,090.68
<b>Sub-Total Cash Outflows of Operating Activities</b>	<b>347,732,542.21</b>
<b>Net Cash Flows from Operating Activities</b>	<b>3,386,617.35</b>
<b>II. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	
Cash received from return of investments	36,000,000.00
Cash received from earning of investments	66,129.64
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,399,589.54
Net cash received from disposal of sub-company and other operating body	
Other cash received relating to investment activities	
<b>Sub-Total of Cash Inflows of Investing Activities</b>	<b>41,465,719.18</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	56,555,951.35
Cash paid to investments	31,000,000.00
Net cash received from sub-company and other operating body	
Other cash paid relating to investing activities	
<b>Sub-Total of Cash Outflows of Investing Activities</b>	<b>87,555,951.35</b>
<b>Net cash flows from investing activities</b>	<b>-46,090,232.17</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash received from the absorption of investments	
Cash received from borrowing	278,727,373.02
Other cash received relating to financing activities	
<b>Sub-Total Cash Inflows of Financing Activities</b>	<b>278,727,373.02</b>
Cash repayments Of amounts borrowed	273,499,460.91
Cash paid for distribution of dividends, profits or interests	11,094,462.56
Other cash paid relating to the financing activities	
<b>Sub-Total Cash Outflows of Financing Activities</b>	<b>284,593,923.47</b>
<b>Net cash flows from financing activities</b>	<b>-5,866,550.45</b>
<b>IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>-93,192.78</b>
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-48,663,358.05</b>
Add: Cash & remaining of cash equivalents at beginning of the period	63,105,535.11
<b>VI. CASH &amp; CASH EQUIVALENTS REMAINING AT END OF THE PERIOD</b>	<b>14,442,177.06</b>

## Owner's Equity Changes Statement

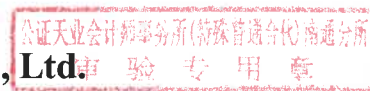
Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.

April 2019 to March 2020

ITEM	Paid-in capital	Capital surplus	Less: Shares in stock	Surplus reserves	Unappropriated profit	Monetary Unit: RMB Yuan
<b>I. REMAINING AT END OF LAST YEAR</b>	<b>168,436,015.19</b>			<b>27,202,610.23</b>	<b>165,762,049.84</b>	<b>361,400,675.26</b>
Add: Changes in accounting policy						
Correct to last period						
<b>II. REMAINING AT BEGINNING OF CURRENT YEAR</b>	<b>168,436,015.19</b>			<b>27,202,610.23</b>	<b>165,762,049.84</b>	<b>361,400,675.26</b>
<b>III. AMOUNT CHANGES OF CURRENT YEAR (decrement, using "-")</b>					<b>-33,394,227.27</b>	<b>-33,394,227.27</b>
(I). NET INCOME					<b>-33,394,227.27</b>	<b>-33,394,227.27</b>
(II). GAIN AND LOSS OF DIRECTLY INTO OWNERS' EQUITY						
Fair value changes net amount from the financial assets of sales supply-able						
Amount influence from other owner's equity of the investee under equity method						
Amount of income-tax influence charged into owner's equity						
Others						
(III). INCREASE OR DECREASE CAPITAL BY OWNERS						
Owner's capital						
Amount of shares payment into owner's equity						
Others						
(IV). PROFIT DISTRIBUTION						
Withdrew surplus						
Profit distributed to owners ( or stock holder )						
Other						
(V). INTERNAL TRANSFERING OF OWNERS' EQUITY						
Capital surplus splitting capital ( or capital stock )						
Surplus splitting capital ( or capital stock )						
Deficit coverage by surplus						
Other						
<b>IV. REMAINING AT END OF THE CURRENT YEAR</b>	<b>168,436,015.19</b>		<b>-</b>	<b>27,202,610.23</b>	<b>132,367,822.57</b>	<b>328,006,447.99</b>



**Jiangsu Sterlite Tongguang Fiber Co., Ltd.**



**Notes to the Financial Statements**

**For April 2019 to March 2020**

**(All Amounts are in RMB unless otherwise stated)**

**I . GENERAL INFORMATION**

Jiangsu Sterlite Tongguang Fiber Co., Ltd. (the “Company” hereafter) is a Joint Venture Company set up by M/s Sterlite Global Ventures (Mauritius) Ltd., a wholly owned subsidiary of M/s Sterlite Technologies Ltd, India and M/s Jiangsu Tongguang Communication Co. Ltd., China according to the approval letter [2011] No 8384 issued by the People’s Government of Jiangsu Province. The Company was registered with Nantong Haimen Administration Bureau of Industry and Commerce on January 19th, 2011 with the business license numbered 320684400011561. On March 15, 2016 it got the business license of a unified social code 91320684567766496K changed and issued by Haimen Administrative Approval Bureau .The Company’s Legal Representative is Mr.Ankit Agarwal. The Company’s approved business scope includes optical fiber technology consulting, development, design, manufacturing of optical fibers and optical fiber related products and sale of self-manufactured products.Optical fiber, optical fiber preform, and fiber optic cable products, wholesale, import and export and commission agency (excluding auction) of optical fiber, optical fiber preform, optical fiber cable and related products. The registered capital of the Company is USD 16.50 Million ( i.e. RMB 103.84 million ) same as the actual capital. M/s Sterlite Global Ventures (Mauritius) Ltd. has contributed USD 12.375 Million, accounting for 75% of the capital infused till now and M/s Jiangsu Tongguang Communication Co. Ltd has contributed USD 4.125 Million, accounting for 25% of the capital infused till now. On 20<sup>th</sup> March 2014, Company changed the registered capital as RMB 103,836,015.19 equaled with USD 16.50 Million.

According to the resolution of the board of directors of the company on March 28, 2018, the registered capital of the company is increased by undistributed profits of RMB 64.60 million, of which RMB 48.45 million is invested by Sterlite Global Ventures(Mauritius)Ltd., and RMB 16.15 million is invested by Jiangsu Tongguang Communication Co. Ltd. The

registered capital and paid-in capital after that are RMB 168,436,015.19.



## **II. BASIS OF PREPARATION**

The Financial Statement is prepared on the basis of the Going Concern Principle.

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### Accounting System and Accounting Standards Adopted

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and Accounting System for Business Enterprises of the People's Republic of China and other supplementary regulations.

### Accounting Year

The Company has adopted the calendar year as its accounting year, i.e. from April 1 to March 31, it is special purpose financial statement prepared for period Apr. to Mar.

### Recording Currency

The recording currency of the Company is the Renminbi (RMB).

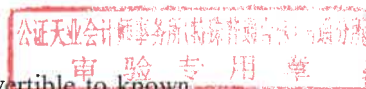
### Basis of Accounting and Principle of Measurement

The Company has adopted the accrual basis of accounting and uses the historical cost convention as the principle of measurement.

### Foreign Currency Translation

Transactions denominated in foreign currencies (currencies other than the recording currency) are converted into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the first day of the trading month. Monetary assets and liabilities denominated in foreign currencies are converted in to Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gains or losses are dealt with as finance costs, except for those attributable to foreign currency borrowings that have been used specifically for the construction of fixed assets before the assets are ready for their intended use, which are capitalized as part of the fixed asset costs.

## Cash Equivalents



Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Accounts receivable and bad debt reserves

The provision method of bad debts:

The company's bad debt losses is using allowance method of accounting. When bad debt losses are occurred, the corresponding provision for bad debts is written off with approval of Board and relevant management authorities.

The provision for bad debts method and ratio:

The provision for bad debts is made based on a combination of specific identification of assessments of probability and extent of loss referring to special accounts receivable, and the company should make provision of bad debts respectively. Specific accrual ratios are as follows:

<u>Term overdue</u>	<u>Proportion of bad debt preparation for accounts receivable (%)</u>	<u>Proportion of bad debt preparation for other receivable (%)</u>
Within 1 year	-	-
1-2years	10	10
2-3years	20	20
3-5years	50	50
More than 5 years	100	100

## Inventories

(1) Inventory category: inventories include raw materials, inventory of goods, work in progress, finished goods and so on. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

(2) The valuation method of acquisition and use: inventories are recorded by using the standard costing method when acquiring inventories. The cost of products includes standard costing and the differences between the standard costing and actual cost.

(3) The inventory system: the company is using the perpetual inventory system.

(4) Provisions for deduction of the inventories value and methods: the inventory is valued at the lower of its cost or its net realizable value. The inventory cost is higher than its net realizable value and provision for decline in value of inventory is credited to current profit and loss.

(5) Work-in-progress and finished goods are valued at lower of cost and net realizable value. cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

(6) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## Fixed Assets and Depreciation

### (1) Criteria of fixed assets

Fixed assets are the tangible assets in higher unit value. They are defined as the production of goods, the provision of services and the lease or management used for more than one year.

### (2) Measurement of fixed assets

Fixed assets are recorded at cost on acquisition. The acquisition cost includes purchase price, import taxes, transportation costs, insurance costs and other related costs that are necessary for the fixed assets being ready for their intended use.

### (3) Depreciation of fixed assets

Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are put into use, using the straight-line method. The estimated residual value, useful life and annual depreciation rate of each category of fixed assets are as follows:

<u>Category of fixed assets</u>	<u>Residual value</u>	<u>Useful life</u>	<u>Annual depreciation rate</u>
Electronic Equipment	10%	5 years	18%
Houses and buildings	10%	20years	4.5%
Machinery	10%	10-15years	9%-6%
Office furniture	10%	5 years	18%
tool of production	10%	5 years	18%

### (4) Measurement of subsequent expenditures on fixed assets

Subsequent expenditures on fixed assets for major reconstruction, expansion, improvement and renovation are capitalized as a part of fixed assets cost when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company, such as extension of the useful lives of the fixed assets, substantial improvement of product quality, or substantial reduction in product cost. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. The increased cost of the fixed assets is limited to their recoverable amount.

Subsequent expenditures on fixed assets except for the aforementioned are expensed as incurred. Capitalized expenditures arising from the renovation of fixed assets are depreciated on a reasonable basis over the shorter period of interval between the current renovation to the next and the expected remaining useful life of the renovated fixed assets.

#### (5) Measurement of fixed assets at the balance sheet date and impairment provision

Fixed assets are measured at the lower of carrying amount and recoverable amount at the balance sheet date. When the recoverable amount of fixed assets is lower than the carrying amount, due to factors such as continuous decline in market price, technological obsolescence, damages or long-time idleness, impairment provision for fixed assets is determined on an item-by-item basis at the excessive part of the carrying amount over the recoverable amount. For fixed assets that meet the conditions for full impairment provision, the impairment provision is determined at the full carrying amount of fixed assets on an item-by-item basis.

### Construction in progress

(1) Construction in progress is measured at actual cost. The actual cost is determined specifically as follows:

A. Contracted projects under construction are recorded at the sum of construction price, installation cost, and capitalized interest expense, amortization of premium or discount, and foreign currency exchange differences that are relating to specific borrowings for financing the construction.

B. Self-built projects under construction are recorded at the sum of construction materials used, raw materials used and related non-deductible input value-added taxes, goods in stock used and related taxes and levies, cost of various services provided by the Company's auxiliary production departments, and capitalized interest expense, amortization of premium or discount, and foreign currency exchange differences that are relating to specific borrowings for financing the construction.

(2) Construction in progress is measured at the lower of the carrying amount and the recoverable amount. Impairment provision is made for construction in progress if there exists evidence that the value of construction in progress has declined.

### Borrowing costs

(1) Recognition of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized. The other costs are charged to the Profit & Loss Account. Borrowing costs include interests, ancillary costs, and foreign currency exchange differences incurred in connection with borrowing. Except borrowing costs relating to specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets as certain conditions are met, other borrowing costs are expensed as incurred.

#### (2) Capitalization period of borrowing costs

A. The capitalization of borrowing costs commences as the following three conditions are met: (a) the capital expenditures are incurred; (b) the borrowing costs are incurred; (c) the acquisition or construction activities have commenced to enable the assets to be ready for their intended use.

B. The capitalization of borrowing costs should be suspended during the periods when the acquisition or construction activities are abnormally interrupted and the interruption period is more than three consecutive months; the borrowing costs are incurred during the period until the acquisition or construction activities are resumed.

C. The capitalization of borrowing costs ceases when the assets being acquired or constructed are ready for their intended use. Borrowing costs incurred thereafter should be recognized as expense in the period in which they are incurred.

#### (3) Capitalization amount of borrowing costs

The capitalized borrowing costs for each accounting period are determined by using the weighted average amount of accumulated expenditures incurred in that period for the acquisition or construction of fixed assets and the capitalization rate of the borrowings. The procedures are in accordance with the Accounting Standards for Business Enterprises—Borrowing Costs.

### Government grants

#### (1) Types of government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the company at no consideration except for the capital contribution from the government as an investor in the company. Government grants are divided into asset related government grants and income related Government grants according to the nature of the subsidy objects specified in the relevant government documents.

If the government document does not clearly specify the subsidy object, the company classifies the government subsidy as asset related or income related based on whether it is used for acquisition and construction or forms long-term assets in other ways.

## (2) Recognition of Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and that the company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

## (3) Accounting treatment of Government grants

A government grant related to an asset is recognized initially as deferred income and amortized to profit or loss in the same period according to a reasonable, systematic approach by instalments over the useful life of the asset. A government grant related to income that compensates the Company for expenses or losses to be incurred in the subsequent periods is recognized initially as deferred income and recognized in profit or loss in the same period in which the cost expenses or losses are recognized. A government grant that compensates the Company for cost expenses or losses incurred is recognized in profit or loss immediately.

A government related to the company's daily activities is recognized in other income according to the essence of economic business. A government irrelevant to the company's daily activities is recognized in non operating income and expenditure.

## Enterprise and local income taxes

The Company uses the taxes payable method to account for the enterprise and local income taxes.

On October 24, 2018, the company obtained the certificate of high tech enterprise, enjoying the preferential policy of enterprise income tax rate of 15%.



**IV. THE ACCOMPANYING NOTES ARE PART OF THE FINANCIAL STATEMENTS**

**1) MONETARY FUNDS**

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Cash at Hand	-	899.00
Cash on Bank	11,001,138.04	53,979,432.66
Others	3,441,039.02	9,125,203.45
<b>Total</b>	<b>14,442,177.06</b>	<b>63,105,535.11</b>

**2) NOTES RECEIVABLE**

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Relevant party notes receivable	-	-	-	7,280,000.00	100.00	-
Notes of non related parties	594,390.00	100.00	-	-	-	-
<b>Total</b>	<b>594,390.00</b>	<b>100.00</b>	<b>-</b>	<b>7,280,000.00</b>	<b>100.00</b>	<b>-</b>

**3) ACCOUNTS RECEIVABLE**

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Within 1 year	19,931,983.71	100.00	-	33,500,707.70	100.00	-
<b>Total</b>	<b>19,931,983.71</b>	<b>100.00</b>	<b>-</b>	<b>33,500,707.70</b>	<b>100.00</b>	<b>-</b>

Major items of accounts receivable:

Customer names	Ending balance	Character
STERLITE Technologies LIMITE	6,912,892.82	Payment for goods
Tongguang Communication	2,921,160.62	Payment for goods
Sterlite Condu spar Industrial	2,783,080.77	Payment for goods
ACOME	2,125,216.54	Payment for goods

#### 4) ACCOUNTS PREPAYMENTS

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Within 1 year	32,625,701.68	97.59	-	7,704,169.07	100.00	-
1-2years	805,640.53	2.41	-	-	-	-
<b>Total</b>	<b>33,431,342.21</b>	<b>100.00</b>	<b>-</b>	<b>7,704,169.07</b>	<b>100.00</b>	<b>-</b>

Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

#### 5) OTHER RECEIVABLES

ITEMS	31/03/2020			01/04/2019		
	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>	<u>Amount</u>	<u>Proportion</u>	<u>Bad Debt Provision</u>
	RMB	%	RMB	RMB	%	RMB
Within 1 year	97,930.00	100.00	-	67,930.00	100.00	-
1-2years	-	-	-	-	-	-
<b>Total</b>	<b>97,930.00</b>	<b>100.00</b>	<b>-</b>	<b>67,930.00</b>	<b>100.00</b>	<b>-</b>

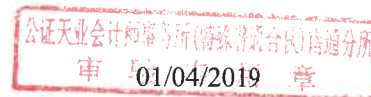
Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

#### 6) INVENTORIES

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Raw materials	27,169,553.46	39,653,267.05
Material in transi	5,050,371.42	56,467.47
waste	307,831.35	311,896.50
Goods in Process	5,748,284.11	4,216,142.76
Finished Goods	11,295,047.56	50,151,257.15
Packing	33,671.88	65,047.97
Stores and Spares	18,346,942.07	15,276,942.74
Goods in transit	1,841,011.20	6,577,672.80
Provision for Inventory	-9,639,398.66	-8,072,312.42
<b>Total</b>	<b>60,153,314.39</b>	<b>108,236,382.02</b>

## 7) OTHER CIRCULATING ASSETS

ITEMS	31/03/2020	
	RMB	RMB
VAT is retained as input tax	13,196,746.71	25,761,239.70
Financial product	-	5,000,000.00
Prepaid expenses	186,441.13	1,050,625.80
Advance payment of income tax	621,931.94	-
Total	<b>14,005,119.78</b>	<b>31,811,865.50</b>



## 8) FIXED ASSETS

ITEMS	Houses and buildings	Machinery	Electronic Equipment	Office furniture	tool of production	Total
	RMB	RMB	RMB	RMB	RMB	RMB
<b>Cost</b>						
1st April 2019	<u>75,124,593.46</u>	<u>366,021,655.48</u>	<u>1,788,205.71</u>	<u>665,526.99</u>	<u>2,387,682.70</u>	<u>445,987,664.34</u>
Additions	-	14,801,351.89	23,594.85	53,774.03	171,944.24	15,050,665.01
Disposals	-	5,773,985.22	-	-	-	5,773,985.22
31st March 2020	<u>75,124,593.46</u>	<u>375,049,022.15</u>	<u>1,811,800.56</u>	<u>719,301.02</u>	<u>2,559,626.94</u>	<u>455,264,344.13</u>
<b>Accumulated Depreciation</b>						
1st April 2019	<u>8,869,727.91</u>	<u>41,320,710.40</u>	<u>741,737.98</u>	<u>279,619.71</u>	<u>715,564.93</u>	<u>51,927,360.93</u>
Add	3,389,676.85	25,277,049.58	226,618.86	85,633.90	392,600.88	29,371,580.07
Less	-	-	-	-	-	-
31st March 2020	<u>12,259,404.76</u>	<u>66,597,759.98</u>	<u>968,356.84</u>	<u>365,253.61</u>	<u>1,108,165.81</u>	<u>81,298,941.00</u>
<b>Net book value</b>						
1st April 2019	<u>66,254,865.55</u>	<u>324,700,945.08</u>	<u>1,046,467.73</u>	<u>385,907.28</u>	<u>1,672,117.77</u>	<u>394,060,303.41</u>
31st March 2020	<u>62,865,188.70</u>	<u>308,451,262.17</u>	<u>843,443.72</u>	<u>354,047.41</u>	<u>1,451,461.13</u>	<u>373,965,403.13</u>

## 9) CONSTRUCTION IN PROGRESS

<u>Items</u>	<u>01/04/2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>31/03/2020</u>
	RMB	RMB	RMB	RMB
A2 project	1,689,393.63	13,603,842.59	11,684,890.53	3,608,345.69
Machinery equipment	-	3,417,348.22	3,278,102.94	139,245.28
Software	105,488.69	37,168.15	142,656.84	-
<b>Total</b>	<b>1,794,882.32</b>	<b>17,058,358.96</b>	<b>15,105,650.31</b>	<b>3,747,590.97</b>

## 10) INTANGIBLE ASSETS

<u>Items</u>	<u>01/04/2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>31/03/2020</u>
	RMB	RMB	RMB	RMB
Land-use right	9,117,203.10	-	199,842.87	8,917,360.23
Software	1,225,402.88	174,515.25	523,147.07	876,771.06
<b>Total</b>	<b>10,342,605.98</b>	<b>174,515.25</b>	<b>722,989.94</b>	<b>9,794,131.29</b>

## 11) SHORT-TERM BORROWINGS

<u>ITEMS</u>	<u>31/03/2020</u>	<u>01/04/2019</u>
	RMB	RMB
Inward Bills	39,459,995.05	88,716,715.81
China Merchants Bank	12900000.00	8,638,838.45
SPDB	8310000.00	-
<b>Total</b>	<b>60,669,995.05</b>	<b>97,355,554.26</b>

## 12) NOTES PAYABLE

<u>ITEMS</u>	<u>31/03/2020</u>	<u>01/04/2019</u>
	RMB	RMB
Bank Acceptance Bill	7,787,079.43	10,265,794.12
<b>Total</b>	<b>7,787,079.43</b>	<b>10,265,794.12</b>

## 13) ACCOUNTS PAYABLE

<u>ITEMS</u>	<u>31/03/2020</u>		<u>01/04/2019</u>	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
Within 1 year	58,061,140.96	85.26	163,627,880.82	99.01

31/03/2020

公证天业会计师事务所(特殊普通合伙)南通分所  
01/04/2019 专用章

ITEMS	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
1-2 year	9,990,408.22	14.67	1,610,437.09	0.98
2-3 year	49,900.00	0.07	20,860.00	0.01
Total	<b>68,101,449.18</b>	<b>100.00</b>	<b>165,259,177.91</b>	<b>100.00</b>

Major items of accounts payable:

Customer names	Ending balance
STERLITE TECHNOLOGIES LIM	33,802,754.42
THE IT ELECTRONIC ELEVENT	15,000,718.88
STI CO LTD	7,009,794.66

**14) RECEIVED IN ADVANCE**

ITEMS	31/03/2020		01/04/2019	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
Within 1 year	529,127.60	100.00	12,697.48	100.00
1-2 year	-	-	-	-
Total	<b>529,127.60</b>	<b>100.00</b>	<b>12,697.48</b>	<b>100.00</b>

Major items of received in advance:

Customer names	Ending balance	Character
Sterlite Technologies Limited	528,767.67	received in advance for goods

**15) ACCRUED STAFF'S PAYROLL**

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Wages	829,731.00	855,060.80
Termination benefits	-	1,078,641.49
Total	<b>829,731.00</b>	<b>1,933,702.29</b>

**16) TAXES AND EXPENSES PAYABLE**

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Individual income tax	-9,790.78	9,249.86

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Land use tax	49,347.50	49,347.50
Property tax	150,921.66	123,901.94
Stamp tax	3,664.60	7,218.70
Total	<b>194,142.98</b>	<b>189,718.00</b>

#### 17) INTEREST PAYABLE

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Loan interest	185,294.62	461,017.58
Total	<b>185,294.62</b>	<b>461,017.58</b>

#### 18) DIVIDENDS PAYABLE

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Tongguang Communication	850,000.00	850,000.00
Total	<b>850,000.00</b>	<b>850,000.00</b>

#### 19) AMOUNT OTHER ACCRUED PAYABLE

ITEMS	31/03/2020		01/04/2019	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
	RMB	%	RMB	%
Within 1 year	47,874.00	100.00	13,819.37	100.00
Total	<b>47,874.00</b>	<b>100.00</b>	<b>13,819.37</b>	<b>100.00</b>

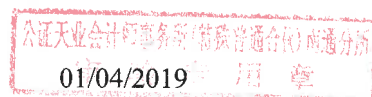
Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

#### 20) LONG-TERM LOANS

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
China Merchants Bank	8,380,000.00	17,120,000.00
ICICI Bank Ltd., Shanghai Branch	52,173,259.38	-
Total	<b>60,553,259.38</b>	<b>17,120,000.00</b>

## 21) LONG-TERM PAYABLES

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Advance income tax	2,550,000.00	2,550,000.00
<b>Total</b>	<b>2,550,000.00</b>	<b>2,550,000.00</b>



## 22) DEFERRED INCOME

ITEMS	31/03/2020	01/04/2019
	RMB	RMB
Government grants	4,227,715.00	-
<b>Total</b>	<b>4,227,715.00</b>	<b>-</b>

## 23) PAID-IN CAPITAL

Name of owners	01/04/2019		Add	Less	31/03/2020	
	In recording currency RMB	%	RMB	RMB	In recording currency RMB	%
Jiangsu Tongguang Communication Co. Ltd.	42,110,410.05	25.00	-	-	42,110,410.05	25.00
Sterlite Global Ventures (Mauritius) Ltd.	126,325,605.1 4	75.00	-	-	126,325,605. 14	75.00
<b>Total</b>	<b>168,436,015.19</b>	<b>100.00</b>	<b>=</b>	<b>=</b>	<b>168,436,015.19</b>	<b>100.00</b>

## 24) SURPLUS RESERVES

Items	01/04/2019	Add	Less	31/03/2020
	RMB	RMB	RMB	RMB
Legal surplus	27,202,610.23	-	-	27,202,610.23
<b>Total</b>	<b>27,202,610.23</b>	<b>-</b>	<b>-</b>	<b>27,202,610.23</b>

## 25) UNDISTRIBUTED PROFIT

Items	01/04/2019	Add	Less	31/03/2020
	RMB	RMB	RMB	RMB
Undistributed profit	165,762,049.84	-	33,394,227.27	132,367,822.57
<b>Total</b>	<b>165,762,049.84</b>	<b>-</b>	<b>33,394,227.27</b>	<b>132,367,822.57</b>

## 26) OPERATING INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Optical sales	272,135,388.02	442,220,321.45
Other business income	667,410.64	858,756.51
Total	<b>272,802,798.66</b>	<b>443,079,077.96</b>

## 27) OPERATION COST

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Optical cost	273,440,168.18	313,545,363.91
Total	<b>273,440,168.18</b>	<b>313,545,363.91</b>

## 28) MAIN OPERATION TAX & ADDITIONAL EXPENSES

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Property tax	603,686.65	419,545.10
Land use tax	197,390.00	197,390.00
stamp duty	52,733.90	152,963.60
Construction tax	-	1,667.93
Educational Surcharge	-	714.83
Local Education Fee	-	476.55
Surcharge	-	-
Total	<b>853,810.55</b>	<b>772,758.01</b>

## 29) SELLING EXPENSES

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Transportation costs	620,962.25	705,095.71
Export charges	300,298.71	442,278.34
Samples	80,345.41	236,593.65
Sales commission	3,199,282.14	3,647,382.81
Export freight	38,500.00	-
Other	64,436.19	-
Total	<b>4,303,824.70</b>	<b>5,031,350.51</b>

### 30) GENERAL & ADMINISTRATIVE EXPENSES

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Total	<b>15,620,184.46</b>	<b>26,019,930.25</b>
Main: Wage	3,968,093.04	8,181,916.88
Welfare	1,204,507.85	2,063,823.90
Social security costs	1,309,152.63	3,291,219.50
Local Transportation	572,700.00	1,431,175.00

### 31) R & D EXPENSE ACCOUNT

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Total	<b>12,182,274.73</b>	<b>11,033,885.62</b>
Main: Wages and surcharges	3,081,924.35	3,639,488.52
depreciation charge	1,789,276.72	1,416,094.16
electric charge	1,098,227.54	1,727,769.80

### 32) FINANCIAL EXPENSE

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Interest income	-173,702.34	-196,880.77
Exchange gain or loss	2,018,992.88	661,830.00
Service charge	350,662.06	1,181,967.16
Interest expenditure	4,888,159.10	2,105,779.79
Discount interest	360,596.52	109,048.44
Total	<b>7,444,708.22</b>	<b>3,861,744.62</b>

### 33) LOSSES FROM DEPRECIATION OF ASSETS

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Loss of inventory valuation	1,567,086.24	8,072,312.42
Total	<b>1,567,086.24</b>	<b>8,072,312.42</b>

### 34) OTHER INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Subsidy income	5,273,197.02	-
Total	5,273,197.02	-

### 35) GAIN FORM FAIR VALUE CHARGE

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Importers and sale of foreign exchange forward	492,224.84	-492,224.84
Total	492,224.84	-492,224.84

### 36) INVESTMENT INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Financial income	66,129.64	467,518.97
Total	66,129.64	467,518.97

### 37) NON-OPERATING INCOME

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Subsidy income	150,000.00	3,283,500.00
Compensation income	655,507.06	-
Other income	44,783.45	121,870.70
Total	850,290.51	3,405,370.70

### 38) NON-OPERATING EXPENDITURE

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Damages for breach of contract and quality compensation	2,730,618.22	1,637,465.22
Disabled employment security fund	107,999.99	73,761.84
Administrative penalty	125,950.06	42,996.15

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Other expenditure	35,165.81	1,526.90
Total	<b>2,999,734.08</b>	<b>1,755,750.11</b>

### 39) INCOME TAX

<u>Items</u>	April 2019 to March 2020	April 2018 to March 2019
	RMB	RMB
Current income tax	-1,538,585.21	11,375,093.58
Deferred income tax	-4,368,733.69	-
Total	<b>-5,907,318.90</b>	<b>11,375,093.58</b>

## V. RELATED PARTIES

### 1. Related party relationship where control exists

Name	Registered address	Relationship with the Company
Sterlite Global Ventures (Mauritius) Ltd.	Mauritius	Investor
Jiangsu Tongguang Communication Co. Ltd.	China	Investor
Sterlite Technologies Limited(STL)	India	Ultimate holder
Sterlite(Shanghai)Trade Co.,Ltd.	China	Under the same control
Metallurgica Bresciana S.p.A	Italy	Under the same control
Sterlite Conduspar Industrial Limited	Brazil	Under the same control

### 2. Equity of the related parties with effective control attributable to the Company and changes goes to Note IV.23)

### 3. Relative party transaction

#### 3.1 Purchase

Enterprise name	April 2019 to March 2020	April 2018 to March 2019
Sterlite Technologies Limited(STL)	92,032,462.42	85,665,219.18

#### 3.2 Accept service

Enterprise name	April 2019 to March 2020	April 2018 to March 2019
Sterlite (Shanghai) Trading Co.,Ltd	3,356,484.98	3,647,382.81

### 3.3 Sales

Enterprise name	April 2019 to March 2020	April 2018 to March 2019
Jiangsu Tongguang Communication Co. Ltd	31,425,092.93	78,327,059.27
Sterlite (Shanghai) Trading Co.,Ltd	-	1,030,361.07
Sterlite Technologies Limited(STL)	108,485,066.05	244,210,738.07
Metallurgica Bresciana S.p.A	7,950,752.48	-
Sterlite Conduspar Industrial Limited	14,536,171.28	4,197,659.82

## VI. CONTINGENCIES

As of March 31, 2020, the company applied to the bank for the amount of the letter of credit issued abroad, which was 1,304,405.37 USD, and the sum of the letter of guarantee was 11,500,000.00 yuan.

## VII. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As at the approval date of the issue of the financial statements, the Company has no significant events occurring after the balance sheet date that need to be disclosed.

\* \* \* THE END \* \* \*



# 营业执照

统一社会信用代码

913206020850023627 (1/1)

编号 320602666201907050141



扫描二维码登录“国家企业信用信息公示系统”了解更多登记、备案、许可、监管信息。

(副本)



名称 公证天业会计师事务所（特殊普通合伙）南通分所  
类型 特殊普通合伙分支机构  
负责人 郁东  
经营范围

审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度财务决算审计；会计咨询、税务咨询、管理咨询、法律、法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

成立日期 2013年11月13日  
营业期限 2013年11月13日至\*\*\*\*\*  
营业场所 南通市崇川区星城路299号南通创源科技园2号楼701、706室

登记机关



2019年07月05日

国家企业信用信息公示系统网址:

<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

# 授 权 书

兹授权本所下列人员签发验资、审计报告，授权期限自 2020 年 1 月 1 日至 2020 年 12 月 31 日。

被授权人员如下：

郁 东      胡 杰

公证天业会计师事务所（特殊普通合伙）

首席合伙人、主任会计师

张新斌

二〇二〇年一月一日



姓名 郁东  
Full name  
性别 男  
Sex  
出生日期 1971-04-19  
Date of birth  
工作单位 南通正华联合会计师事务所  
Working unit  
身份证号码 320105710419143  
Identity card No.



南通正华 事务所  
CPA

转出协会盖章  
Stamp of the transfer-out Institute of CPAs

2013年08月12日

同意转入  
Agree the transfer to be transferred to

南通正华 事务所  
CPA  
南通正华  
转入协会盖章  
Stamp of the transfer-in Institute of CPAs  
2013年08月12日

证书编号: 320600060006  
No. of Certificate

批准注册协会: 江苏省注册会计师协会  
Authorized Institute of CPAs  
1997 7 7

发证日期: 年 月 日  
Date of Issuance

2007年4月30日

年度检验登记  
Annual Renewal Registration

本证书经检验合格  
This certificate is valid for  
this renewal.

郁东(320600060006)  
您已通过2018年年检  
江苏省注册会计师协会



2014

年度检验登记  
Annual Renewal Registration

本证书经检验合格  
This certificate is valid for  
this renewal.

郁东(320600060006)  
您已通过2019年年检  
江苏省注册会计师协会



郁东(320600060006)  
您已通过2016年年检  
江苏省注册会计师协会



郁东(320600060006)  
您已通过2017年年检  
江苏省注册会计师协会



姓 名 张玉林  
 Full name 张玉林  
 性 别 男  
 Sex 男  
 出生日期 1972-11-25  
 Date of birth 1972-11-25  
 工作单位 南通正华联合会计师事务所  
 Working unit 南通正华联合会计师事务所  
 身份证号码 320625197211250293  
 Identity card No. 320625197211250293



年度检验登记  
 Annual Renewal Registration

本证书经检验合格，继续有效一年。  
 This certificate is valid for another year after this renewal.



张玉林(320600310002)  
 您已通过2015年年检  
 江苏省注册会计师协会



张玉林(320600310002)  
 您已通过2016年年检  
 江苏省注册会计师协会

2014年 5月 6日

证书编号: 320600310002  
 No. of Certificate

批准注册协会: 江苏省注册会计师协会  
 Authorized Institute of CPAs

发证日期: 2014年 4月 24日  
 Date of Issuance

注册会计师工作单位变更事项登记  
 Registration of the Change of Working Unit by a CPA

同意调出  
 Agree the holder to be transferred from

南通正华 事务所  
 CPAs

转出协会盖章  
 Stamp of the transfer-out Institute of CPAs  
 2013年 01月 22日

同意调入  
 Agree the holder to be transferred to

江苏正华 事务所  
 CPAs

转入协会盖章  
 Stamp of the transfer-in Institute of CPAs  
 2013年 01月 22日

年度检验登记  
 Annual Renewal Registration

本证书经检验合格，  
 This certificate is valid for  
 this renewal.



张玉林(320600310002)  
 您已通过2017年年检  
 江苏省注册会计师协会



张玉林(320600310002)  
 您已通过2018年年检  
 江苏省注册会计师协会

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## Informazioni generali sull'impresa

### Dati anagrafici

Denominazione: METALLURGICA BRESCIANA SPA a socio unico  
Sede: VIA G. MARCONI 31 DELLO BS  
Capitale sociale: 7.000.000,00  
Capitale sociale interamente versato: sì  
Codice CCIAA: BS  
Partita IVA: 02132320173  
Codice fiscale: 02132320173  
Numero REA: 02132320173  
Forma giuridica: SOCIETA' PER AZIONI  
Settore di attività prevalente (ATECO): 273200  
Società in liquidazione: no  
Società con socio unico: sì  
Società sottoposta ad altrui attività di direzione e coordinamento: sì  
Denominazione della società o ente che esercita l'attività di direzione e coordinamento: STERLITE TECHNOLOGIES SPA  
Appartenenza a un gruppo: sì  
Denominazione della società capogruppo: STERLITE TECHNOLOGIES SPA  
Paese della capogruppo: ITALIA  
Numero di iscrizione all'albo delle cooperative:

# Bilancio al 31/12/2019

## Stato Patrimoniale Ordinario

	31/12/2019	31/12/2018
<b>Attivo</b>		
<b>B) Immobilizzazioni</b>		
I - Immobilizzazioni immateriali	-	-
3) diritti di brevetto industriale e diritti di utilizzazione delle opere dell'ingegno	34.440	1.500
4) concessioni, licenze, marchi e diritti simili	549	1.175
7) altre	419.696	-
<i>Totale immobilizzazioni immateriali</i>	<i>454.685</i>	<i>2.675</i>
II - Immobilizzazioni materiali	-	-

	31/12/2019	31/12/2018
1) terreni e fabbricati	6.336.592	6.533.617
2) impianti e macchinario	9.762.250	4.911.190
3) attrezzature industriali e commerciali	170.146	44.761
4) altri beni	66.866	58.824
5) immobilizzazioni in corso e acconti	10.000	1.360.553
<i>Totale immobilizzazioni materiali</i>	<i>16.345.854</i>	<i>12.908.945</i>
III - Immobilizzazioni finanziarie	-	-
1) partecipazioni in	-	-
b) imprese collegate	1.603.013	1.603.013
d-bis) altre imprese	3.710	3.710
<i>Totale partecipazioni</i>	<i>1.606.723</i>	<i>1.606.723</i>
2) crediti	-	-
d-bis) verso altri	18.311	18.311
esigibili entro l'esercizio successivo	18.311	18.311
<i>Totale crediti</i>	<i>18.311</i>	<i>18.311</i>
<i>Totale immobilizzazioni finanziarie</i>	<i>1.625.034</i>	<i>1.625.034</i>
<i>Totale immobilizzazioni (B)</i>	<i>18.425.573</i>	<i>14.536.654</i>
<b>C) Attivo circolante</b>		
I - Rimanenze	-	-
1) materie prime, sussidiarie e di consumo	5.875.564	6.211.373
2) prodotti in corso di lavorazione e semilavorati	3.559.555	4.146.223
4) prodotti finiti e merci	4.317.316	3.257.821
<i>Totale rimanenze</i>	<i>13.752.435</i>	<i>13.615.417</i>
II - Crediti	-	-
1) verso clienti	14.744.534	21.078.623
esigibili entro l'esercizio successivo	14.744.534	21.078.623
3) verso imprese collegate	7.288.176	6.820.078
esigibili entro l'esercizio successivo	7.288.176	6.820.078
4) verso controllanti	1.084.577	-
esigibili entro l'esercizio successivo	1.084.577	-
5-bis) crediti tributari	1.007.590	210.457
esigibili entro l'esercizio successivo	1.007.590	210.457
5-ter) imposte anticipate	332.665	438.185
5-quater) verso altri	62.563	622.223

	31/12/2019	31/12/2018
esigibili entro l'esercizio successivo	62.563	622.223
<i>Totale crediti</i>	<i>24.520.105</i>	<i>29.169.566</i>
IV - Disponibilita' liquide	-	-
1) depositi bancari e postali	2.127.285	570.403
3) danaro e valori in cassa	1.738	768
<i>Totale disponibilita' liquide</i>	<i>2.129.023</i>	<i>571.171</i>
<i>Totale attivo circolante (C)</i>	<i>40.401.563</i>	<i>43.356.154</i>
<b>D) Ratei e risconti</b>	<b>306.631</b>	<b>304.914</b>
<i>Totale attivo</i>	<i>59.133.767</i>	<i>58.197.722</i>
<b>Passivo</b>		
<b>A) Patrimonio netto</b>	<b>36.776.187</b>	<b>33.120.452</b>
I - Capitale	7.000.000	7.000.000
III - Riserve di rivalutazione	6.083.284	6.083.284
IV - Riserva legale	2.045.966	2.045.966
VI - Altre riserve, distintamente indicate	-	-
Riserva straordinaria	17.991.202	14.615.251
<i>Totale altre riserve</i>	<i>17.991.202</i>	<i>14.615.251</i>
IX - Utile (perdita) dell'esercizio	3.655.735	3.375.951
<i>Totale patrimonio netto</i>	<i>36.776.187</i>	<i>33.120.452</i>
<b>B) Fondi per rischi e oneri</b>		
1) per trattamento di quiescenza e obblighi simili	218.282	209.286
3) strumenti finanziari derivati passivi	46.374	17.688
4) altri	30.000	30.000
<i>Totale fondi per rischi ed oneri</i>	<i>294.656</i>	<i>256.974</i>
<b>C) Trattamento di fine rapporto di lavoro subordinato</b>	<b>723.561</b>	<b>798.221</b>
<b>D) Debiti</b>		
3) debiti verso soci per finanziamenti	-	800.000
esigibili entro l'esercizio successivo	-	800.000
4) debiti verso banche	12.744.148	11.148.192
esigibili entro l'esercizio successivo	10.644.147	8.774.859
esigibili oltre l'esercizio successivo	2.100.001	2.373.333
6) acconti	71.432	9.119
esigibili entro l'esercizio successivo	71.432	9.119
7) debiti verso fornitori	5.238.260	7.139.176

	31/12/2019	31/12/2018
esigibili entro l'esercizio successivo	5.238.260	7.139.176
11) debiti verso controllanti	1.577.249	2.960.120
esigibili entro l'esercizio successivo	1.577.249	2.960.120
12) debiti tributari	204.314	247.143
esigibili entro l'esercizio successivo	204.314	247.143
13) debiti verso istituti di previdenza e di sicurezza sociale	424.434	357.362
esigibili entro l'esercizio successivo	424.434	357.362
14) altri debiti	887.140	1.063.873
esigibili entro l'esercizio successivo	887.140	1.063.873
<b>Totale debiti</b>	<b>21.146.977</b>	<b>23.724.985</b>
<b>E) Ratei e risconti</b>	<b>192.386</b>	<b>297.090</b>
<b>Totale passivo</b>	<b>59.133.767</b>	<b>58.197.722</b>

## Conto Economico Ordinario

	31/12/2019	31/12/2018
<b>A) Valore della produzione</b>		
1) ricavi delle vendite e delle prestazioni	50.587.375	48.471.998
2) variazioni delle rimanenze di prodotti in corso di lavorazione, semilavorati e finiti	(6.358.546)	(1.015.469)
5) altri ricavi e proventi	-	-
contributi in conto esercizio	509	64.985
altri	956.173	90.180
<b>Totale altri ricavi e proventi</b>	<b>956.682</b>	<b>155.165</b>
<b>Totale valore della produzione</b>	<b>45.185.511</b>	<b>47.611.694</b>
<b>B) Costi della produzione</b>		
6) per materie prime, sussidiarie, di consumo e di merci	32.080.859	29.152.041
7) per servizi	4.320.058	4.485.273
8) per godimento di beni di terzi	418.709	421.198
9) per il personale	-	-
a) salari e stipendi	4.987.197	4.375.939
b) oneri sociali	1.473.989	1.306.179
c) trattamento di fine rapporto	354.765	332.481
e) altri costi	833.146	878.634

	31/12/2019	31/12/2018
<i>Totale costi per il personale</i>	7.649.097	6.893.233
10) ammortamenti e svalutazioni	-	-
a) ammortamento delle immobilizzazioni immateriali	16.599	5.424
b) ammortamento delle immobilizzazioni materiali	1.630.630	1.265.931
liquide d) svalutazioni dei crediti compresi nell'attivo circolante e delle disponibilita'	-	418.991
<i>Totale ammortamenti e svalutazioni</i>	1.647.229	1.690.346
11) variazioni delle rimanenze di materie prime, sussidiarie, di consumo e merci	(6.359.564)	(1.053.748)
13) altri accantonamenti	8.995	526.855
14) oneri diversi di gestione	353.843	698.535
<i>Totale costi della produzione</i>	40.119.226	42.813.733
<b>Differenza tra valore e costi della produzione (A - B)</b>	<b>5.066.285</b>	<b>4.797.961</b>
<b>C) Proventi e oneri finanziari</b>		
16) altri proventi finanziari	-	-
d) proventi diversi dai precedenti	-	-
altri	147	22.039
<i>Totale proventi diversi dai precedenti</i>	147	22.039
<i>Totale altri proventi finanziari</i>	147	22.039
17) interessi ed altri oneri finanziari	-	-
altri	205.745	157.746
<i>Totale interessi e altri oneri finanziari</i>	205.745	157.746
17-bis) utili e perdite su cambi	(2.271)	(12.740)
<i>Totale proventi e oneri finanziari (15+16-17+-17-bis)</i>	(207.869)	(148.447)
<b>D) Rettifiche di valore di attivita' e passivita' finanziarie</b>		
19) svalutazioni	-	-
d) di strumenti finanziari derivati	28.686	-
<i>Totale svalutazioni</i>	28.686	-
<i>Totale delle rettifiche di valore di attivita' e passivita' finanziarie (18-19)</i>	(28.686)	-
<b>Risultato prima delle imposte (A-B+-C+-D)</b>	<b>4.829.730</b>	<b>4.649.514</b>
<b>20) Imposte sul reddito dell'esercizio, correnti, differite e anticipate</b>		
imposte correnti	1.068.475	1.524.714
imposte differite e anticipate	105.520	(251.151)
<i>Totale delle imposte sul reddito dell'esercizio, correnti, differite e anticipate</i>	1.173.995	1.273.563
<b>21) Utile (perdita) dell'esercizio</b>	<b>3.655.735</b>	<b>3.375.951</b>

## Rendiconto finanziario, metodo indiretto

	Importo al 31/12/2019	Importo al 31/12/2018
<b>A) Flussi finanziari derivanti dall'attività operativa (metodo indiretto)</b>		
Utile (perdita) dell'esercizio	3.655.735	3.375.951
Imposte sul reddito	1.173.995	1.273.563
Interessi passivi/(attivi)	205.598	135.707
<i>1) Utile (perdita) dell'esercizio prima d'imposte sul reddito, interessi, dividendi e plus/minusvalenze da cessione</i>	<i>5.035.328</i>	<i>4.785.221</i>
Rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto		
Accantonamenti ai fondi	8.996	11.855
Ammortamenti delle immobilizzazioni	1.647.229	1.271.355
Rettifiche di valore di attività e passività finanziarie di strumenti finanziari derivati che non comportano movimentazione monetarie	28.686	
Altre rettifiche in aumento/(in diminuzione) per elementi non monetari	354.765	332.481
<i>Totale rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto</i>	<i>2.039.676</i>	<i>1.615.691</i>
<i>2) Flusso finanziario prima delle variazioni del capitale circolante netto</i>	<i>7.075.004</i>	<i>6.400.912</i>
Variazioni del capitale circolante netto		
Decremento/(Incremento) delle rimanenze	(137.018)	476.721
Decremento/(Incremento) dei crediti verso clienti	6.334.089	1.016.278
Incremento/(Decremento) dei debiti verso fornitori	(1.900.916)	(929.212)
Decremento/(Incremento) dei ratei e risconti attivi	(1.717)	29.502
Incremento/(Decremento) dei ratei e risconti passivi	(104.704)	22.990
Altri decrementi/(Altri incrementi) del capitale circolante netto	(3.157.676)	(546.193)
<i>Totale variazioni del capitale circolante netto</i>	<i>1.032.058</i>	<i>70.086</i>
<i>3) Flusso finanziario dopo le variazioni del capitale circolante netto</i>	<i>8.107.062</i>	<i>6.470.998</i>
Altre rettifiche		
Interessi incassati/(pagati)	(205.598)	(135.707)
(Imposte sul reddito pagate)	(1.173.995)	(1.273.563)
Altri incassi/(pagamenti)	(429.425)	(432.062)
<i>Totale altre rettifiche</i>	<i>(1.809.018)</i>	<i>(1.841.332)</i>
<b>Flusso finanziario dell'attività operativa (A)</b>	<b>6.298.044</b>	<b>4.629.666</b>
<b>B) Flussi finanziari derivanti dall'attività d'investimento</b>		
Immobilizzazioni materiali		

	Importo al 31/12/2019	Importo al 31/12/2018
(Investimenti)	(5.067.539)	(2.652.021)
Immobilizzazioni immateriali		
(Investimenti)	(468.609)	
<b>Flusso finanziario dell'attività di investimento (B)</b>	<b>(5.536.148)</b>	<b>(2.652.021)</b>
<b>C) Flussi finanziari derivanti dall'attività di finanziamento</b>		
Mezzi di terzi		
Incremento/(Decremento) debiti a breve verso banche	1.869.288	(2.180.600)
Accensione finanziamenti		800.000
(Rimborso finanziamenti)	(1.073.332)	(924.445)
<b>Flusso finanziario dell'attività di finanziamento (C)</b>	<b>795.956</b>	<b>(2.305.045)</b>
<b>Incremento (decremento) delle disponibilità liquide (A ± B ± C)</b>	<b>1.557.852</b>	<b>(327.400)</b>
Disponibilità liquide a inizio esercizio		
Depositi bancari e postali	570.403	897.932
Danaro e valori in cassa	768	639
Totale disponibilità liquide a inizio esercizio	571.171	898.571
Disponibilità liquide a fine esercizio		
Depositi bancari e postali	2.127.285	570.403
Danaro e valori in cassa	1.738	768
Totale disponibilità liquide a fine esercizio	2.129.023	571.171

## Nota integrativa, parte iniziale

Signori Soci, la presente nota integrativa costituisce parte integrante del bilancio al 31/12/2019.

Il bilancio risulta conforme a quanto previsto dagli articoli 2423 e seguenti del codice civile ed ai principi contabili nazionali così come pubblicati dall'Organismo Italiano di Contabilità; esso rappresenta pertanto con chiarezza ed in modo veritiero e corretto la situazione patrimoniale e finanziaria della società ed il risultato economico dell'esercizio.

Il contenuto dello stato patrimoniale e del conto economico è quello previsto dagli articoli 2424 e 2425 del codice civile, mentre il rendiconto finanziario è stato redatto ai sensi dell'art. 2425-ter.

La nota integrativa, redatta ai sensi dell'art. 2427 del codice civile, contiene inoltre tutte le informazioni utili a fornire una corretta interpretazione del bilancio.

In base all'art. 27 c.3 del D.Lgs. 127/91, la società METALLURGICA BRESCIANA SPA a socio unico è esonerata dall'obbligo di redazione del bilancio consolidato in quanto si tratta di società a sua volta controllata la cui controllante (a cui compete la consolidazione del bilancio) detiene almeno il 95% delle azioni o quote della controllata ovvero, in mancanza della condizione di cui sopra, la redazione non sia stata richiesta da tanti soci che rappresentino almeno il 5% del capitale.

Il Rendiconto Finanziario presenta le variazioni, positive o negative, delle disponibilità liquide avvenute nell'esercizio ed è stato redatto con il metodo indiretto utilizzando lo schema previsto dal principio contabile OIC 10.

Lo Stato Patrimoniale, il Conto Economico e il Rendiconto Finanziario sono stati redatti in unità di Euro, senza cifre decimali, come altresì i valori riportati nella Nota Integrativa, salvo ove diversamente specificato.

Per quanto riguarda l'attività della Società e i rapporti con le imprese controllate, collegate, controllanti, sottoposte a comune controllo e altre parti correlate si rinvia a quanto indicato nella Relazione sulla Gestione, predisposta dagli Amministratori della Società a corredo del presente bilancio.

I fatti di rilievo avvenuti dopo la chiusura dell'esercizio nonché la proposta di destinazione del risultato dell'esercizio e l'importo complessivo delle garanzie e delle passività potenziali non risultanti dallo stato patrimoniale, sono esposti in appositi paragrafi della presente Nota Integrativa.

Si precisa che, ai sensi dell'art. 2497 e seguenti del Codice Civile, la Società è soggetta ad attività di direzione e coordinamento da parte di "Sterlite Technologies S.p.A."

L'utile di esercizio ammonta a Euro 3.655.735 con un incremento di circa l'8,3% rispetto al risultato conseguito nell'anno 2018 (euro 3.375.951) ed un incremento di circa l'8,3% rispetto all'esercizio 2017; le imposte di competenza sull'esercizio ammontano a Euro 1.068.475 mentre le imposte anticipate iscritte sono di euro 105.520. Sono stati corrisposti oneri finanziari per Euro 205.745, in aumento rispetto alla stessa posta dell'esercizio 2018, che ammontavano ad Euro 157.746.

## Criteri di formazione

### Redazione del bilancio

Le informazioni contenute nel presente documento sono presentate secondo l'ordine in cui le relative voci sono indicate nello stato patrimoniale e nel conto economico.

In riferimento a quanto indicato nella parte introduttiva della presente nota integrativa, si attesta che, ai sensi dell'art. 2423, 3° comma del codice civile, qualora le informazioni richieste da specifiche disposizioni di legge non siano sufficienti a dare una rappresentazione veritiera e corretta della situazione aziendale vengono fornite le informazioni complementari ritenute necessarie allo scopo.

Non si sono verificati casi eccezionali che abbiano reso necessario il ricorso a deroghe di cui all'art. 2423, commi 4 e 5 e all'art. 2423-bis comma 2 codice civile.

## Principi di redazione

La valutazione delle voci di bilancio è avvenuta nel rispetto del principio della prudenza e nella prospettiva di continuazione dell'attività. Ai sensi dell'art. 2423-bis c.1 punto 1-bis c.c., la rilevazione e la presentazione delle voci è effettuata tenendo conto della sostanza dell'operazione o del contratto.

Nella redazione del bilancio d'esercizio gli oneri e i proventi sono stati iscritti secondo il principio di competenza indipendentemente dal momento della loro manifestazione numeraria. Si è peraltro tenuto conto dei rischi e delle perdite di competenza dell'esercizio, anche se conosciuti dopo la chiusura di questo.

L'applicazione del principio della prudenza ha comportato la valutazione individuale degli elementi componenti le singole voci delle attività o passività, per evitare compensi tra perdite che dovevano essere riconosciute e proventi da non riconoscere in quanto non realizzati. In particolare, gli utili sono stati inclusi solo se realizzati entro la data di chiusura dell'esercizio, mentre si è tenuto conto dei rischi e delle perdite di competenza dell'esercizio, anche se conosciuti dopo la chiusura dello stesso.

L'applicazione del principio della competenza ha comportato che l'effetto delle operazioni sia stato rilevato contabilmente ed attribuito all'esercizio al quale tali operazioni si riferiscono e non a quello in cui si sono realizzati i relativi incassi e pagamenti.

### Struttura e contenuto del prospetto di bilancio

Lo stato patrimoniale, il conto economico, il rendiconto finanziario e le informazioni di natura contabile contenute nella presente nota integrativa sono conformi alle scritture contabili, da cui sono stati direttamente desunti.

Nell'esposizione dello stato patrimoniale e del conto economico non sono stati effettuati raggruppamenti delle voci precedute da numeri arabi, come invece facoltativamente previsto dall'art. 2423 ter del c.c.

Ai sensi dell'art. 2423 ter del codice civile, si precisa che tutte le voci di bilancio sono risultate comparabili con l'esercizio precedente; non vi è stata pertanto necessità di adattare alcuna voce dell'esercizio precedente.

Ai sensi dell'art. 2424 del codice civile si conferma che non esistono elementi dell'attivo o del passivo che ricadano sotto più voci del prospetto di bilancio.

### **Criteri di valutazione**

I criteri applicati nella valutazione delle voci di bilancio e nelle rettifiche di valore sono conformi alle disposizioni del codice civile e alle indicazioni contenute nei principi contabili emanati dall'Organismo Italiano di Contabilità. Gli stessi inoltre non sono variati rispetto all'esercizio precedente.

Ai sensi dell'articolo 2427 c. 1 n. 1 del c.c. si illustrano i più significativi criteri di valutazione adottati nel rispetto delle disposizioni contenute all'art. 2426 del codice civile, con particolare riferimento a quelle voci di bilancio per le quali il legislatore ammette diversi criteri di valutazione e di rettifica o per le quali non sono previsti specifici criteri.

Le novità introdotte dall'OIC 2017 non hanno avuto impatto sul presente bilancio.

La redazione del bilancio richiede l'effettuazione di stime che hanno effetto sui valori delle attività e passività e sulla relativa informativa di bilancio. I risultati che si consuntiveranno, potranno differire da tali stime. Le stime sono riviste periodicamente e gli effetti dei cambiamenti di stima, ove non derivanti da stime errate, sono rilevate nel conto economico dell'esercizio in cui si verificano i cambiamenti, se gli stessi hanno effetti solo su tale esercizio e anche negli esercizi successivi se i cambiamenti influenzano sia l'esercizio di riferimento sia quelli successivi.

### **Altre informazioni**

#### **Valutazione poste in valuta**

I valori contabili espressi in valuta sono stati iscritti, previa conversione in euro secondo il tasso di cambio vigente al momento della loro rilevazione, ovvero al tasso di cambio alla data di chiusura dell'esercizio sociale secondo le indicazioni del principio contabile OIC 26.

#### **Operazioni con obbligo di retrocessione a termine**

La società, ai sensi dell'art. 2427 n. 6-ter, attesta che nel corso dell'esercizio non ha posto in essere alcuna operazione soggetta all'obbligo di retrocessione a termine.

## **Nota integrativa, attivo**

I valori iscritti nell'attivo dello stato patrimoniale sono stati valutati secondo quanto previsto dall'articolo 2426 del codice civile e in conformità ai principi contabili nazionali. Nelle sezioni relative alle singole poste sono indicati i criteri applicati nello specifico

### **Immobilizzazioni immateriali**

Le immobilizzazioni immateriali sono iscritte, previo consenso del Collegio Sindacale laddove previsto, al costo d'acquisto o di produzione e sono esposte al netto degli ammortamenti e delle eventuali svalutazioni. Nel costo di acquisto si computano anche i costi accessori. Il costo di produzione comprende tutti i costi direttamente imputabili e gli altri costi, per la quota ragionevolmente imputabile, relativi al periodo di produzione e fino al momento dal quale l'immobilizzazione può essere utilizzata.

Gli oneri pluriennali, che includono i costi di impianto e di ampliamento, sono iscritti quando è dimostrata la loro utilità futura, esiste una correlazione oggettiva con i relativi benefici futuri di cui godrà la Società ed è stimabile con ragionevole certezza la loro recuperabilità.

I beni immateriali, costituiti da diritti di utilizzazione delle opere dell'ingegno, sono iscritti nell'attivo patrimoniale solo se individualmente identificabili, se la Società acquisisce il potere di usufruire dei benefici economici futuri derivanti dallo stesso bene e può limitare l'accesso da parte di terzi a tali benefici e se il loro costo è stimabile con sufficiente attendibilità.

Le miglorie e le spese incrementative su beni di terzi sono iscritte tra le altre immobilizzazioni immateriali qualora non siano separabili dai beni stessi, altrimenti sono iscritte tra le specifiche voci delle immobilizzazioni materiali.

Le immobilizzazioni immateriali sono ammortizzate sistematicamente e la quota di ammortamento imputata a ciascun esercizio si riferisce alla ripartizione del costo sostenuto sull'intera durata di utilizzazione. L'ammortamento decorre dal momento in cui l'immobilizzazione è disponibile e pronta per l'uso. La sistematicità dell'ammortamento è funzionale alla correlazione dei benefici attesi.

L'ammortamento è stato operato in conformità ad un piano prestabilito, che si ritiene assicuri una corretta ripartizione del costo sostenuto lungo la vita utile delle immobilizzazioni in oggetto.

Il criterio di ammortamento delle immobilizzazioni immateriali è stato applicato con sistematicità ed in ogni esercizio, in relazione alla residua possibilità di utilizzazione economica di ogni singolo bene o spesa.

Ai sensi e per gli effetti dell'art.10 della legge 19 marzo 1983, n. 72, e così come anche richiamato dalle successive leggi di rivalutazione monetaria, si precisa che per i beni immateriali tuttora esistenti in patrimonio non è stata mai eseguita alcuna rivalutazione monetaria.

Si evidenzia che su tali oneri immobilizzati non è stato necessario operare svalutazioni ex art. 2426 comma 1 n. 3 del codice civile in quanto, come previsto dal principio contabile OIC 9, non sono stati riscontrati indicatori di potenziali perdite durevoli di valore delle immobilizzazioni immateriali.

### **Immobilizzazioni materiali**

Le immobilizzazioni materiali sono iscritte al costo di acquisto o di produzione, rettificato dei rispettivi ammortamenti accumulati e delle eventuali svalutazioni. Il costo di acquisto è il costo effettivamente sostenuto per l'acquisizione del bene ed include anche i costi accessori. Il costo di produzione comprende tutti i costi diretti e i costi generali di produzione, per la quota ragionevolmente imputabile all'immobilizzazione, relativi al periodo di fabbricazione e fino al momento dal quale il bene può essere utilizzato.

I costi di manutenzione ordinaria, relativi alle manutenzioni e riparazioni ricorrenti effettuate per mantenere i cespiti in un buono stato di funzionamento per assicurarne la vita utile prevista, la capacità e la produttività originarie, sono rilevati a conto economico nell'esercizio in cui sono sostenuti. I costi di manutenzione straordinaria, che si sostanziano in ampliamenti, ammodernamenti, sostituzioni e altri miglioramenti riferibili al bene che producono un aumento significativo e misurabile di capacità, di produttività o di sicurezza dei cespiti ovvero ne prolungano la vita utile, sono capitalizzabili nei limiti del valore recuperabile del bene.

Gli ammortamenti sono calcolati in modo sistematico e costante, sulla base della residua possibilità di utilizzazione dei cespiti. L'ammortamento decorre dal momento in cui l'immobilizzazione è disponibile e pronta per l'uso.

Le immobilizzazioni materiali condotte in locazione finanziaria vengono iscritte nell'attivo patrimoniale al momento dell'eventuale esercizio del diritto di riscatto. Nel periodo di locazione i canoni vengono rilevati a conto economico, fra i costi della produzione, nei periodi di competenza. Nella Nota Integrativa vengono indicati gli effetti sulle voci di bilancio, sul patrimonio netto e sul risultato d'esercizio che sarebbero derivati dall'applicazione del cosiddetto "metodo finanziario".

I criteri di ammortamento delle immobilizzazioni materiali non sono variati rispetto a quelli applicati nell'esercizio precedente.

Ai sensi e per gli effetti dell'art.10 della legge 19 Marzo 1983, n.72, così come anche richiamato dalle successive leggi di rivalutazione monetaria, si precisa che per i beni materiali tuttora esistenti in patrimonio fu eseguita la rivalutazione monetaria con conseguente iscrizione di riserva di rivalutazione che fu istituita a fronte della rivalutazione effettuata sui beni immobili della società per la quota di euro 4.169.180 in relazione alle previsioni di cui al D.L. 185/2008 convertito in Legge n. 2/2009; le restanti somme di detta riserva si riferiscono alla Rivalutazione di cui alla Legge 576/1975 per euro 947, alla Rivalutazione di cui alla Legge 413/1991 per euro 336.167 ed alla Rivalutazione di cui alla Legge 342/2000 per euro 1.576.990.

Si evidenzia che non è stato necessario operare svalutazioni ex art. 2426 comma 1 n. 3 del codice civile in quanto, come previsto dal principio contabile OIC 9, non sono stati riscontrati indicatori di potenziali perdite durevoli di valore delle immobilizzazioni materiali.

#### *Terreni e fabbricati*

La società ha distintamente contabilizzato la parte di terreno sottostante ai fabbricati di proprietà e per la stessa non si è operato alcun ammortamento in quanto si tratta di beni per i quali non è previsto un esaurimento della utilità futura.

#### *Immobilizzazioni in corso e acconti*

Gli acconti ai fornitori per l'acquisto di immobilizzazioni materiali iscritti nella voce B.II.5 sono rilevati inizialmente alla data in cui sorge unicamente l'obbligo al pagamento di tali importi. Di conseguenza gli acconti non sono oggetto di ammortamento.

### **Immobilizzazioni finanziarie**

#### *Partecipazioni*

Le partecipazioni e i titoli di debito destinati a permanere durevolmente nel patrimonio dell'impresa per effetto della volontà della direzione aziendale e dell'effettiva capacità della Società di detenerle per un periodo prolungato di tempo vengono classificate nelle immobilizzazioni finanziarie. Diversamente, vengono iscritte nell'attivo circolante. Il cambiamento di destinazione tra attivo immobilizzato e attivo circolante, o viceversa, è rilevato secondo i criteri valutativi specifici del portafoglio di provenienza.

Tutte le partecipazioni iscritte in bilancio sono state valutate con il metodo del costo, dove per costo s'intende l'onere sostenuto per l'acquisto, indipendentemente dalle modalità di pagamento, comprensivo degli eventuali oneri accessori.

Le partecipazioni il cui valore verificato sul patrimonio netto è inferiore al valore di costo, sono svalutate a tale valore mediante l'attribuzione del principio della perdita durevole.

Nel caso in cui le partecipazioni abbiano subito alla data di bilancio perdite di valore ritenute durevoli, il loro valore di iscrizione viene ridotto al minor valore recuperabile, determinato in base ai benefici futuri che si prevede affluiranno alla società, fino all'azzeramento del valore di carico. Nei casi in cui la società sia obbligata a farsi carico della copertura delle perdite conseguite dalla partecipata, può rendersi necessario un accantonamento al passivo per poter far fronte, per la quota di competenza, alla copertura del deficit patrimoniale della stessa.

#### *Rimanenze*

Le rimanenze di magazzino sono inizialmente iscritte al costo di acquisto o di produzione e successivamente valutate al minore tra il costo ed il corrispondente valore di realizzazione desumibile dal mercato.

Per costo di acquisto si intende il prezzo effettivo di acquisto più gli oneri accessori. Il costo di acquisto dei materiali include, oltre al prezzo del materiale, anche i costi di trasporto, dogana, altri tributi e gli altri costi direttamente imputabili a quel materiale.

Per costo di produzione si intendono tutti i costi diretti ed i costi indiretti per la quota ragionevolmente imputabile al prodotto relativa al periodo di fabbricazione e fino al momento dal quale il bene può essere utilizzato, considerati sulla base della capacità produttiva normale.

Durante l'esercizio è stato modificato il metodo di determinazione della valorizzazione delle rimanenze; in luogo del metodo LIFO adottato fino al bilancio chiuso al 31.12.2018, nell'esercizio in commento si è provveduto ad adottare il principio secondo cui le rimanenze risultano iscritte al costo di acquisto o di produzione, calcolato secondo il numero 1) dell'art. 2426 c.c., ovvero al valore di realizzazione desumibile dall'andamento del mercato, se minore.

Il valore di realizzazione desumibile dall'andamento del mercato è pari alla stima del prezzo di vendita delle merci e dei prodotti finiti nel corso della normale gestione, al netto dei presunti costi di completamento e dei costi diretti di vendita. Ai fini della determinazione del valore di realizzazione desumibile dall'andamento del mercato, si tiene conto, tra l'altro, del tasso di obsolescenza e dei tempi di rigiro del magazzino.

Le materie prime e sussidiarie che partecipano alla fabbricazione di prodotti finiti non sono oggetto di svalutazione qualora ci si attenda che tali prodotti finiti possano essere oggetto di realizzo per un valore pari o superiore al loro costo di produzione. Peraltro, qualora in presenza di una diminuzione nel prezzo delle materie prime e sussidiarie, il costo dei prodotti finiti ecceda il loro valore di realizzazione, le materie prime e sussidiarie sono svalutate fino al valore netto di realizzazione, assumendo quale miglior stima il loro prezzo di mercato.

Sono pertanto oggetto di svalutazione le rimanenze di magazzino il cui valore di realizzazione desumibile dall'andamento del mercato è minore del relativo valore contabile.

Se vengono meno, in tutto o in parte, i presupposti della svalutazione per effetto dell'aumento del valore di realizzazione desumibile dal mercato, la rettifica di valore effettuata è annullata nei limiti del costo originariamente sostenuto.

### **Crediti**

I crediti iscritti tra le immobilizzazioni finanziarie sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale e del valore di presumibile di realizzo, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile.

L'adeguamento al presumibile valore di realizzo è stato effettuato mediante lo stanziamento di un fondo svalutazione crediti.

Per i crediti per i quali sia stata verificata l'irrelevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione, ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il presumibile valore di realizzo. Tale evenienza si è verificata ad esempio in presenza di crediti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

I crediti iscritti in bilancio rappresentano diritti ad esigere, ad una scadenza individuata o individuabile, ammontari fissi o determinabili di disponibilità liquide da clienti o da altri soggetti.

I crediti vengono cancellati dal bilancio quando i diritti contrattuali sui flussi finanziari derivanti dal credito sono estinti oppure quando la titolarità dei diritti contrattuali sui flussi finanziari derivanti dal credito è trasferita e con essa sono trasferiti sostanzialmente tutti i rischi inerenti il credito. Ai fini della valutazione del trasferimento dei rischi si tengono in considerazione tutte le clausole contrattuali.

Quando il credito è cancellato dal bilancio in presenza delle condizioni sopra esposte, la differenza fra il corrispettivo e il valore contabile del credito al momento della cessione è rilevata a conto economico come perdita su crediti, salvo che il contratto di cessione non consenta di individuare altre componenti economiche di diversa natura, anche finanziaria e fatto salvo il preventivo utilizzo del Fondo svalutazione crediti collettivo.

## **Immobilizzazioni**

### **Immobilizzazioni immateriali**

#### **Movimenti delle immobilizzazioni immateriali**

Dopo l'iscrizione in conto economico delle quote di ammortamento dell'esercizio, pari ad € 16.599, le immobilizzazioni immateriali ammontano ad € 454.685.

Nella tabella sono esposte le movimentazioni delle immobilizzazioni in oggetto.

	<b>Diritti di brevetto industriale e diritti di utilizzazione delle opere dell'ingegno</b>	<b>Concessioni, licenze, marchi e diritti simili</b>	<b>Altre immobilizzazioni immateriali</b>	<b>Totale immobilizzazioni immateriali</b>
<b>Valore di inizio esercizio</b>				
Costo	179.371	11.433	43.218	234.022

	Diritti di brevetto industriale e diritti di utilizzo delle opere dell'ingegno	Concessioni, licenze, marchi e diritti simili	Altre immobilizzazioni immateriali	Totale immobilizzazioni immateriali
Ammortamenti (Fondo ammortamento)	177.871	10.258	43.218	231.347
Valore di bilancio	1.500	1.175	-	2.675
<b>Variazioni nell'esercizio</b>				
Incrementi per acquisizioni	41.800	-	426.809	468.609
Ammortamento dell'esercizio	8.860	626	7.113	16.599
<i>Totale variazioni</i>	<i>32.940</i>	<i>(626)</i>	<i>419.696</i>	<i>452.010</i>
<b>Valore di fine esercizio</b>				
Costo	221.171	11.433	470.027	702.631
Ammortamenti (Fondo ammortamento)	186.731	10.884	50.331	247.946
Valore di bilancio	34.440	549	419.696	454.685

Le aliquote di ammortamento applicate sono le seguenti:

- \* domini internet, 10%;
- \* programmi opere di ingegno, 20%;
- \* sito internet, 20%;
- \* riprese televisive, 20%.

#### Immobilizzazioni materiali

##### Movimenti delle immobilizzazioni materiali

Le immobilizzazioni materiali al lordo dei relativi fondi ammortamento ammontano ad € 43.806.237; i fondi di ammortamento risultano essere pari ad € 27.460.383.

Nella tabella che segue sono esposte le movimentazioni delle immobilizzazioni in oggetto.

Le aliquote di ammortamento applicate sono le seguenti (salvo il 50% della percentuale, per il primo anno, per i cespiti acquisiti nell'esercizio in virtù della loro partecipazione parziale all'attività):

- fabbricati, 3%;
- costruzioni leggere, 10%;
- impianti generici 10%;
- impianti e mezzi di sollevamento, 7,5%;
- macchinari ed impianti 11,50%;
- attrezzatura varia e minuta 25%;
- attrezzatura specifica, 40%;
- carrelli elevatori ed autocarri, 20%;
- mobili d'officina, 10%;
- arredamento settore industriale, 15%;

- mobili e macchine ordinarie d'ufficio 12%;
- macchine elettroniche d'ufficio 20%;
- apparecchiature radiomobili 20%;
- automezzi 20%.

Si è proceduto all'accorpamento delle voci impianto telefonico, impianto di sicurezza, impianto rete dati e impianto ripetizione segnale nell'unica voce "impianti e macchinari".

	Terreni e fabbricati	Impianti e macchinario	Attrezzature industriali e commerciali	Altre immobilizzazioni materiali	Immobilizzazioni materiali in corso e acconti	Totale immobilizzazioni materiali
<b>Valore di inizio esercizio</b>						
Costo	10.114.119	23.906.569	2.337.757	1.019.700	1.360.553	38.738.698
Ammortamenti (Fondo ammortamento)	3.580.502	18.995.379	2.292.996	960.876	-	25.829.753
Valore di bilancio	6.533.617	4.911.190	44.761	58.824	1.360.553	12.908.945
<b>Variazioni nell'esercizio</b>						
Incrementi per acquisizioni	-	6.249.519	201.974	26.649	-	6.478.142
Ammortamento dell'esercizio	197.025	1.338.409	76.589	18.607	-	1.630.630
Altre variazioni	-	(60.050)	-	-	(1.350.553)	(1.410.603)
<i>Totale variazioni</i>	<i>(197.025)</i>	<i>4.851.060</i>	<i>125.385</i>	<i>8.042</i>	<i>(1.350.553)</i>	<i>3.436.909</i>
<b>Valore di fine esercizio</b>						
Costo	10.114.119	30.096.038	2.539.731	1.046.349	10.000	43.806.237
Ammortamenti (Fondo ammortamento)	3.777.527	20.333.788	2.369.585	979.483	-	27.460.383
Valore di bilancio	6.336.592	9.762.250	170.146	66.866	10.000	16.345.854

In relazione ai nuovi investimenti effettuati nell'esercizio 2019, si osserva che gli stessi sono portati principalmente da impianti e macchinari.

Le immobilizzazioni immateriali in corso sono decrementate di € 1.350.553 rispetto allo scorso anno, per un valore di bilancio al 31/12/2019 pari ad € 10.000.

### Operazioni di locazione finanziaria

Conformemente alle indicazioni fornite dal principio contabile O.I.C. n. 1 - "I principali effetti della riforma del diritto societario sulla redazione del bilancio d'esercizio", nella tabella riportata di seguito sono fornite le informazioni sugli effetti che si sarebbero prodotti sul patrimonio netto e sul conto economico rilevando l'operazione di locazione finanziaria di cui sotto con il metodo finanziario rispetto al criterio cosiddetto patrimoniale dell'addebito al conto economico dei canoni corrisposti.

Sussiste il contratto di locazione finanziaria n. 6090079 sottoscritto in data 20/05/2016 con Ubi Leasing SpA. L'effetto del contratto è decorso dal 01/01/2017. Detto contratto è stato integrato in data 06/04/2017 con l'inclusione di ulteriori spese relative all'acquisto del bene.

Caratteristiche del contratto di Leasing:

Oggetto della locazione: contratto di locazione n. 6090079, sottoscritto con UBI Leasing, prevede un corrispettivo di euro 2.495.854, oltre IVA di legge, un canone anticipato alla firma di euro 263.000, oltre IVA di legge, un corrispettivo trimestrale di euro 47.508, oltre IVA di legge, portato da n. 47 rate ed un prezzo di opzione finale di euro 249.500, anch'esso oltre IVA di Legge.

A titolo informativo forniamo il seguente prospetto contabile ai sensi dell'art.2427 (punto 22) cod. civ. per il periodo dal 01/01/2019 al 31/12/2019. Valori espressi in Euro.

<b>SCRITTURA EFFETTO LEASING</b>	<b>DARE</b>	<b>AVERE</b>
TERRENI E FABBRICATI - 3,50%	2.495.000	
FONDO AMM. FABBRICATI - 3,50%		204.505
CANONI LEASING		184.707
MAXI CANONI		22.383
RISCONTI ATTIVI MAXI CANONI		201.447
AMMORTAMENTO IAS	78.120	
INTERESSI PASSIVI	25.870	
RISERVA PN		124.331
IMPOSTE ESERCIZIO	29.013	
FONDO IMPOSTE DIFFERITE		89.249
DEBITO RESIDUO > 12 MESI		249.500
DEBITO RESIDUO < 12 MESI		1.551.881
<b>TOTALE</b>	<b>2.628.003</b>	<b>2.628.003</b>

A titolo informativo indichiamo il prospetto riferito all'esercizio in corso:

Quota capitale riferita ai canoni maturati nel periodo	158.837
Quota di interessi di competenza del periodo (A)	30.541
Quota interessi di competenza relativa alla indicizzazioni (credito -B)	4.671
(A)-(B)	25.870
Valore attuate dei canoni a scadere (C)	1.551.881
Valore attuale del prezzo di opzione di acquisto (D)	249.500
(C) + (D)	1.801.381

## Immobilizzazioni finanziarie

**Movimenti di partecipazioni, altri titoli e strumenti finanziari derivati attivi immobilizzati**

Nella seguente tabella vengono esposte le movimentazioni delle immobilizzazioni in oggetto.

	Partecipazioni in imprese collegate	Partecipazioni in altre imprese	Totale partecipazioni
<b>Valore di inizio esercizio</b>			
Costo	1.603.014	33.710	1.636.724
Svalutazioni	1	30.000	30.001
Valore di bilancio	1.603.013	3.710	1.606.723
<b>Valore di fine esercizio</b>			
Costo	1.603.014	33.710	1.636.724
Svalutazioni	1	30.000	30.001
Valore di bilancio	1.603.013	3.710	1.606.723

**Variazioni e scadenza dei crediti immobilizzati**

Nella seguente tabella vengono esposte le movimentazioni delle immobilizzazioni in oggetto.

I crediti immobilizzati verso altri si riferiscono principalmente a depositi cauzionali.

	Valore di inizio esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio
Crediti verso altri	18.311	18.311	18.311
<b>Totale</b>	<b>18.311</b>	<b>18.311</b>	<b>18.311</b>

**Dettagli sulle partecipazioni immobilizzate in imprese collegate**

Nel seguente prospetto sono indicate le partecipazioni relative ad imprese collegate nonché le ulteriori indicazioni richieste dall'art 2427 del codice civile.

Denominazione	Città, se in Italia, o Stato estero	Capitale in euro	Utile (Perdita) ultimo esercizio in euro	Patrimonio netto in euro	Quota posseduta in euro	Quota posseduta in %	Valore a bilancio o corrispondente credito
MB MAANSHAN	Cina	4.003.013	681.763	6.666.769	1.603.013	40,000	1.603.013
<b>Totale</b>							<b>1.603.013</b>

Relativamente alla partecipazione nella società M.B. (Maanshan) Special Cables Co. LTD (il cui patrimonio netto alla data dell'ultimo bilancio approvato al 31.12.2019, e di CNY 52.137.468 pari a circa € 6.666.769 – valore calcolato mediante applicazione del tasso di cambio, valorizzato dalla Banca d'Italia alla data del 31.12.2019 in 7,8205 Yuan Renminbi / Euro), durante l'esercizio 2016 è stato concluso un Contratto di Joint Venture con un Partner Cinese che ha previsto la cessione allo stesso della quota rappresentante il 60% del capitale della partecipata. Ai nuovi partner cinesi è stata concessa una call-option su un ulteriore 20% di partecipazione, da esercitarsi nel termine decadenziale di cinque anni dalla data di sottoscrizione dell'accordo.

Si ritiene che il valore iscritto a bilancio sia più che puntuale anche in ragione della call-option sottoscritta con il socio di maggioranza cinese che assegna all'azione oggetto della clausola un prezzo di esercizio superiore alla valutazione in bilancio.

Si osserva, che alla data del 31.12.2019, la Società in questione ha indicato un utile di esercizio espresso in Yuan Renminbi pari a 5.331.724 pari a circa € 681.763 – valore calcolato mediante applicazione del tasso di cambio, valorizzato dalla Banca d'Italia alla data del 31.12.2019 in 7,8205 Yuan Renminbi / Euro.

#### **Dettagli sulle partecipazioni immobilizzate in altre imprese**

Quanto alla partecipazione in altre imprese, del valore di euro 3.710, si osserva la composizione:

- **INN.TEC. S.R.L.** - Consorzio per innovazione tecnologica con sede in Brescia, Piazza Paolo VI, 16.

Valore al 01.01.2019 2.600 euro

Valore al 31.12.2019 2.600 euro

- **ISFOR 2000 S.C.P.A.** con sede in Brescia, Via Pietro Nenni, 30.

Valore al 01.01.2019 1.000 euro

Valore al 31.12.2019 1.000 euro

- **CONAI** (Consorzio Nazionale Imballaggi)

Valore al 01.01.2019 110 euro

Valore al 31.12.2019 110 euro

- **ASSOCAAF S.P.A.** con sede in Milano - Via Chiaravalle, 8 - Capitale Sociale Euro 156.000 Quota posseduta 1 azione da Euro 0,52

Valore al 01.01.2019 0,52 euro

Valore al 31.12.2019 0,52 euro

#### **Valore delle immobilizzazioni finanziarie**

Le immobilizzazioni finanziarie presenti in bilancio non sono state iscritte ad un valore superiore al loro "fair value".

#### **Attivo circolante**

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Gli elementi dell'attivo circolante sono valutati secondo quanto previsto dai numeri da 8 a 11-bis dell'articolo 2426 del codice civile. I criteri utilizzati sono indicati nei paragrafi delle rispettive voci di bilancio.

#### **Rimanenze**

Le rimanenze di beni sono valutate al minore tra il costo di acquisto e/o di produzione e il valore di realizzo desumibile dall'andamento del mercato.

Il costo di acquisto comprende gli eventuali oneri accessori di diretta imputazione.

Il costo di produzione non comprende i costi di indiretta imputazione in quanto questi ultimi non sono risultati imputabili secondo un metodo oggettivo.

Durante l'esercizio è stato modificato il metodo di determinazione della valorizzazione delle rimanenze; in luogo del metodo LIFO adottato fino al bilancio chiuso al 31.12.2018, nell'esercizio in commento si è provveduto ad adottare il principio secondo cui le rimanenze risultano iscritte al costo di acquisto o di produzione, calcolato secondo il numero 1) dell'art. 2426 c.c., ovvero al valore di realizzazione desumibile dall'andamento del mercato, se minore.

La motivazione per l'adozione del nuovo criterio, con comunicazione che verrà postata nella dichiarazione giusta disposizione dell'art. 110 comma 6 TUIR (per come stabilito dalla Sentenza della Suprema Corte di Cassazione n. 21809, depositata in data 7 settembre 2018), risulta, essenzialmente, motivato da due ordini di motivi e, in punto, i) al fine di conformarsi ai principi di consolidamento adottati dalla nuova Capogruppo STERLITE TECHNOLOGIES LIMITED (che risulta quotata alla Borsa di Mumbai), che esercita l'attività di direzione e coordinamento sulla Società "Metallurgica

Bresciana S.p.A." e ii) in riferimento al fatto che la Società, anche in ragione dell'appartenenza al nuovo gruppo, ha implementato la produzione di cavi in fibra ottica rispetto ad una passata prevalente vocazione nella produzione di cavi in rame; questa ultima situazione ha reso il convincimento che l'adozione del criterio di cui all'art. 2426 n. 9 del codice civile risulti più adeguato a rappresentare l'effettiva consistenza della rimanenze di magazzino.

Gli acconti ai fornitori per l'acquisto di beni rientranti nelle rimanenze iscritti nella voce C.1.5 sono rilevati inizialmente alla data in cui sorge l'obbligo al pagamento di tali importi o, in assenza di un tale obbligo, al momento in cui sono versati.

Nella seguente tabella vengono espone le informazioni relative alle variazioni delle rimanenze.

	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
materie prime, sussidiarie e di consumo	6.211.373	(335.809)	5.875.564
prodotti in corso di lavorazione e semilavorati	4.146.223	(586.668)	3.559.555
prodotti finiti e merci	3.257.821	1.059.495	4.317.316
<b>Totale</b>	<b>13.615.417</b>	<b>137.018</b>	<b>13.752.435</b>

Il valore della voci delle rimanenze è stata diminuito per € 431.562 mediante l'allocazione di specifici "Fondi Obsolescenza", e più in dettaglio:

	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
F.do Obsolesc.magazz.M.P.	(250.000)	-	(250.000)
F.do Obsol.magazz.SEMIL.	(100.000)	-	(100.000)
F.do Obsolesc.magazz.P.F.	(451.562)	(370.000)	(81.562)
<b>Totale</b>	<b>(800.000)</b>	<b>(370.000)</b>	<b>(431.562)</b>

Il valore del fondo è congruo in relazione alle analisi effettuate sul valore recuperabile delle giacenze.

#### Crediti iscritti nell'attivo circolante

##### Variazioni e scadenza dei crediti iscritti nell'attivo circolante

I crediti iscritti nell'attivo circolante sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale e del valore di presumibile di realizzo, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile.

L'adeguamento al presumibile valore di realizzo è stato effettuato mediante lo stanziamento di un fondo svalutazione crediti.

Per i crediti per i quali sia stata verificata l'irrelevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il presumibile valore di realizzo. Tale evenienza si è verificata ad esempio in presenza di crediti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

Nella seguente tabella vengono espone le informazioni relative alle variazioni dei crediti iscritti nell'attivo circolante nonché, se significative, le informazioni relative alla scadenza degli stessi.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio
Crediti verso clienti	21.078.623	(6.334.089)	14.744.534	14.744.534

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio
Crediti verso imprese collegate	6.820.078	468.098	7.288.176	7.288.176
Crediti verso controllanti	-	1.084.577	1.084.577	1.084.577
Crediti tributari	210.457	797.133	1.007.590	1.007.590
Imposte anticipate	438.185	(105.520)	332.665	-
Crediti verso altri	622.223	(559.660)	62.563	62.563
<b>Totale</b>	<b>29.169.566</b>	<b>(4.649.461)</b>	<b>24.520.105</b>	<b>24.187.440</b>

I crediti ammontano a complessivi € 24.520.105, espressi in bilancio al netto del relativo Fondo svalutazione crediti che, al 31.12.2019, ammontava a € 1 milione.

Essi sono rappresentati da:

- **crediti verso clienti**, per complessivi € 14.744.534, espressi in bilancio al netto del relativo Fondo svalutazione crediti che, al 31.12.2019, ammontava ad € 1 milione, così composti:
  - crediti verso clienti Italia per € 11.945.365, di cui a mezzo factoring € 1.701.152 ( € 3.969.936 al 31.12.2018); si precisa che i factoring sono composti da UBI FACTOR SPA per € 1.638.767, da UNICREDIT FACTORING SPA per € 1.323.997 da IFITALIA per € 91.828 e rettificati dalla pasta in conto anticipi da IFITALIA per € 1.353.440;
  - crediti verso clienti UE per € 1.362.745 (€ 861.496 al 31.12.2018);
  - crediti verso clienti extra UE per € 1.342.824 ( € 1.351.842 al 31.12.2018);
  - crediti verso clienti per effetti in portafoglio e effetti SBF posti all'incasso per € 1.444.324 ( € 1.503.277 al 31.12.2018);
  - partite da liquidare per € 2.711 composte da fatture da emettere per € 46.883 e note di credito da emettere per € 44.172.

Come da premessa, risultano stanziati un "Fondo svalutazione crediti" per € 275.457 (€275.457 al 31.12.2018) ed un "Fondo Rischi su crediti" per € 724.543 (€724.543 al 31.12.2018), che si ritengono adeguati alla possibile manifestazione di perdita in relazione all'appostazione di crediti verso clienti problematici.
- **crediti verso imprese collegate**, per complessivi € 7.288.176. Trattasi di crediti aventi natura commerciale verso la società " MB MAANSHAN SPECIAL CABLE LTD".
- **crediti verso imprese controllanti**, per complessivi € 1.084.577. Trattasi di crediti aventi natura finanziarie e/o riferiti all'effetto di consolidamento fiscale verso la società "STERLITE TECHNOLOGIES S.P.A.";
- **crediti tributari** per € 1.007.590 portati da:
  - erario c.to acconto Irap € 48.319;
  - erario c.to Iva per € 878.455;
  - erario c/rimborso imposte per € 14.244 (analoga posta al 31.12.2018);
  - credito imposta R&S L.190/14 per € 64.985 (analoga posta al 31.12.2018);
  - credito verso erario per IRES per € 10;
  - credito su imposta sostitutiva TFR DL 47/100 per € 1.577.
- **imposte anticipate** per € 332.665, di seguito dettagliate:

<u>Tipologia</u>	<u>Imponibile</u>	<u>Aliquota</u>	<u>Stato Patrimoniale</u>
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20150121 - F.do Obsolesc.magazz.M.P.	250.000,00	24,00%	60.000
20150122 - F.do Obsol.magazz.SEMIL.	100.000,00	24,00%	24.000
20150115 - F.do Obsolesc.magazz.P.F.	81.562,27	24,00%	19.575
20150106 - F.do Svalutazione Crediti	724.542,52	24,00%	173.890
20150112 - F.do Rischi ed oneri	30.000,00	24,00%	7.200
20430104 - Debiti vs GHITTI		24,00%	
Bonus dipendenti	200.000	24,00%	48.000
<b>Totale</b>	<b>1.386.104,79</b>		<b>332.665</b>

Le Imposte Anticipate sono calcolate mediante l'utilizzo della vigente aliquota IRES del 24%.

- **crediti verso altri** per € 62.563 portati da:
  - crediti verso dipendenti per prestiti per € 14.000;
  - depositi cauzionali verso Telecom per € 900;
  - anticipi a fornitori per € 44.743;
  - Fasi c/versamenti per € 2.920.

Detti crediti hanno scadenza entro i dodici mesi.

#### Suddivisione dei crediti iscritti nell'attivo circolante per area geografica

Nella seguente tabella viene esposta la ripartizione per area geografica dei crediti iscritti nell'attivo circolante.

Area geografica	Crediti verso clienti iscritti nell'attivo circolante	Crediti verso collegate iscritti nell'attivo circolante	Crediti verso controllanti iscritti nell'attivo circolante	Crediti tributari iscritti nell'attivo circolante	Attività per imposte anticipate iscritte nell'attivo circolante	Crediti verso altri iscritti nell'attivo circolante	Totale crediti iscritti nell'attivo circolante
Italia	13.038.965	-	1.084.577	1.007.590	332.665	62.563	15.526.360
UE	1.362.745	-	-	-	-	-	1.362.745
Extra UE	1.342.824	7.288.176	-	-	-	-	8.631.000
F.do svalutazione crediti	(1.000.000)	-	-	-	-	-	(1.000.000)
<b>Totale</b>	<b>14.744.534</b>	<b>7.288.176</b>	<b>1.084.577</b>	<b>1.007.590</b>	<b>332.665</b>	<b>62.563</b>	<b>24.520.105</b>

#### Disponibilità liquide

Le disponibilità liquide sono valutate al valor nominale rappresentativo del valore di realizzo.

Nella seguente tabella vengono espresse le informazioni relative alle variazioni delle disponibilità liquide.

	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
depositi bancari e postali	570.403	1.556.882	2.127.285
danaro e valori in cassa	768	970	1.738

	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
<b>Totale</b>	<b>571.171</b>	<b>1.557.852</b>	<b>2.129.023</b>

## Ratei e risconti attivi

I ratei e risconti sono stati calcolati sulla base del principio della competenza, mediante la ripartizione dei ricavi e/o costi comuni a due esercizi.

Nella seguente tabella vengono esposte le informazioni relative alle variazioni dei ratei e risconti attivi.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Ratei attivi	16	130	146
Risconti attivi	304.898	1.587	306.485
<b>Totale ratei e risconti attivi</b>	<b>304.914</b>	<b>1.717</b>	<b>306.631</b>

I ratei e risconti attivi sono stati calcolati secondo il criterio del "tempo economico" dal momento che le prestazioni contrattuali ricevute non hanno un contenuto economico costante nel tempo e quindi la ripartizione del costo (e dunque l'attribuzione all'esercizio in corso della quota parte di competenza) è effettuata in rapporto alle condizioni di svolgimento della gestione come precisato nel principio contabile OIC 18.

I ratei e risconti attivi ammontano a complessivi € 306.631 (€ 304.914 nel 2018) e si riferiscono principalmente al maxicanone del contratto di leasing immobiliare in essere.

Di seguito, si dettagliano le voci principali:

- € 146 per Ratei attivi per interessi attivi maturati
- € 282.630 Risconti attivi riferiti al maxi canone leasing sul cespite immobiliare di Dello, concesso in locazione finanziaria da UBI Lessing SpA
- € 23.846 Risconti attivi per "Rent Server".

## Oneri finanziari capitalizzati

Tutti gli interessi e gli altri oneri finanziari sono stati interamente spesi nell'esercizio. Ai fini dell'art. 2427, c. 1, n. 8 del codice civile si attesta quindi che non sussistono capitalizzazioni di oneri finanziari.

## Nota integrativa, passivo e patrimonio netto

Le poste del patrimonio netto e del passivo dello stato patrimoniale sono state iscritte in conformità ai principi contabili nazionali; nelle sezioni relative alle singole poste sono indicati i criteri applicati nello specifico.

## Patrimonio netto

### Variazioni nelle voci di patrimonio netto

Le voci sono esposte in bilancio al loro valore contabile secondo le indicazioni contenute nel principio contabile OIC 28.

Con riferimento all'esercizio in chiusura nelle tabelle seguenti vengono esposte le variazioni delle singole voci del patrimonio netto, nonché il dettaglio delle altre riserve, se presenti in bilancio.

	Valore di inizio esercizio	Destinazione del risultato dell'es. prec. - Altre destinazioni	Risultato d'esercizio	Valore di fine esercizio
Capitale	7.000.000	-	-	7.000.000
Riserve di rivalutazione	6.083.284	-	-	6.083.284
Riserva legale	2.045.966	-	-	2.045.966
Riserva straordinaria	14.615.251	3.375.951	-	17.991.202
Totale altre riserve	14.615.251	3.375.951	-	17.991.202
Utile (perdita) dell'esercizio	3.375.951	(3.375.951)	3.655.735	3.655.735
<b>Totale</b>	<b>33.120.452</b>	<b>-</b>	<b>3.655.735</b>	<b>36.776.187</b>

### Disponibilità e utilizzo del patrimonio netto

Nei seguenti prospetti sono analiticamente indicate le voci di patrimonio netto, con specificazione della loro origine, possibilità di utilizzazione e distribuibilità, nonché della loro avvenuta utilizzazione nei precedenti tre esercizi.

Descrizione	Importo	Origine/Natura	Possibilità di utilizzazione	Quota disponibile
Capitale	7.000.000	Capitale		-
Riserve di rivalutazione	6.083.284	Capitale	A;B	6.083.284
Riserva legale	2.045.966	Utili	A;B	2.045.966
Riserva straordinaria	17.991.202	Utili	A;B;C	17.991.202
Totale altre riserve	17.991.202	Utili	A;B;C	17.991.202
<b>Totale</b>	<b>33.120.452</b>			<b>26.120.452</b>
Quota non distribuibile				8.129.250
Residua quota distribuibile				17.991.202
<b>Legenda: A: per aumento di capitale; B: per copertura perdite; C: per distribuzione ai soci; D: per altri vincoli statutari; E: altro</b>				

Tutte le azioni sottoscritte sono state interamente versate.

Il risultato di esercizio 2018, pari ad € 3.375.951 fu computato, dall'Assemblea Ordinaria degli Azionisti tenutasi in data 30/04/2019, alla Riserva Straordinaria. La riserva di rivalutazione è stata istituita a fronte della rivalutazione effettuata sui beni immobili della società per la quota di euro 4.169.180 in relazione alle previsioni di cui al D.L. 185/2008 convertito, in Legge, n. 2/2009; le restanti somme della detta riserva si riferiscono alla Rivalutazione di cui alla Legge 576/1975 per euro 947, alla Rivalutazione di cui alla Legge 413/1991 per euro 336.167 ed alla Rivalutazione di cui alla Legge 342/2000 per euro 1.576.990.

La riserva Legale di € 2.045.966 risulta stanziata ai sensi delle previsioni del Codice Civile ed è utilizzabile per aumenti di capitale sociale ovvero per copertura perdite.

La Riserva straordinaria di € 17.991.202 è utilizzabile per aumenti di capitale sociale, per copertura perdite ovvero per la distribuzione agli azionisti in ragione della loro partecipazione al capitale sociale.

Ai fini comparativi di seguito si riportano le variazioni nelle voci del patrimonio netto dell'esercizio 2018:

	Valore di inizio esercizio	Destinazione del risultato dell'es. prec. - Altre destinazioni	Risultato d'esercizio	Differenza di quadratura	Valore di fine esercizio
Capitale	7.000.000	-	-	-	7.000.000
Riserve di rivalutazione	6.083.284	-	-	-	6.083.284
Riserva legale	1.744.495	301.471	-	(301.471)	2.045.966
Riserva straordinaria	10.705.488	3.909.763	-	(3.909.763)	14.615.251
Varie altre riserve	1	(1)	-	1	-
Totale altre riserve	10.705.489	3.909.762	-	(3.909.762)	14.615.251
Utile (perdita) dell'esercizio	4.211.234	(4.211.234)	3.375.951	835.283	3.375.951
<b>Totale</b>	<b>29.744.502</b>	<b>(1)</b>	<b>3.375.951</b>	<b>-</b>	<b>33.120.452</b>

## Fondi per rischi e oneri

I fondi per rischi e oneri sono stati stanziati a copertura delle passività la cui esistenza è ritenuta certa o probabile, per le quali alla chiusura dell'esercizio non sono determinabili l'ammontare o la data di sopravvenienza.

La costituzione dei fondi è stata effettuata in base ai principi di prudenza e di competenza, osservando le prescrizioni del principio contabile OIC 31. Gli accantonamenti correlati sono rilevati nel conto economico dell'esercizio di competenza, in base al criterio di classificazione "per natura" dei costi.

Nella seguente tabella vengono espone le informazioni relative alle variazioni dei fondi per rischi e oneri.

	Valore di inizio esercizio	Variazioni nell'esercizio - Accantonamento	Variazioni nell'esercizio - Totale	Valore di fine esercizio
Fondo per trattamento di quiescenza e obblighi simili	209.286	8.996	8.996	218.282
Strumenti finanziari derivati passivi	17.688	28.686	28.686	46.374
Altri fondi	30.000	-	-	30.000

## Altri fondi

Nel seguente prospetto è illustrata la composizione della voce di cui in oggetto, in quanto risultante iscritta in bilancio, ai sensi dell'art. 2427 c.1 del codice civile.

Descrizione	Dettaglio	Importo esercizio corrente
<i>altri</i>		
	Fondo rischi ed oneri	30.000

Descrizione	Dettaglio	Importo esercizio corrente
Totale		30.000

### Trattamento di fine rapporto di lavoro subordinato

Il TFR è stato calcolato conformemente a quanto previsto dall'art. 2120 del codice civile, tenuto conto delle disposizioni legislative e delle specificità dei contratti e delle categorie professionali, e comprende le quote annue maturate e le rivalutazioni effettuate sulla base dei coefficienti ISTAT.

L'ammontare del fondo è rilevato al netto degli acconti erogati e delle quote utilizzate per le cessazioni del rapporto di lavoro intervenute nel corso dell'esercizio e rappresenta il debito certo nei confronti dei lavoratori dipendenti alla data di chiusura del bilancio.

Nella seguente tabella vengono esposte le informazioni relative alle variazioni del trattamento di fine rapporto di lavoro subordinato.

	Valore di inizio esercizio	Variazioni nell'esercizio - Accantonamento	Variazioni nell'esercizio - Utilizzo	Variazioni nell'esercizio - Altre variazioni	Variazioni nell'esercizio - Totale	Valore di fine esercizio
TRATTAMENTO DI FINE RAPPORTO DI LAVORO SUBORDINATO	798.221	354.765	428.846	(579)	(74.660)	723.561
<b>Totale</b>	<b>798.221</b>	<b>354.765</b>	<b>428.846</b>	<b>(579)</b>	<b>(74.660)</b>	<b>723.561</b>

La suddivisione del TFR in ragione della composizione dei reparti produttivi, risulta così composta:

Descrizione Personale dipendente	Importo TFR al 31.12.2019
Produzione	382.345
Centro costo qualità	15.581
Ufficio tecnico	121.599
Controllo qualità	20.956
Ufficio CED	40.237
Ufficio Manutenzione	32.819
Ufficio Acquisti	5.398
Ufficio commerciale	95.420
Amministrazione	9.205
<b>Totale</b>	<b>723.561</b>

## Debiti

### Variazioni e scadenza dei debiti

I debiti sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile. Per i debiti per i quali sia stata verificata l'irrilevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione, ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il valore nominale. Tale evenienza si è verificata ad esempio in presenza di debiti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

Nella seguente tabella vengono esposte le informazioni relative alle variazioni dei debiti e le eventuali informazioni relative alla scadenza degli stessi.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio	Quota scadente oltre l'esercizio
Debiti verso soci per finanziamenti	800.000	(800.000)	-	-	-
Debiti verso banche	11.148.192	1.595.956	12.744.148	10.644.147	2.100.001
Acconti	9.119	62.313	71.432	71.432	-
Debiti verso fornitori	7.139.176	(1.900.916)	5.238.260	5.238.260	-
Debiti verso imprese controllanti	2.960.120	(1.382.871)	1.577.249	1.577.249	-
Debiti tributari	247.143	(42.829)	204.314	204.314	-
Debiti verso istituti di previdenza e di sicurezza sociale	357.362	67.072	424.434	424.434	-
Altri debiti	1.063.873	(176.733)	887.140	887.140	-
<b>Totale</b>	<b>23.724.985</b>	<b>(2.578.008)</b>	<b>21.146.977</b>	<b>19.046.976</b>	<b>2.100.001</b>

### Debiti verso banche

Nella seguente tabella viene presentata la suddivisione della voce "Debiti verso banche".

Voce	Debiti per finanziamenti a breve termine	Debiti per finanziamenti a medio termine	Totale
4)	10.644.147	2.100.001	12.744.148

### Debiti verso fornitori

I debiti verso fornitori per complessivi € 5.238.260, risultano così composti:

- debiti verso fornitori Italia per € 2.583.738;
- debiti verso fornitori UE per € 982.957;
- debiti verso fornitori extra UE per € 523.476;
- bolle doganali c/transitorio per (54.394);
- debiti per fatture da ricevere per € 1.202.568;
- crediti per note di credito da ricevere per € 85.

Non sussiste necessità di adeguamento cambi sulle partite di debiti commerciali..

**Gli acconti** per complessivi € 71.432 sono portati da:

- anticipi da clienti per € 43.048;
- anticipi da Ifitalia per € 28.384.

**I debiti verso imprese controllanti** per complessivi € 1.577.249 risultano intestati alla Controllante diretta "Sterlite Technologies" per € 501.498 (di cui per operazioni commerciali per € 301.498 e per finanziamenti infruttiferi erogati per € 200.000) ed alle società del gruppo Sterlite, controllanti indirette, per € 1.075.571.

#### **Debiti tributari**

I debiti tributari per complessivi € 204.314 risultano portati dalle seguenti voci:

- Debiti per ritenute operate sul lavoro dipendente € 183.721;
- Debiti per addizionale Irpfef € 1.975
- Debiti per ritenute d'acconto operate € 17.761;
- Debiti verso Erario per bolli su fatture € 902.

#### **Debiti verso Istituti di previdenza e sicurezza sociale**

I debiti verso Istituti Previdenziali per € 424.434 sono così composti:

- Inps C/Versamenti € 266.852;
- Inail C/Versamenti € 3.103;
- Previndai C/Versamenti € 16.101;
- Fondo Gomma Plastica € 22.103;
- TFR fondi assicurativi € 6.404;
- TFR Fondo tesoreria Inps € 30.575;
- Fondo FASG&P € 48;
- Ratei Passivi per debiti vs istituti previdenziali € 75.319;
- Enasarco C/Versamenti € 3.065;
- Debiti per trattenute sindacali € 865.

#### **Altri debiti**

Nella seguente tabella viene presentata la suddivisione della voce "Altri debiti".

Descrizione	Dettaglio	Importo esercizio corrente
<i>Altri debiti</i>		
	Dipendenti C/Retribuzioni	625.333
	Debito verso Associazione Industri	1.910
	Emittenti carte di credito	2.468
	Ratei Passivi per Debito Manodopera	257.381
	Debito verso ASSOGOMMA	48

Descrizione	Dettaglio	Importo esercizio corrente
Totale		887.140

### Suddivisione dei debiti per area geografica

Nella seguente tabella viene esposta la ripartizione per area geografica dei debiti.

Area geografica	Debiti verso banche	Acconti	Debiti verso fornitori	Debiti verso imprese controllanti	Debiti tributari	Debiti verso istituti di previdenza e di sicurezza sociale	Altri debiti	Debiti
Italia	12.744.148	71.432	3.731.827	501.498	204.314	424.434	887.140	18.564.793
UE	-	-	982.957	-	-	-	-	982.957
Extra UE	-	-	523.476	1.075.751	-	-	-	1.599.227
<b>Totale</b>	<b>12.744.148</b>	<b>71.432</b>	<b>5.238.260</b>	<b>1.577.249</b>	<b>204.314</b>	<b>424.434</b>	<b>887.140</b>	<b>21.146.977</b>

### Debiti assistiti da garanzie reali su beni sociali

Ai sensi e per gli effetti dell'art. 2427, c. 1 n. 6 del codice civile, si attesta che non esistono debiti sociali assistiti da garanzie reali.

### Finanziamenti effettuati da soci della società

Nel seguente prospetto sono indicati i finanziamenti dei soci alla società con separata indicazione di quelli con clausola di postergazione rispetto agli altri creditori.

Al 31/12/2019 non sussistono debiti verso soci per finanziamenti.

Nell'esercizio in esame la società ha estinto, parzialmente e per euro 600.000, il debito iscritto al 31/12/2018 di € 800.000 per un finanziamento fruttifero ricevuto dai soci, avente originariamente le seguenti caratteristiche:

- importo: € 10.000.000
- data stipula: 17 Settembre 2018
- durata: 3anni + 1 anno
- tasso di interesse: EURIBOR+1,50%

### Ratei e risconti passivi

I ratei e risconti sono stati calcolati sulla base del principio della competenza, mediante la ripartizione dei costi e/o ricavi comuni a due esercizi.

Nella seguente tabella vengono esposte le informazioni relative alle variazioni dei ratei e risconti passivi.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Ratei passivi	109.590	(85.954)	23.636

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Risconti passivi	187.500	(18.750)	168.750
<b>Totale ratei e risconti passivi</b>	<b>297.090</b>	<b>(104.704)</b>	<b>192.386</b>

I ratei sono stati calcolati secondo il criterio del “tempo economico” dal momento che le prestazioni contrattuali ricevute non hanno un contenuto economico costante nel tempo e quindi la ripartizione del costo (e dunque l’attribuzione all’esercizio in corso della quota parte di competenza) è effettuata in rapporto alle condizioni di svolgimento della gestione come precisato nel principio contabile OIC 18.

I Ratei passivi si riferiscono:

- € 23.636, Ratei per interessi su prestiti bancari
- € 168.750, Risconti per Compenso per diritti di superf. Dello/Ubileasing.

## Nota integrativa, conto economico

Il conto economico evidenzia il risultato economico dell’esercizio.

Esso fornisce una rappresentazione delle operazioni di gestione, mediante una sintesi dei componenti positivi e negativi di reddito che hanno contribuito a determinare il risultato economico. I componenti positivi e negativi di reddito, iscritti in bilancio secondo quanto previsto dall’articolo 2425-bis del codice civile, sono distinti secondo l’appartenenza alle varie gestioni: caratteristica, accessoria e finanziaria.

L’attività caratteristica identifica i componenti di reddito generati da operazioni che si manifestano in via continuativa e nel settore rilevante per lo svolgimento della gestione, che identificano e qualificano la parte peculiare e distintiva dell’attività economica svolta dalla società, per la quale la stessa è finalizzata.

L’attività finanziaria è costituita da operazioni che generano proventi e oneri di natura finanziaria.

In via residuale, l’attività accessoria è costituita dalle operazioni che generano componenti di reddito che fanno parte dell’attività ordinaria ma non rientrano nell’attività caratteristica e finanziaria.

## Valore della produzione

I ricavi e i proventi, i costi e gli oneri sono iscritti al netto dei resi, degli abbuoni, degli sconti e dei premi nel rispetto dei principi di competenza e di prudenza.

I ricavi per operazioni di vendita di beni o prestazioni di servizi sono rilevati quando il processo produttivo dei beni o dei servizi è stato completato e lo scambio è già avvenuto, ovvero si è verificato il passaggio sostanziale e non formale del titolo di proprietà.

I ricavi e i proventi, i costi e gli oneri relativi ad operazioni in valuta sono determinati al cambio a pronti alla data nella quale la relativa operazione è compiuta.

I proventi e gli oneri relativi ad operazioni di compravendita con obbligo di retrocessione a termine, ivi compresa la differenza tra prezzo a termine e prezzo a pronti, sono iscritti per le quote di competenza dell’esercizio.

A fine esercizio non era in corso nessuna operazione di questo tipo.

## Suddivisione dei ricavi delle vendite e delle prestazioni per categoria di attività

I ricavi delle vendite sono principalmente riferiti all’attività caratteristica dell’impresa già descritta in apertura della presente nota integrativa.

Tra gli altri ricavi e proventi che possono comunque classificarsi nell’ambito del valore della produzione sono compresi gli eventuali indennizzi e risarcimenti assicurativi, i proventi vari e diversi e gli abbuoni e le sopravvenienze attive da gestione ordinaria imputabili all’esercizio.

Riportiamo a seguire una tabella di confronto tra i ricavi contabilizzati al 31 dicembre 2019 e quelli al 31 dicembre 2018:

Categoria di attività	Valore esercizio corrente	Valore esercizio precedente
Ricavi delle vendite e delle prestazioni	50.587.375	48.471.998
variazioni delle rimanenze di prodotti in corso di lavorazione, semilavorati e finiti	(6.358.546)	(1.015.469)
altri ricavi e proventi	956.682	155.165
<b>Totale</b>	<b>45.185.511</b>	<b>47.611.694</b>

L'impatto delle rimanenze finali a Conto Economico è riportato dalla tabella a seguire:

Categoria di attività	Rimanenza Iniziale	Rimanenza Finale	Variazione delle Rimanenze
Rimanenza Materie Prime	6.461.373	6.359.564	101.809
Rimanenza Lavori in Corso	4.246.223	3.659.555	586.668
Rimanenza Prodotti Finiti e Merci	3.709.383	4.398.879	(689.496)
<b>Totale</b>	<b>14.416.979</b>	<b>14.417.998</b>	<b>(1.019)</b>

Il dettaglio degli Altri ricavi e proventi è riportato dalla Tabella a seguire.

Categoria di attività	Valore Finale
Sopravvenienze attive	946.253
Rimborso spese da clienti	440
Rimborsi assicurativi	410
Abbuoni e sconti attivi	3.553
Rimb.Util.Aut.Uso Promisc	5.517
Contributi in c/esercizio	509
<b>Totale</b>	<b>956.682</b>

## Costi della produzione

I costi ed oneri sono imputati per competenza e secondo natura, al netto dei resi, abbuoni, sconti e premi, nel rispetto del principio di correlazione con i ricavi, ed iscritti nelle rispettive voci secondo quanto previsto dal principio contabile OIC 12. Per quanto riguarda gli acquisti di beni, i relativi costi sono iscritti quando si è verificato il passaggio sostanziale e non formale del titolo di proprietà assumendo quale parametro di riferimento, per il passaggio sostanziale, il trasferimento dei rischi e benefici. Nel caso di acquisto di servizi, i relativi costi sono iscritti quando il servizio è stato ricevuto, ovvero quando la prestazione si è conclusa, mentre, in presenza di prestazioni di servizi continuative, i relativi costi sono iscritti per la quota maturata.

I costi della produzione si riferiscono, principalmente, agli oneri sostenuti per l'espletamento dell'attività produttiva, ai costi per servizi, le cui principali voci sono sotto enunziate, alle spese per il personale dipendente e agli oneri diversi di gestione.

**I costi della produzione ammontano a complessivi € 40.119.226** così composti:

- costi per materie prime, sussidiarie, di consumo e merci per € 32.080.859;
- costi per servizi per € 4.320.058;
- costi per godimento di beni di terzi per € 418.709;
- costi per il personale per € 7.649.097;
- ammortamenti per complessivi € 1.647.229;
- variazione delle rimanenze di materie prime, sussidiarie, di consumo e merci per € (6.359.564);
- altri accantonamenti (stanziamento dell'indennità suppletiva di clientela dovuta per gli agenti) per € 8.995;
- oneri diversi di gestione per € 353.843.

## Proventi e oneri finanziari

I proventi e gli oneri finanziari sono iscritti per competenza in relazione alla quota maturata nell'esercizio.

I proventi finanziari ammontano ad € 147 (€ 22.039 al 31.12.2018) e si riferiscono ad interessi attivi bancari.

Gli oneri finanziari ammontano ad € 205.745 (€ 157.746 al 31.12.2018) e si riferiscono principalmente ad interessi passivi bancari e su finanziamenti, come più oltre dettagliato.

### Composizione dei proventi da partecipazione

Non sussistono proventi da partecipazioni di cui all'art. 2425, n. 15 del codice civile.

### Ripartizione degli interessi e altri oneri finanziari per tipologia di debiti

Nel seguente prospetto si dà evidenza degli interessi e degli altri oneri finanziari di cui all'art. 2425, n. 17 del codice civile, con specifica suddivisione tra quelli relativi a prestiti obbligazionari, ai debiti verso banche ed a altre fattispecie.

	Debiti verso banche	Altri	Totale
Interessi ed altri oneri finanziari	200.869	4.876	205.745

## Utili/perdite su cambi

Si riportano di seguito le informazioni relative agli utili o perdite su cambi distinguendo la parte realizzata dalla parte derivante da valutazioni delle attività e passività in valuta iscritte in bilancio alla fine dell'esercizio.

I crediti e i debiti non immobilizzati espressi originariamente in valute estere, non aderenti all'UEM (Unione Monetaria Europea), sono iscritti in base ai cambi in vigore alla data in cui sono sorti e sono allineati ai cambi correnti alla chiusura del bilancio.

La partecipazione nella collegata cinese risulta iscritta al valore di cambio alla data di sottoscrizione del capitale sociale; nessun adeguamento è stato effettuato nell'esercizio.

In particolare, le attività e passività che non costituiscono immobilizzazioni sono iscritte al tasso di cambio a pronti alla data di chiusura dell'esercizio. Gli utili e le perdite che derivano dalla conversione dei crediti e dei debiti sono rispettivamente accreditati e addebitati al Conto Economico, tra i proventi e oneri finanziari, alla voce C 17-bis) Utili e perdite su cambi.

Descrizione	Importo in bilancio	Parte valutativa	Parte realizzata
<i>utili e perdite su cambi</i>	2.271-		
Utile su cambi		-	11.692
Perdita su cambi		-	13.963
<b>Totale voce</b>		-	<b>2.271-</b>

### Importo e natura dei singoli elementi di ricavo/costo di entità o incidenza eccezionali

Nel seguente prospetto sono indicati l'importo e la natura dei singoli elementi di ricavo di entità o incidenza eccezionali.

Voce di ricavo	Importo	Natura
Altri ricavi	550.018	Sopravvenienze attive da gestione ordinaria
Altri ricavi	396.236	Sopravvenienze attive relative ad anni precedenti

La posta di euro 550.000 iscritta nella voce "Altri ricavi" e identificata con la natura "Sopravvenienze attive da gestione ordinaria" si riferisce ad una dazione effettuata dalla Controllante Diretta "Sterlite Technologies S.p.A." in riferimento alle previsioni indicate nell'accordo denominato "Share Purchase Agreement" intervenuto tra la stessa Controllante Diretta e la precedente controllante "Compagnia Bresciana Investimenti S.p.A." che, in data 20 luglio 2018, ha ceduto l'intera sua partecipazione in "Metallurgica Bresciana S.p.A." alla citata "Sterlite Technologies S.p.A.". L'accordo di vendita prevedeva che la cedente avrebbe garantito l'insussistenza del magazzino rilevato al 20 luglio 2018 e, essenzialmente, riferito a prodotti obsoleti indicati come "slow moving products"; la Società durante l'esercizio 2019 ha provveduto ad alienare e/o dismettere tali prodotti obsoleti conseguendo una perdita effettiva di euro 550.000. In virtù della garanzia prestata, la cedente ha provveduto a versare, a favore di "Sterlite Technologies S.p.A.", l'importo anzidetto di euro 550.000 quale refusione della garanzia prestata; a sua volta, "Sterlite Technologies S.p.A." ha riconosciuto il precitato importo a favore di "Metallurgica Bresciana S.p.A." quale ristoro per la perdita subita. Atteso che il valore delle rimanenze è stato eliso, la refusione ha costituito una sopravvenienza attiva posto che la società "Metallurgica Bresciana S.p.A." non risultava quale beneficiaria nelle previsioni dello "Share Purchase Agreement" menzionato.

La posta di euro 386.236 si riferisce a:

- € 217.363, per Aggiustamento su fatture da ricevere per provvigioni non dovute/mai maturate
- € 136.000, per Rilascio fondi magazzino prodotti finiti
- € 42.873, per altre Varie voci

Nel seguente prospetto sono indicati l'importo e la natura dei singoli elementi di costo di entità o incidenza eccezionali.

Voce di costo	Importo	Natura
Oneri diversi di gestione	32.520	Sopravvenienze passive riferite ad altri esercizi
Rettifiche di valore	28.868	Svalutazione straordinaria strumenti finanziari derivati

Le rettifiche di valore si riferiscono al valore MTM riferito ai Contratti derivati sul copertura tassi, sottoscritti con BNL-BNP PARIBAS ed INTESA SAN PAOLO (in calce dettagliatamente specificati); l'importo in questione si riferisce al valore incrementale, rispetto a quello calcolato alla data del 31.12.2019, ed appostato nell'apposito Fondo.

## **Imposte sul reddito d'esercizio, correnti, differite e anticipate**

La società ha provveduto allo stanziamento delle imposte dell'esercizio sulla base dell'applicazione delle norme tributarie vigenti. Le imposte correnti si riferiscono alle imposte di competenza dell'esercizio così come risultanti dalle dichiarazioni fiscali; le imposte relative ad esercizi precedenti includono le imposte dirette di esercizi precedenti, comprensive di interessi e sanzioni e sono inoltre riferite alla differenza positiva (o negativa) tra l'ammontare dovuto a seguito della definizione di un contenzioso o di un accertamento rispetto al valore del fondo accantonato in esercizi precedenti. Le imposte differite e le imposte anticipate, infine, riguardano componenti di reddito positivi o negativi rispettivamente soggetti ad imposizione o a deduzione in esercizi diversi rispetto a quelli di contabilizzazione civilistica.

### **Imposte correnti**

Le imposte correnti risultano iscritte per € 1.068.475 (€ 1.524.714 al 31.12.2018) e sono portate dall'IRES di esercizio per € 862.109 e dall'IRAP di esercizio per € 203.366.

### **Imposte differite e anticipate**

La presente voce ricomprende l'impatto della fiscalità differita sul presente bilancio. La stessa è da ricondursi alle differenze temporanee tra i valori attribuiti ad un'attività o passività secondo criteri civilistici ed i corrispondenti valori riconosciuti a tali elementi ai fini fiscali.

Le imposte sul reddito differite e anticipate sono calcolate sull'ammontare cumulativo di tutte le differenze temporanee esistenti tra i valori delle attività e delle passività determinati con i criteri di valutazione civilistici ed il loro valore riconosciuto ai fini fiscali.

Le imposte differite relative a differenze temporanee imponibili correlate a partecipazioni in società controllate e a operazioni che hanno determinato la formazione di riserve in sospensione d'imposta non sono rilevate solo qualora siano soddisfatte le specifiche condizioni previste dal principio di riferimento.

Le imposte differite relative ad operazioni che hanno interessato direttamente il patrimonio netto non sono rilevate inizialmente a conto economico ma contabilizzate tra i fondi per rischi e oneri tramite riduzione della corrispondente posta di patrimonio netto.

Le imposte sul reddito differite e anticipate sono rilevate nell'esercizio in cui emergono le differenze temporanee e sono calcolate applicando le aliquote fiscali in vigore nell'esercizio nel quale le differenze temporanee si riverseranno, qualora tali aliquote siano già definite alla data di riferimento del bilancio diversamente sono calcolate in base alle aliquote in vigore alla data di riferimento del bilancio.

Le imposte anticipate sulle differenze temporanee deducibili e sul beneficio connesso al riporto a nuovo di perdite fiscali sono rilevate e mantenute in bilancio solo se sussiste la ragionevole certezza del loro futuro recupero, attraverso la previsione di redditi imponibili o la disponibilità di sufficienti differenze temporanee imponibili negli esercizi in cui le imposte anticipate si riverseranno.

Un'attività per imposte anticipate non contabilizzata o ridotta in esercizi precedenti, in quanto non sussistevano i requisiti per il suo riconoscimento o mantenimento in bilancio, è iscritta o ripristinata nell'esercizio in cui sono soddisfatti tali requisiti.

In nota integrativa è presentato un prospetto delle differenze temporanee che hanno comportato la rilevazione di imposte differite e anticipate, specificando l'aliquota applicata e le variazioni rispetto all'esercizio precedente, gli importi addebitati o accreditati a conto economico o a patrimonio netto e le voci escluse dal calcolo nonché l'ammontare delle imposte anticipate contabilizzate in bilancio attinenti a perdite dell'esercizio o di esercizi precedenti e l'ammontare delle imposte non ancora contabilizzato.

La società ha determinato l'imposizione differita con esclusivo riferimento all'IRES, non essendovi variazioni temporanee IRAP.

Di seguito si riportano, ove presenti, le informazioni richieste dall'art. 2427 n. 14 del codice civile, ovvero:

- la descrizione delle differenze temporanee che hanno comportato la rilevazione di imposte differite e anticipate, specificando l'aliquota applicata e le variazioni rispetto all'esercizio precedente, gli importi accreditati o addebitati a conto economico oppure a patrimonio netto;
- l'ammontare delle imposte anticipate contabilizzato in bilancio attinenti a perdite dell'esercizio o di esercizi precedenti e le motivazioni dell'iscrizione; l'ammontare non ancora contabilizzato e le motivazioni della mancata iscrizione;
- le voci escluse dal computo e le relative motivazioni.

#### Rilevazione delle imposte differite e anticipate ed effetti conseguenti

	IRES	IRAP
<b>A) Differenze temporanee</b>		
Totale differenze temporanee imponibili	1.386.105	-
Differenze temporanee nette	1.386.105	-
<b>B) Effetti fiscali</b>		
Fondo imposte differite (anticipate) a inizio esercizio	(438.185)	-
Imposte differite (anticipate) dell'esercizio	105.520	-
Fondo imposte differite (anticipate) a fine esercizio	(332.665)	-

#### Dettaglio differenze temporanee imponibili

Descrizione	Importo al termine dell'esercizio precedente	Variazione verificatasi nell'esercizio	Importo al termine dell'esercizio	Aliquota IRES	Effetto fiscale IRES	Aliquota IRAP	Effetto fiscale IRAP
F.do Obsolesc.magazz.M.P.	250.000	-	250.000	24,00	60.000	-	-
F.do Obsol.magazz.SEMIL.	100.000	-	100.000	24,00	24.000	-	-
F.do Obsolesc.magazz.P.F	451.562	(370.000)	81.562	24,00	19.575	-	-
F.do Svalutazione Crediti	724.543	-	724.543	24,00	173.890	-	-
F.do Rischi ed oneri	30.000	-	30.000	24,00	7.200	-	-
Debito verso Ghitti	269.668	(269.668)	-	24,00	-	-	-
Bonus ai dipendenti	-	200.000	200.000	24,00	48.000	-	-

## Nota integrativa, rendiconto finanziario

La società ha predisposto il rendiconto finanziario che rappresenta il documento di sintesi che raccorda le variazioni intervenute nel corso dell'esercizio nel patrimonio aziendale con le variazioni nella situazione finanziaria; esso pone in evidenza i valori relativi alle risorse finanziarie di cui l'impresa ha avuto necessità nel corso dell'esercizio nonché i relativi impieghi.

In merito al metodo utilizzato si specifica che la stessa ha adottato, secondo la previsione dell'OIC 10, il metodo indiretto in base al quale il flusso di liquidità è ricostruito rettificando il risultato di esercizio delle componenti non monetarie.

## Nota integrativa, altre informazioni

Di seguito vengono riportate le altre informazioni richieste dal codice civile.

### Dati sull'occupazione

Nel seguente prospetto è indicato il livello di occupazione nell'esercizio 2019 ripartito per categoria.

	Dirigenti	Quadri	Impiegati	Operai	Totale dipendenti
Numero medio	2	10	27	100	139

Il livello di occupazione nell'esercizio 2019 si è attestato a 139 unità di lavoro (2 dirigenti; 10 quadri intermedi; 27 impiegati; 110 impiegati)

Come negli anni precedenti, non si è fatto ricorso alla Cassa Integrazioni Guadagni o altre forme di ammortizzatori sociali.

Il numero medio di dipendenti nel corso dell'anno è stato di 139,75, con un incremento rispetto ai 123,5 dipendenti dell'anno precedente, del 13,15%.

Il bonus di risultato per i benefici 2018, pagato nel 2019 calcolato sulla base dell'accordo di secondo livello rinnovato il 23 giugno 2014, è stato erogato per un totale di 193.098 euro..

Metallurgica Bresciana aderisce alle disposizioni contrattuali della "CCNL Gomma-Plastica" italiana..

### Compensi, anticipazioni e crediti concessi ad amministratori e sindaci e impegni assunti per loro conto

Nel seguente prospetto sono espone le informazioni richieste dall'art. 2427 n. 16 c.c., precisando che non esistono anticipazioni e crediti e non sono stati assunti impegni per conto dell'organo amministrativo per effetto di garanzie di qualsiasi tipo prestate.

	Amministratori	Sindaci
Compensi	249.017	27.978

### Compensi al revisore legale o società di revisione

Nella seguente tabella sono indicati, suddivisi per tipologia di servizi prestati, i compensi spettanti alla società di revisione.

	Revisione legale dei conti annuali	Totale corrispettivi spettanti al revisore legale o alla società di revisione
Valore	31.220	31.220

### Categorie di azioni emesse dalla società

Nel seguente prospetto è indicato il numero e il valore nominale delle azioni della società, nonché le eventuali movimentazioni verificatesi durante l'esercizio.

	Consistenza iniziale, numero	Consistenza iniziale, valor nominale	Consistenza finale, numero
Capitale Sociale	7.000.000	7.000.000	7.000.000

### Titoli emessi dalla società

La società non ha emesso alcun titolo o valore simile rientrante nella previsione di cui all'art. 2427 n. 18 codice civile.

### Dettagli sugli altri strumenti finanziari emessi dalla società

La società non ha emesso altri strumenti finanziari ai sensi dell'articolo 2346, comma 6, del codice civile.

### Impegni, garanzie e passività potenziali non risultanti dallo stato patrimoniale

Al 31.12.2019 esistono i seguenti impegni, garanzie o passività potenziali non risultanti dallo stato patrimoniale, per complessivi € 3.909.764:

- Fideiussioni ad altre imprese € 3.862.881
- Beni presso l'impresa a titolo di deposito o comodato € 46.883.

### Informazioni sui patrimoni e i finanziamenti destinati ad uno specifico affare

#### Patrimoni destinati ad uno specifico affare

Si attesta che alla data di chiusura del bilancio non sussistono patrimoni destinati ad uno specifico affare di cui al n. 20 dell'art. 2427 del codice civile.

#### Finanziamenti destinati ad uno specifico affare

Si attesta che alla data di chiusura del bilancio non sussistono finanziamenti destinati ad uno specifico affare di cui al n. 21 dell'art. 2427 del codice civile.

## Informazioni sulle operazioni con parti correlate

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Nel corso dell'esercizio sono state poste in essere operazioni con parti correlate; si tratta di operazioni concluse a condizioni di mercato, pertanto, in base alla normativa vigente, non viene fornita alcuna informazione aggiuntiva.

## Informazioni sugli accordi non risultanti dallo stato patrimoniale

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Nel corso dell'esercizio non è stato posto in essere alcun accordo non risultante dallo stato patrimoniale.

## Informazioni sui fatti di rilievo avvenuti dopo la chiusura dell'esercizio

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Con riferimento al punto 22-quater dell'art. 2427 del codice civile, non si segnalano fatti di rilievo successivi alla chiusura dell'esercizio che abbiano inciso in maniera rilevante sull'andamento patrimoniale, finanziario ed economico.

Dal punto di vista della pandemia di Covid, il consiglio di amministrazione ha considerato, anche con gli strumenti e le disposizioni attualmente disponibili, gli impatti potenzialmente stimabili riferiti alla pandemia di Covid-19 sia dal punto di vista delle attività commerciali sia dal punto di vista finanziario; ad oggi risulta difficile stimare l'impatto economico atteso il fatto che la società fa parte di una catena produttiva che serve reti in fibra che, secondo le ultime indicazioni del governo italiano, dovrebbe rappresentare un settore di interesse pubblico. La situazione finanziaria della società, in ogni caso, è tale da poter sostenere, in questo periodo, i requisiti di cassa relativi alla struttura aziendale.

L'evolvere dell'epidemia di COVID-19 sta peggiorando le prospettive per l'economia mondiale contenute nelle proiezioni macroeconomiche di marzo 2020 formulate dagli esperti della BCE. Gli andamenti osservati dopo la data di ultimo aggiornamento dei dati utilizzati per le proiezioni suggeriscono che i rischi al ribasso per l'attività economica mondiale connessi con l'insorgere del COVID-19 si sono in parte concretizzati; ciò implica che quest'anno l'attività mondiale si rivelerà più debole di quanto anticipato dalle proiezioni. L'epidemia ha colpito l'economia mondiale proprio mentre si iniziavano a cogliere i primi segni di una stabilizzazione dell'attività e degli scambi e quando la sottoscrizione della cosiddetta Fase 1 dell'accordo commerciale tra Stati Uniti e Cina, accompagnata da tagli ai dazi, riduceva l'incertezza. In un orizzonte di più lungo periodo la prevista ripresa dell'economia mondiale dovrebbe acquisire una trazione non più che modesta. I primi mesi del 2020 sono stati caratterizzati da un'accelerazione delle attività degli operatori nazionali per colmare i ritardi accumulati in precedenza nello sviluppo della rete ottica nazionale e dalla volontà dei due giganti TIM e Openfiber di arrivare rafforzati in vista di un imminente fusione tra i due.

Ciò nonostante, grazie al notevole grado di affidabilità e al consolidato rapporto instaurato negli anni precedenti con i clienti e grazie alla sinergia con il Gruppo STL che ci ha permesso di ottimizzare il processo, raddoppiare la capacità produttiva e ridurre significativamente i costi di produzione, siamo ora gli offerenti di successo di importanti contratti con TIM, Openfiber e i principali installatori italiani in un mercato, con prezzi in costante calo a causa dell'aggressiva politica commerciale dei principali concorrenti stranieri (cinese e coreano). Tali contratti, la cui validità è prorogata fino al 2021, garantiscono una solida base per il proseguimento delle attività produttive per tutto il 2020.

La nostra posizione è inoltre consolidata dalle acquisizioni di importanti ordini esteri.

## Imprese che redigono il bilancio dell'insieme più grande/più piccolo di imprese di cui si fa parte in quanto impresa controllata

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Nel seguente prospetto, ai sensi dell'art. 2427, numeri 22-quinquies e 22-sexies del codice civile, si riporta il nome e la sede legale dell'impresa che redige il bilancio consolidato, dell'insieme più grande o più piccolo di imprese, di cui l'impresa fa parte in quanto impresa consolidata.

Si osserva che, in data 20 luglio 2018, la Società è entrata sotto il coordinamento di "Sterlite Technologies S.p.A." (da Milano, Via del Vecchio Politecnico no.9, iscritta al registro delle imprese di Milano e con codice fiscale n. 10309460961), che a sua volta risulta controllata dalla società "Sterlite Technologies Ltd" (con sede in India E1, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra).

### Informazioni relative agli strumenti finanziari derivati ex art. 2427-bis del Codice Civile

In osservanza di quanto richiesto dall'art. 2427-bis del codice civile, nel rispetto del principio della rappresentazione veritiera e corretta degli impegni aziendali, si forniscono di seguito le opportune informazioni.

Contratti derivati sul copertura tassi, sottoscritto con BNL-BNP PARIBAS (ref. n. 21189999 scadente il 27 Febbraio 2024): valore del MTM – 31/12/2019 -24,979.60

Contratti derivati sul copertura tassi, sottoscritto con BNL-BNP PARIBAS (ref. n. 2190004 scadente il 27 febbraio 2024): valore del MTM – 31/12/2019 +124.96

Contratti derivati sul copertura tassi, sottoscritto con with BNL-BNP PARIBAS (ref. n. 21614510 scadente il 20 Maggio 2024): valore del MTM – 31/12/2019 -15,217.22

Contratti derivati sul copertura tassi, sottoscritto con BNL-BNP PARIBAS (ref. n. 21614516 scadente il 20 Maggio 2024): valore del MTM – 31/12/2019 +120.78

Contratti derivati sul copertura tassi, n. 21383614 sottoscritto con INTESA SANPAOLO, scadente il 15 Dicembre 2021: valore del MTM – 31/12/201 -€ 9,323

Per tale contratto si è provveduto a stanziare prudenzialmente un "Fondo Rischi derivati".

Nell'ambito della cessione della MB (Maanshan) Special Cable Ltd è stata concessa una call-option per la cessione di un ulteriore 20% della partecipata. Tenuto conto che tale opzione è stata sottoscritta nel 2016 e tenuto conto delle caratteristiche dell'opzione, si stima che il suo fair value al 31.12.2019 non sia significativo.

### Prospetto riepilogativo del bilancio della società che esercita l'attività di direzione e coordinamento

Si rende noto che la società appartiene al gruppo STERLITE ed è soggetta all'attività di direzione e coordinamento da parte della società STERLITE TECHNOLOGIES S.P.A. di cui nelle successive tabelle si riportano i dati del bilancio depositato.

### Prospetto riepilogativo dello stato patrimoniale della società che esercita l'attività di direzione e coordinamento

	Ultimo esercizio	Data
Data dell'ultimo bilancio approvato		31/12/2018
B) Immobilizzazioni	46.866.534	
C) Attivo circolante	1.064.428	
<b>Totale attivo</b>	<b>47.930.962</b>	
Capitale sociale	5.050.000	
Utile (perdita) dell'esercizio	(657.777)	
<b>Totale patrimonio netto</b>	<b>4.392.223</b>	
D) Debiti	43.538.739	
<b>Totale passivo</b>	<b>47.930.962</b>	

### Prospetto riepilogativo del conto economico della società che esercita l'attività di direzione e coordinamento

	Ultimo esercizio	Data
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	Ultimo esercizio	Data
Data dell'ultimo bilancio approvato		31/12/2018
A) Valore della produzione	150.000	
B) Costi della produzione	200.318	
C) Proventi e oneri finanziari	(607.459)	
Utile (perdita) dell'esercizio	(657.777)	

### Proposta di destinazione degli utili o di copertura delle perdite

Signori Soci, alla luce di quanto sopra esposto, l'organo amministrativo Vi propone di destinare l'utile d'esercizio di € 3.655.735 alla Riserva Straordinaria.

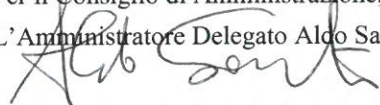
### Nota integrativa, parte finale

Signori Soci, Vi confermiamo che il presente bilancio, composto da stato patrimoniale, conto economico, rendiconto finanziario e nota integrativa rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria della società, nonché il risultato economico dell'esercizio e corrisponde alle scritture contabili. Vi invitiamo pertanto ad approvare il progetto di bilancio al 31/12/2019 unitamente con la proposta di destinazione del risultato d'esercizio, così come predisposto dall'organo amministrativo.

Dello (BS), 22/04/2020

Per il Consiglio di Amministrazione,

L'Amministratore Delegato Aldo Santus



p. Metallurgica Bresciana

Aldo Santus - Amministratore

### General information about the company

Name and id code

Company name: METALLURGICA BRESCIANA SPA with a sole Shareholder

Company site: VIA G. MARCONI 31 DELLO BS

Share capital: 7.000.000,00

Fully paid-in share capital: Yes

Registration Authority id code: BS

VAT number: 02132320173

Fiscal code: 02132320173

Registration number: 02132320173

Legal form: JOINT STOCK COMPANY

Activity Code: 273200

Company being wound up: No

Company with a single shareholder: Yes

Company subject to the management and coordination of others: Yes

Name of the company or entity that exercises management and coordination: STERLITE TECHNOLOGIES S.P.A.

belonging to a group: Yes

Name of the controlling entity: STERLITE TECHNOLOGIES S.P.A.

Country of the controlling entity: Italy

Cooperative company Registration number:

## Financial statements as at 31/12/2019

### Ordinary balance sheet

	31/12/2019	31/12/2018
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets	-	-
3) industrial patents and intellectual property rights	34.440	1.500
4) concessions, licenses, trademarks and similar rights	549	1.175
7) other	419.696	-
<i>Total intangible fixed assets</i>	<i>454.685</i>	<i>2.675</i>
II - Tangible fixed assets	-	-

	31/12/2019	31/12/2018
1) land and buildings	6.336.592	6.533.617
2) plant and machinery	9.762.250	4.911.190
3) industrial and commercial equipment	170.146	44.761
4) other assets	66.866	58.824
5) assets in process of formation and advances	10.000	1.360.553
<i>Total tangible fixed assets</i>	<i>16.345.854</i>	<i>12.908.945</i>
III - Financial fixed assets	-	-
1) equity investments	-	-
b) associated companies	1.603.013	1.603.013
d-bis) third parties	3.710	3.710
<i>Total equity investments</i>	<i>1.606.723</i>	<i>1.606.723</i>
2) receivables due from	-	-
d-bis) third parties	18.311	18.311
due within the following year	18.311	18.311
<i>Total receivables</i>	<i>18.311</i>	<i>18.311</i>
<i>Total financial fixed assets</i>	<i>1.625.034</i>	<i>1.625.034</i>
<i>Total fixed assets (B)</i>	<i>18.425.573</i>	<i>14.536.654</i>
<b>C) Current assets</b>		
I - Inventories	-	-
1) raw, ancillary and consumable materials	5.875.564	6.211.373
2) work in progress and semi-finished products	3.559.555	4.146.223
4) finished products and goods for resale	4.317.316	3.257.821
<i>Total inventories</i>	<i>13.752.435</i>	<i>13.615.417</i>
II - Receivables	-	-
1) trade accounts	14.744.534	21.078.623
due within the following year	14.744.534	21.078.623
3) due from associated companies	7.288.176	6.820.078
due within the following year	7.288.176	6.820.078
4) due from parent companies	1.084.577	-
due within the following year	1.084.577	-
5-bis) due from tax authorities	1.007.590	210.457
due within the following year	1.007.590	210.457
5-ter) advances on tax payments	332.665	438.185
5-quater) due from third parties	62.563	622.223

	31/12/2019	31/12/2018
due within the following year	62.563	622.223
<i>Total receivables</i>	<i>24.520.105</i>	<i>29.169.566</i>
IV - Liquid funds	-	-
1) bank and post office deposits	2.127.285	570.403
3) cash and equivalents on hand	1.738	768
<i>Total liquid funds</i>	<i>2.129.023</i>	<i>571.171</i>
<i>Total current assets (C)</i>	<i>40.401.563</i>	<i>43.356.154</i>
<b>D) Accrued income and prepayments</b>	<b>306.631</b>	<b>304.914</b>
<i>Total assets</i>	<i>59.133.767</i>	<i>58.197.722</i>
<b>Liabilities and shareholders' equity</b>		
<b>A) Shareholders' equity</b>	<b>36.776.187</b>	<b>33.120.452</b>
I - Share capital	7.000.000	7.000.000
III - Revaluation reserves	6.083.284	6.083.284
IV - Legal reserve	2.045.966	2.045.966
VI - Other reserves	-	-
Extraordinary reserve	17.991.202	14.615.251
<i>Total other reserves</i>	<i>17.991.202</i>	<i>14.615.251</i>
IX - Profit (loss) for the year	3.655.735	3.375.951
Total Shareholders' Equity	36.776.187	33.120.452
<b>B) Reserves for contingencies and other charges</b>		
1) pension and similar commitments	218.282	209.286
3) Passive derivative financial instruments	46.374	17.688
4) other	30.000	30.000
<i>Total reserves for contingencies and other charges</i>	<i>294.656</i>	<i>256.974</i>
<b>C) Total reserve for severance indemnities (TFR)</b>	<b>723.561</b>	<b>798.221</b>
<b>D) Payables</b>		
3) due to partners for financing	-	800.000
due within the following year	-	800.000
4) due to banks	12.744.148	11.148.192
due within the following year	10.644.147	8.774.859
due beyond the following year	2.100.001	2.373.333
6) advances	71.432	9.119
due within the following year	71.432	9.119
7) trade accounts	5.238.260	7.139.176

	31/12/2019	31/12/2018
due within the following year	5.238.260	7.139.176
11) due to parent companies	1.577.249	2.960.120
due within the following year	1.577.249	2.960.120
12) due to tax authorities	204.314	247.143
due within the following year	204.314	247.143
13) due to social security and welfare institutions	424.434	357.362
due within the following year	424.434	357.362
14) other payables	887.140	1.063.873
due within the following year	887.140	1.063.873
<i>Total payables (D)</i>	<i>21.146.977</i>	<i>23.724.985</i>
<b>E) Accrued liabilities and deferred income</b>	<b>192.386</b>	<b>297.090</b>
<i>Total liabilities and shareholders' equity</i>	<i>59.133.767</i>	<i>58.197.722</i>

## Ordinary P&L account

	31/12/2019	31/12/2018
<b>A) Value of production</b>		
1) Revenues from sales and services	50.587.375	48.471.998
2) Change in work in progress, semi-finished and finished products	(6.358.546)	(1.015.469)
5) Other income and revenues	-	-
operating grants	509	64.985
other	956.173	90.180
<i>Total Other income and revenues</i>	<i>956.682</i>	<i>155.165</i>
<i>Total value of production</i>	<i>45.185.511</i>	<i>47.611.694</i>
<b>B) Cost of production</b>		
6) Raw, ancillary and consumable materials and goods for resale	32.080.859	29.152.041
7) Services	4.320.058	4.485.273
8) Use of third party assets	418.709	421.198
9) Payroll and related costs	-	-
a) wages and salaries	4.987.197	4.375.939
b) related salaries	1.473.989	1.306.179
c) severance	354.765	332.481
e) other costs	833.146	878.634

	31/12/2019	31/12/2018
<i>Total payroll and related costs</i>	7.649.097	6.893.233
10) Amortisation, depreciation and writedowns	-	-
a) amortisation of intangible fixed assets	16.599	5.424
b) depreciation of tangible fixed assets	1.630.630	1.265.931
d) writedowns of accounts included among current assets	-	418.991
<i>Total Amortisation, depreciation and writedowns</i>	1.647.229	1.690.346
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(6.359.564)	(1.053.748)
13) Other provisions	8.995	526.855
14) Other operating expenses	353.843	698.535
<i>Total cost of production</i>	40.119.226	42.813.733
<b>Difference between value and cost of production (A - B)</b>	<b>5.066.285</b>	<b>4.797.961</b>
<b>C) Financial income and expense</b>		
16) Other financial income	-	-
d) income other than the above	-	-
other	147	22.039
<i>Total income other than the above</i>	147	22.039
<i>Total other financial income</i>	147	22.039
17) Interest and other financial expense	-	-
other	205.745	157.746
<i>Total interest and other financial expense</i>	205.745	157.746
17-bis) Currency gains and losses	(2.271)	(12.740)
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	(207.869)	(148.447)
<b>D) Adjustments to financial assets</b>		
19) Writedowns	-	-
d) derivative financial instruments	28.686	-
<i>Total writedowns</i>	28.686	-
<i>Total changes in value of financial assets (18-19)</i>	(28.686)	-
<b>Profit before taxes (A - B + - C + - D)</b>	<b>4.829.730</b>	<b>4.649.514</b>
<b>20) Taxes on the income for the year</b>		
Current taxes	1.068.475	1.524.714
Deferred tax assets and liabilities	105.520	(251.151)
<i>Total taxes on the income for the year</i>	1.173.995	1.273.563
<b>21) Net profit (loss) for the year</b>	<b>3.655.735</b>	<b>3.375.951</b>

## Statement of cash flows, indirect method

	Amount as at 31/12/2019	Amount as at 31/12/2018
<b>A) Financial flow from operations (indirect method)</b>		
Net profit (loss) for the year	3.655.735	3.375.951
Income taxes	1.173.995	1.273.563
Interest expenses/(income)	205.598	135.707
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>5.035.328</i>	<i>4.785.221</i>
Adjustments for non-monetary elements with no offset in working capital		
Accruals to provisions	8.996	11.855
Depreciation of assets	1.647.229	1.271.355
Adjustment of value of financial assets and liabilities of derivative financial instruments not involving cash transactions	28.686	
Other increasing/(decreasing) adjustments for non-monetary items	354.765	332.481
<i>Total adjustments for non-monetary items with no offset in net working capital</i>	<i>2.039.676</i>	<i>1.615.691</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>7.075.004</i>	<i>6.400.912</i>
Changes in net working capital		
Decrease/(Increase) of inventories	(137.018)	476.721
Decrease/(Increase) of credits towards customers	6.334.089	1.016.278
Increase/(Decrease) in payables due to suppliers	(1.900.916)	(929.212)
Decrease/(Increase) in accrued income and deferred expenses	(1.717)	29.502
(Increase)/Decrease in accrued liabilities and deferred income	(104.704)	22.990
Other decreases/(Other increases) of net working capital	(3.157.676)	(546.193)
<i>Total changes in net working capital</i>	<i>1.032.058</i>	<i>70.086</i>
<i>3) Financial flow after changes to the net working capital</i>	<i>8.107.062</i>	<i>6.470.998</i>
Other adjustments		
Interest collected/(paid)	(205.598)	(135.707)
(income taxes paid)	(1.173.995)	(1.273.563)
Other collections/(payments)	(429.425)	(432.062)
<i>Total other adjustments</i>	<i>(1.809.018)</i>	<i>(1.841.332)</i>
<b>Financial flow from operations (A)</b>	<b>6.298.044</b>	<b>4.629.666</b>
<b>B) Financial flow from investing activities</b>		
Tangible fixed assets		

	Amount as at 31/12/2019	Amount as at 31/12/2018
(Investments)	(5.067.539)	(2.652.021)
Intangible fixed assets		
(Investments)	(468.609)	
<b>Cash flow from investing activities (B)</b>	<b>(5.536.148)</b>	<b>(2.652.021)</b>
<b>C) Financial flow from financing activities</b>		
Loan capital		
Increase/(Decrease) in short-term payables due to banks	1.869.288	(2.180.600)
New loans		800.000
(Reimbursement of loans)	(1.073.332)	(924.445)
<b>Cash flow from financing activities (C)</b>	<b>795.956</b>	<b>(2.305.045)</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>1.557.852</b>	<b>(327.400)</b>
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits	570.403	897.932
Cash and equivalents on hand	768	639
Total cash and cash equivalents at the beginning of the fiscal year	571.171	898.571
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	2.127.285	570.403
Cash and equivalents on hand	1.738	768
Total cash and cash equivalents at the end of the fiscal year	2.129.023	571.171

## Information at the end of the statement of cash flows

### Explanatory notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/12/2019.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

In accordance with art. 27 par. 3 of Legislative Decree 127/91, the company METALLURGICA BRESCIANA SPA with a sole shareholder is exempted from the obligation to prepare the consolidated financial statements because it is itself a

subsidiary whose parent company holds at least 95% of the shares or quotas of the subsidiary or, if the above condition is not satisfied, the preparation of the consolidated financial statements was not requested by shareholders representing at least 5% of the share capital.

The Statement of cash flows has been made with the indirect method and it has been made according to OIC 10.

The Financial Statements for the period ended as at December 31<sup>st</sup>, 2019 and the Explanatory Notes are presented in units of Euro.

The Director's Report shows the Company's business and its relations with subsidiaries, affiliates, parent companies, companies controlled by parent companies and other related parties.

As of the present financial statements, the significant events occurring after the end of the financial year and the proposed allocation of the result of the fiscal year are described into the relevant paragraphs of this explanatory notes.

According to Art. 2497 bis Italian Civil Code, we point out that the Company is subject to the co-ordination activities of STERLITE TECHNOLOGIES S.P.A. then, in the dedicated paragraph of this Explanatory Note, we provide the essential data of the latest approved financial statements of the above mentioned Company.

The annual statutory Financial Statements which we submit for your approval closes with a profit of € 3,655,735 with an increase of 8,3% respect to FY 2018 (€ 3,375,951) and with an increase of 8,3%vrespect to FY 2017; the current taxes amounting to € 1,068,475, advances taxes of € 105,520. The financial costs paid in FY 2019 are € 205,745, amount increased in respect to FY 2018 (€ 157,746).

## Basis of preparation

### Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3<sup>rd</sup> paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

There were no exceptional cases that made it necessary to utilize the exceptions as per art. 2423, paragraphs 4 and 5 and as per art. 2423-bis, paragraph 2 of the Italian Civil Code.

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

## Publishing principles

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The financial statements items were valued in accordance with the principle of prudence and on a going concern. In accordance with art. 2423-bis, par.1, point 1-bis of the Italian Civil Code, the items are recognized and presented taking into account the substance of the transaction and contract.

When preparing the financial statements, the charges and incomes were entered according to an accrual basis of accounting, independently of the time collection or payment. Moreover, the risks and losses accruing during the fiscal year were taken into account even if they became known after the fiscal year's closing date.

The application of the principle of prudence led to the individual assessment of the items (assets or liabilities) to avoid losses that should have to be recognized and not recognized as unrealized. In particular, profits were included only if they were made by the end of the year, while taking into account the risks and losses attributable to the financial year, although known after the close of the same.

The application of the principle of competence led to the fact that the effect of the transactions was recorded in the accounts and attributed to the period to which these transactions relate and not to the one in which the related cash withdrawals and payments were made.

## Structure and contents of the financial statement

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was not necessary to adjust any items of the previous fiscal year.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

## Applied evaluation criteria

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The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

The changes introduced by the 2017 OIC have had no impact on these financial statements.

The preparation of the financial statements requires the making of estimates that have an effect on the values of the assets and liabilities and on the related financial statement information. The final results may differ from these estimates. The estimates are periodically reviewed and the effects of the estimate changes, if not deriving from incorrect estimates, are recognized in the income statement of the year in which the changes occur, if they have effects only on that year and also in subsequent years if the changes affect both the reference year and subsequent years.

## Other information

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### Currency valuation

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

### Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

## Explanatory notes, assets

The values entered as assets in the balance sheet were valued as required by article 2426 of the Italian Civil Code and in accordance with the national accounting standards. The criteria applied in each case are indicated in the sections concerning the individual entries.

## Fixed assets

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### Intangible fixed assets

The intangible assets are booked as assets in the balance sheet, at the acquisition and/or production cost, with the consent of the Board of Statutory Auditors when needed. The values of the assets are shown net of the accumulated depreciation and writedowns. The cost of production includes all directly attributable costs and the share of other costs if reasonably attributable to the production period and up to the time from when immobilisation can be used.

Pluriannual charges, installation and extension costs included, are booked when their future usefulness is demonstrated, when there is an objective correlation with the relative future benefits that the Company will enjoy and their recoverability is estimable with reasonable certainty.

Intangible assets consisting of intellectual property rights are entered in the assets only if they are individually identifiable, if the Company can get advantage of the future economic benefits deriving from them and may restrict access by third parties to such benefits and if their cost is estimable with reasonable certainty.

Improvements and incremental costs on third party assets are recognized among other intangible assets if they are not separable from the assets, otherwise they are booked among the specific items of tangible fixed assets.

Intangible assets are amortized on a systematic basis and the depreciation portion charged for each financial year refers to the breakdown of the cost incurred over the entire useful life. Amortization begins when the asset is available and ready to be used. The systematic amortization is functional to the correlation of expected benefits.

The depreciation was carried out in accordance with a pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the intangible assets still in the assets.

It is pointed out that it was not necessary to apply writedown on said noncurrent charges due as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of the intangible assets were identified.

### Tangible fixed assets

The tangible fixed assets are booked in the financial statements at the acquisition/production cost, net of the accumulated depreciation and writedowns. The purchase cost is the cost actually incurred for the acquisition of the asset and It includes accessory charges also. The production cost includes all direct costs and general production costs if reasonably attributable to the asset during the production period and up to the time from when immobilisation can be used.

Ordinary maintenance costs, related to maintenance and repairs carried out to keep the assets in a good operating status to ensure its expected useful life, original capacity and productivity, are recognized in the financial year in which they are incurred. Extraordinary maintenance costs, such as extensions, upgrades, replacements and other improvements related to good that produce a significant and measurable increase of ability, productivity or security of the assets, or prolong their useful life, are capitalized within the limits of value recoverable from the good.

Amortizations are calculated systematically and consistently and they are based on the potential residual utilization of assets. Amortization begins when the asset is available and ready to be used.

Tangible fixed assets held under finance leases operation are booked in current assets when the Company applies the right of redemption. During the lease period, the fees are recognized in the income statement, amongst others production costs, by competence criteria. The Explanatory Notes shows the effects on the balance sheet, equity and operating result that would result by the application of the "financial method".

The depreciation criteria for tangible assets did not change compared to those applied the previous fiscal year.

Pursuant to art. 10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it should be noted that for the material assets still existing between assets, a revaluation was carried out with the consequent booking of the revaluation reserve for € 4,169,180 referring the revaluation carried out on properties of the company, accordingly with the D.L. 185/2008 then Law no. 2/2009. The remaining amounts of the reserve refer to the revaluation provided for in Law 576/1975 per € 947, to the revaluation under Law 413/1991 for € 336,167 and to the revaluation under Law 342/2000 for € 1,576,990.

It is pointed out that it was not necessary to apply writedowns as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of property, apparatus and equipment were identified.

#### *Land and buildings*

The company posted separately the parcel of land underlying the buildings owned and no depreciation was carried out on said parcel of land, as it is a type of asset for which no loss of the future usefulness is foreseen.

#### *Fixed assets under construction and advances*

Advances to suppliers for the purchase of property, plant and equipment entered at item B.II.5 are recognized initially only on the date on which there is the obligation to pay said amounts. Therefore, advances are not subject to depreciation.

### **Financial fixed assets**

#### *Equity investments*

Equity investments and debt securities destined to remain durably in the Company's assets as a result of the corporate management's will and of the Company's effective ability to hold them for a prolonged period of time, are classified in the financial fixed assets. Otherwise, they are accounted in the current assets. The change of classification between fixed asset and working capital, or vice versa, is recognized according to the specific valuation criteria of the source portfolio.

All of the equity investments entered in the financial statements were measured with the cost method, where cost is considered as the charge incurred for the purchase, regardless of the payment method, including any incidental charges.

Equity investments whose net worth value is less than the cost value are written down to that value per the principle of durable loss.

In the event that the investments have suffered impairment losses at the balance sheet date, their book value is reduced to the lower recoverable value, determined on the basis of the future benefits that are expected in favor of the company, until the cancellation of the book value. In cases where the company is obliged to cover the losses achieved by the investee company, it may be necessary to allocate a provision to the liabilities in order to be able, for the part of its competence, to cover the capital deficit of the same.

#### *Inventory*

Inventories are initially recorded at purchase or production cost and subsequently valued at the lower between the cost and the corresponding realizable value of the market.

The purchase cost is the actual purchase price plus the accessories charge. The cost of purchasing materials includes, in addition to the price of the material, shipping, customs, other charges and other costs directly attributable to that material.

Cost of production refers to all direct costs and indirect costs for the portion reasonably attributable to the product relating to the manufacturing period and up to the time when the goods may be used, considered on the basis of the normal production capacity.

During the year, the method for determining the valuation of inventories was changed; in place of the LIFO method adopted up to the financial statements closed on 31.12.2018, in the current year the company has adopted the principle according to which inventories are entered at purchase or production cost, calculated according to number 1) of art. 2426 of the Italian Civil Code, or at the realizable value inferable from the market trend, if lower.

The realization value derived from the market trend is the estimate of the selling price of the goods during a normal management, net of alleged completion costs and direct selling costs. For the purposes of determining the realizable value which may be inferred from the market trend, the obsolescence rate and warehouse timing are considered.

The raw materials and ancillary materials involved in the manufacture of finished products are not subject to any write-downs where it is expected that such finished products may be sold for a value equal to or greater than their production cost. However, if, due to decrease in the price of raw materials and ancillary products, the cost of finished products exceeds its realizable value, raw and ancillary materials are depreciated up to their net realizable value, assuming, as best estimation, their market price.

Therefore inventories are depreciated if their value can be estimated lower than its book value. from the trend of the market .

If all or part of the assumptions of the write-down as a result of the increase in the carrying value vanish, the adjustment made is canceled within the limits of the original cost.

### *Receivables*

The credits entered among the financial assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

Receivables represent a right to demand, at a certain date, fixed or determined amounts by cash or cash equivalents from customers or other entities.

Receivables are written off when the contractual rights on the cash flows deriving from the credit are extinguished or when the ownership of the contractual rights on the cash flows deriving from the credit is transferred along with all the risks inherent to the credit. For the purposes of assessing the transfer of risks, all contractual clauses shall be kept in consideration.

When the credit is canceled from the balance sheet in the presence of the above conditions, the difference between the consideration and the book value of the credit at the time of the sale is recognized in the income statement as a loss on receivables, except that the sale contract does not allow to identify other economic components of a different nature, financial also, and after using of the devaluation collective credit reserve.

## **Fixed assets**

### **Intangible fixed assets**

#### **Changes in intangible fixed assets**

After entering the depreciation charges of € 16,599 in the income statement, the value of the intangible assets amounts to € 454,685.

The following table shows the movements concerning the assets in question.

	<b>Industrial patents and intellectual property rights</b>	<b>concessions, licenses, trademarks and similar rights</b>	<b>other</b>	<b>Total intangible fixed assets</b>
<b>Year opening balance</b>				
Cost	179.371	11.433	43.218	234.022
Amortisation (amortisation fund)	177.871	10.258	43.218	231.347
Balance sheet value	1.500	1.175	-	2.675
<b>Changes during the year</b>				
Increases for purchases	41.800	-	426.809	468.609
Amortisation (amortisation fund)	8.860	626	7.113	16.599

	Industrial patents and intellectual property rights	concessions, licenses, trademarks and similar rights	other	Total intangible fixed assets
<i>Total changes</i>	32.940	(626)	419.696	452.010
<b>Year closing balance</b>				
Cost	221.171	11.433	470.027	702.631
Amortisation (amortisation fund)	186.731	10.884	50.331	247.946
Balance sheet value	34.440	549	419.696	454.685

The amortization rates applied are:

- \* domini internet, 10%;
- \* programs, 20%;
- \* internet website, 20%;
- \* television recorders, 20%.

## Tangible fixed assets

### Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to € 43,806,237; the depreciation reserve totals € 27,460,383.

The amortization rates applied are:

- buildings, 3%;
- temporary construction, 10%;
- generic equipment, 10% ;
- equipment and lifting plants, 7.5%;
- machinery and equipment, 11.50%
- various and minute equipment 25%;
- specific equipment, 40%;
- forklifts and trucks, 20%;
- furnishings, 10%;
- industrial furnishings, 15%;
- office furnishing and machines, 12%;
- office electronic machines, 20%;
- mobile equipments, 20%;
- cars 20%.

The table below shows the transactions in the assets in question.

	land and buildings	plant and machinery	industrial and commercial equipment	Other tangible fixed assets	Tangible assets in process and advances	Total tangible fixed assets
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	land and buildings	plant and machinery	industrial and commercial equipment	Other tangible fixed assets	Tangible assets in process and advances	Total tangible fixed assets
<b>Year opening balance</b>						
Cost	10.114.119	23.906.569	2.337.757	1.019.700	1.360.553	38.738.698
Amortisation (amortisation fund)	3.580.502	18.995.379	2.292.996	960.876	-	25.829.753
Balance sheet value	6.533.617	4.911.190	44.761	58.824	1.360.553	12.908.945
<b>Changes during the year</b>						
Increases for purchases	-	6.249.519	201.974	26.649	-	6.478.142
Amortisation (amortisation fund)	197.025	1.338.409	76.589	18.607	-	1.630.630
Other changes	-	(60.050)	-	-	(1.350.553)	(1.410.603)
<b>Total changes</b>	<b>(197.025)</b>	<b>4.851.060</b>	<b>125.385</b>	<b>8.042</b>	<b>(1.350.553)</b>	<b>3.436.909</b>
<b>Year closing balance</b>						
Cost	10.114.119	30.096.038	2.539.731	1.046.349	10.000	43.806.237
Amortisation (amortisation fund)	3.777.527	20.333.788	2.369.585	979.483	-	27.460.383
Balance sheet value	6.336.592	9.762.250	170.146	66.866	10.000	16.345.854

In relation to the new investments made in 2019, it is noted that they are mainly brought by plant and machinery.

The tangible assets in process and advances have been decreased of € 1,350,553 in respect to the previous year, for a book value as at December 31<sup>st</sup>, 2019 of € 10,000.

### Finance leases operations

According to OIC nr. 1 - "The main effects of the reform of company law on the preparation of the financial statements" -, in the following table we summarize all the information connected to the the applicable effect on the shareholders' equity and on the P&L with the application of the financial method respect to the method applied.

The company has in place the financial contract 6090079 signed on Mat 20<sup>th</sup>, 2016 with UBI LEASING SPA with effect starting from January 1<sup>st</sup>, 2017. This contract has been subject to integration of other costs on April 6<sup>th</sup>, 2017.

The principle features of this contract are:

- Total price of € 2,495,854 (VAT not included), with an anticipated installment of € 263,000 (VAT not included), a installment every three months of € 47,508 (VAT not included) with a total of 47 installments and an option final price of € 249,000 (VAT not included).

For information purposes, we provide the following accounting statement pursuant to article 2427 (point 22) of the civil code, for the period from 01/01/ 2019 to 31/12/2019. Values expressed in Euros.

LEASING EFFECT	DARE	AVERE
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BUILDING AND LAND	3.50%	2,495,000	
BUILDING PROVISION	3.50%		204,505
LEASING COST			184,707
MAXI LEASING COST			22.383
ACTIVE RISCONTI ON MAXI LEASING COST			201,447
AMORTIZATION IAS		78,120	
PASSIVE INTEREST		25,870	
SHAREHOLDERS' EQUITY RESERVE			124.331
CURRENT TAXES		29,013	
DEFERRED TAXES PROVISION			89,249
RESIDUAL DEBT > 12 MONTHS			249,500
RESIDUAL DEBT < 12 MONTHS			1,551,881
<b>TOTAL</b>		<b>2,628,003</b>	<b>2,628,003</b>

For information purposes, we indicate the prospectus referring to the current year:

Capital quota referred to the rents accrued in the period	158,837
Interest portion for the period (A)	30,541
Interest portion relating to indexing (credit –B)	4,671
(A) - (B)	25,870
Value of the installments due to expire (C)	1,551,881
Present value of the purchase option price (D)	249,500
(C) + (D)	1,801,381

## Financial fixed assets

### Movements in investments, other securities, and noncurrent financial asset derivative instruments

The table below shows the movements in the assets in question.

	associated companies	third parties	Total equity investments
<b>Year opening balance</b>			
Cost	1.603.014	33.710	1.636.724
Writedowns	1	30.000	30.001
Balance sheet value	1.603.013	3.710	1.606.723
<b>Year closing balance</b>			
Cost	1.603.014	33.710	1.636.724

	associated companies	third parties	Total equity investments
Writedowns	1	30.000	30.001
Balance sheet value	1.603.013	3.710	1.606.723

### Changes and due date of noncurrent credits

The table below shows the movements in the assets in question.

Long-term receivables from others mainly refer to guarantee deposits.

	Year opening balance	Year closing balance	Portion due within fiscal year
third parties	18.311	18.311	18.311
<b>Total</b>	<b>18.311</b>	<b>18.311</b>	<b>18.311</b>

### Details on fixed investments in associated companies

The following schedule indicates the investments related to associated companies, as well as additional information requested by art. 2427 of the Italian Civil Code.

Company name	City, if in Italy, or foreign country	Capital in Euros	Profit (loss) for the last year in Euros	Shareholders' equity in Euros	Shares held in Euros	Share possessed in %	Balance sheet value or corresponding receivable
MB MAANSHAN	Cina	4.003.013	681.763	6.666.769	1.603.013	40,000	1.603.013
Total							1.603.013

With regard to the detail highlighted above referring to the company MB MAANSHAN, (whose equity at the date of the latest financial statements approved as of 31.12.2019, is CNY 52,137,468 equal to approximately € 6,666,769 - value calculated by application of the exchange rate, valued by the Bank of Italy on 31.12.2019 in 7.8205 Yuan Renminbi / Euro), we specify during FY2016 has been took in place a Joint Venture Contract with a Chinese Partner in which has been decided to sale the 60% of shares of MB MAANSHAN. In the contract has been decided that the Chinese Partner has the power to apply a call option in order to purchase an other 20% of shares; this call option may be applicable within 5 years starting from the signed of the contract.

We consider that the value entered in the financial statements is more than punctual also due to the call-option signed with the shareholder of Chinese majority that assigns an exercise price higher than the valuation in the financial statements to the share subject to the clause.

It should be noted that as of 31.12.2019, the Company in question indicated an operating profit expressed in Yuan Renminbi equal to 5,331,724 equal to approximately € 681,763 - value calculated by applying the exchange rate, valued by the Bank of Italy as of 31.12.2019 in 7.8205 Yuan Renminbi / Euro.

### Details on noncurrent investments in other companies

Here below we summarize the details on noncurrent investments in other companies:

- INN.TEC. S.R.L. - Brescia, Piazza Paolo VI, 16.

Value as at 01.01.2019 2,600

Value as at 31.12.2019 2,600

- ISFOR 2000 S.C.P.A. - Brescia, Via Pietro Nenni, 30.

Value as at 01.01.2019 1,000

Value as at 31.12.2019 1,000

- CONAI (Consorzio Nazionale Imballaggi)

Value as at 01.01.2019 110

Value as at 31.12.2019 110

- ASSOCAAF S.P.A. - Milano - Via Chiaravalle, 8 – Share Capital Euro 156.000 – 1 share of € 0,52 held

Value as at 01.01.2019 0,52

Value as at 31.12.2019 0,52

### Value of financial assets

The financial assets shown in the financial statements were not entered at a value greater than their fair value.

## Current assets

The current assets has been booked according to Article 2426, nr. From 8 to 11bis, of the Italian Civil Code. The criteria used are indicated in the paragraphs of the respective balance sheet items.

### Inventory

Inventories are initially recorded at purchase or production cost and subsequently valued at the lower between the cost and the corresponding realizable value of the market.

The purchase cost is the actual purchase price plus the accessories charge.

The cost of purchasing materials do not includes all direct costs and indirect costs for the portion reasonably attributable to the product relating to the manufacturing period and up to the time when the goods may be used, considered on the basis of the normal production capacity.

During the year, the method for determining the valuation of inventories was changed; instead of the method LIFO adopted up to the financial statements for the year ended 31.12.2018, in the reporting year the standard was adopted according to which inventories are entered at purchase or production cost, calculated according to number 1) of art. 2426 c.c., or at the realizable value inferable from the market trend, if lower.

The matter for the adoption of the new criterion, with communication that will be posted in the right disposition declaration art. 110 paragraph 6 TUIR (as established by the Judgment of the Supreme Court of Cassation No. 21809, filed in date 7 September 2018), is essentially motivated by two orders of reasons and, in point, i) in order to comply with the consolidation principles adopted by the new parent company STERLITE TECHNOLOGIES LIMITED (which is listed on the Mumbai Stock Exchange), which exercises the direction and coordination of the company "Metallurgica Bresciana S.p.A." and ii) in reference to the fact that the Company, also because of belonging to the new group, has implemented the production of fiber optic cables compared to a prevalent past vocation in the production of copper cables; this last situation has made the belief that the adoption of the criterion pursuant to art. 2426 no. 9 of the civil code is more appropriate to represent the actual consistency of the inventories.

Advances to suppliers for the purchase of goods included in inventories entered under item C.1.5 are initially recognized at the date on which the obligation to pay these amounts arises or, in the absence of such an obligation, the moment in which they are paid.

The table below provides information on the changes in inventory.

	Year opening balance	Changes during the year	Year closing balance
raw, ancillary and consumable materials	6.211.373	(335.809)	5.875.564
work in progress and semi-finished products	4.146.223	(586.668)	3.559.555
finished products and goods for resale	3.257.821	1.059.495	4.317.316

	Year opening balance	Changes during the year	Year closing balance
<b>Total</b>	<b>13.615.417</b>	<b>137.018</b>	<b>13.752.435</b>

The value of the inventory items was decreased by € 431,562 through the allocation of specific "Obsolescence provisions", and in more detail:

	Year opening balance	Changes during the year	Year closing balance
Obsolescence Provision raw materials	(250,000)	-	(250,000)
Obsolescence Provision semi-finished products	(100,000)	-	(100,000)
Obsolescence Provision finished products	(451,562)	(370,000)	(81,562)
<b>Total</b>	<b>(800,000)</b>	<b>(370,000)</b>	<b>(431,562)</b>

The value of the provision is appropriate in relation to the analyzes carried out on the recoverable value of inventories.

### Receivables included among current assets

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the provisions of art. 2426, paragraph 1, N° 8 of the Italian Civil Code.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

### Changes and due date of the credits entered in the current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
trade accounts	21.078.623	(6.334.089)	14.744.534	14.744.534
associated companies	6.820.078	468.098	7.288.176	7.288.176
parent companies	-	1.084.577	1.084.577	1.084.577
due from tax authorities	210.457	797.133	1.007.590	1.007.590
advances on tax payments	438.185	(105.520)	332.665	-
third parties	622.223	(559.660)	62.563	62.563

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
<b>Total</b>	<b>29.169.566</b>	<b>(4.649.461)</b>	<b>24.520.105</b>	<b>24.187.440</b>

The total amount of the credit is € 24,520,105, booked in the Balance Sheet to the net value of the bad debt provision of € 1 million.

The credit may be broke down in:

- **Trade accounts** of € 14,744,534 booked in the Balance Sheet to the net value of the bad debt provision of € 1 million. The trade accounts are detailed as following:
  - Trade accounts for italian clients of € 11,945,365, (€ 3,969,936 on 31.12.2018) , of which throught factoring for € 1,701,152. It should be noted that factoring is made up of UBI FACTOR SPA for € 1,638,767, by UNICREDIT FACTORING SPA for € 1,323,997 from IFITALIA for € 91,828 and adjusted by the advance debit account from IFITALIA for € 1,353,440;
  - Trade accounts for EU clients of € 1,362,745 (€ 861,496 on 31.12.2018);
  - Trade accounts for Extra EU clients of € 1,342,824 ( € 1,351,842 on 31.12.2018);
  - Trade accounts subject to collection of € 1,444,324 ( € 1,503,277 on 31.12.2018);
  - Items to be settled for € 2,711 consisting of invoices to be issued for € 46,883 and credit notes to be issued for € 44,172.

As per the introduction, a "Bad debt provision" has been set aside for € 275,457 (€ 275,457 at 31.12.2018) and a "Credit risk provision" for € 724,543 (€ 724,543 at 31.12.2018), which are deemed adequate for the possible manifestation of loss in relation to the posting of loans to problem customers.
- **receivable from associated companies** of € 7,288,176, referring to a trade credit vs MB MAANSHAN SPECIAL CABLE LTD;
- **receivables from parent companies**, for a total of € 1,084,577. These are financial and / or credit claims referring to the tax consolidation effect towards the company "STERLITE TECHNOLOGIES S.P.A.";
- **receivable from tax authorities** of € 1,007,590, in detail:
  - IRAP € 48,319;
  - VAT € 878,455;
  - Tax reimbursment € 14,244;
  - R&D € 64,985;
  - IRES € 10;
  - Withholding on severance DL 74/100 € 1,577.
- **advances on tax payments** of € 332, 665, as detailed below:

<u>Item</u>	<u>Taxable Amount</u>	<u>Rate</u>	<u>Balance Sheet</u>
Obsolescence Provision raw materials	250,000,00	24.00%	60,000
Obsolescence Provision semi-finished products	100,000,00	24.00%	24,000
Obsolescence Provision finished products	81,562,27	24.00%	19,575
Bad debts Provision	724,542,52	24.00%	173,890
Provision for risks and charges	30,000,00	24.00%	7,200
Debt vs Ghitti		24.00%	
Employee bonuses	200,000	24.00%	48,000

<b>Total</b>	<b>1,386,104.79</b>	<b>332,665</b>
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The advances on tax payments have been calculated with a CIT rate of 24%.

– **Receivable from third parties for € 622,223, composed by:**

- Credits from employees € 14,000;
- Telecom security deposit € 900;
- Advanced payment to suppliers € 44,743;
- FASI € 2,920.

This credits are due within the following year.

### Breakdown of receivables included among current assets by geographic area

The following table shows the distribution by geographical area of the credits entered among the current assets.

Geographic area	Trade receivables included among current assets	Receivables due from associated companies included among current assets	Receivables due from parent companies included among current assets	Tax receivables included among current assets	Assets for prepaid tax included among current assets	Other receivables included among current assets	Total receivables included among current assets
Italy	13.038.965	-	1.084.577	1.007.590	332.665	62.563	15.526.360
UE	1.362.745	-	-	-	-	-	1.362.745
Extra UE	1.342.824	7.288.176	-	-	-	-	8.631.000
F.do svalutazione crediti	(1.000.000)	-	-	-	-	-	(1.000.000)
<b>Total</b>	<b>14.744.534</b>	<b>7.288.176</b>	<b>1.084.577</b>	<b>1.007.590</b>	<b>332.665</b>	<b>62.563</b>	<b>24.520.105</b>

### Cash and cash equivalents

Cash and cash equivalents are measured at nominal value.

The table below provides information on the changes in cash and cash equivalents

	Year opening balance	Changes during the year	Year closing balance
bank and post office deposits	570.403	1.556.882	2.127.285
Cash and equivalents on hand	768	970	1.738
<b>Total</b>	<b>571.171</b>	<b>1.557.852</b>	<b>2.129.023</b>

### Accrued income and prepaid expenses

The table below provides information on the changes in accrued income and prepayments

	Year opening balance	Change during the year	Year closing balance
Accrued income	16	130	146

	Year opening balance	Change during the year	Year closing balance
Deferred expenses	304.898	1.587	306.485
<b>Total accrued income and prepaid expenses</b>	<b>304.914</b>	<b>1.717</b>	<b>306.631</b>

Deferred income was calculated according to the "economic time" criteria since that the received contractual performance do not have constant economic content over time and therefore the cost allocation (and hence the attribution during the current period of the share of responsibility) is carried out in relation to the conditions under which management is carried out as specified in the OIC Accounting Principle 18.

Accrued income and prepaid expenses total € 306,631 (€ 304,914 in 2018) and mainly refer to the maxicanone of the existing property leasing contract.

The main items are detailed below:

- € 146 for accrued income for accrued interest
- € 282,630 Deferred income referring to the maxi leasing fee on the real estate asset of Dello, leased financial from UBI Lessing SpA
- € 23,846 Active prepayments for "Rent Server".

## Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.

## Explanatory notes, liabilities and shareholders' equity

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

## Shareholders' equity

### Changes in shareholders' equity

The items are shown in the balance sheet at their book value according to the indications contained in the accounting standard OIC 28.

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

	Year opening balance	Allocation of profit from previous fiscal year - Other allocations	Results for the fiscal year	Year closing balance
Share capital	7.000.000	-	-	7.000.000
Revaluation reserves	6.083.284	-	-	6.083.284
Legal reserve	2.045.966	-	-	2.045.966

	Year opening balance	Allocation of profit from previous fiscal year - Other allocations	Results for the fiscal year	Year closing balance
Extraordinary reserve	14.615.251	3.375.951	-	17.991.202
Total other reserves	14.615.251	3.375.951	-	17.991.202
Net profit (loss) for the year	3.375.951	(3.375.951)	3.655.735	3.655.735
<b>Total</b>	<b>33.120.452</b>	<b>-</b>	<b>3.655.735</b>	<b>36.776.187</b>

### Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

Description	Amount	Origin / nature	Possibility of use	Available portion
Share capital	7.000.000	Share capital		-
Revaluation reserves	6.083.284	Share capital	A;B	6.083.284
Legal reserve	2.045.966	Profits	A;B	2.045.966
Extraordinary reserve	17.991.202	Profits	A;B;C	17.991.202
Total other reserves	17.991.202	Profits	A;B;C	17.991.202
<b>Total</b>	<b>33.120.452</b>			<b>26.120.452</b>
Non-distributable portion				8.129.250
Residual distributable portion				17.991.202
<b>LEGEND: A: increase of share capital; B: coverage of losses; C: distribution to shareholders; D: for other obligations imposed by the article of association; E: other</b>				

All subscribed shares are entirely paid in.

The result of the FY 2018 € 3,375,951 has been allocated by the Ordinary Shareholders' Meeting held on 30/04/ 2019, to the Extraordinary Reserve.

The revaluation reserve has been account for a revaluation made on the immovable property for a quota of € 4,169,180 according to D.L. 185/2008; the other amounts of this reserve are connected to the revaluation according to Law 576/1975 for € 947, to the Revaluation according to the Law 413/1991 for € 336,167 and to the revaluation according to Law 342/2000 for € 1,576,990.

The Legal reserve of € 2,045,966 is set aside pursuant to the provisions of the Civil Code and can be used for increases of share capital or to cover losses.

The extraordinary reserve of € 17,991,202 can be used for increases in share capital, to cover losses or for the distribution to shareholders by reason of their participation in the share capital.

In order to compare the shareholders' equity with the previous year we report for information the table of the shareholders' equity related to the previous year:

	Year opening balance	Allocation of profit from previous fiscal year - Other allocations	Results for the fiscal year	Balance difference	Year closing balance
Share capital	7.000.000	-	-	-	7.000.000
Revaluation reserves	6.083.284	-	-	-	6.083.284
Legal reserve	1.744.495	301.471	-	(301.471)	2.045.966
Extraordinary reserve	10.705.488	3.909.763	-	(3.909.763)	14.615.251
Miscellaneous other reserves	1	(1)	-	1	-
Total other reserves	10.705.489	3.909.762	-	(3.909.762)	14.615.251
Net profit (loss) for the year	4.211.234	(4.211.234)	3.375.951	835.283	3.375.951
<b>Total</b>	<b>29.744.502</b>	<b>(1)</b>	<b>3.375.951</b>	<b>-</b>	<b>33.120.452</b>

## Provisions for risks and charges

The provisions for risks and charges were allocated to cover liabilities whose existence was deemed to be certain or probable and for which the amount or the contingency date could not be determined at the fiscal year's closing date.

The provisions were established on the basis of the principles of prudence and accrual, in compliance with the accounting standard OIC 31. The related provisions are recorded in the income statement of the accrual period, on the basis of the by the nature cost classification criterion.

The table below provides information on the changes in provisions for risks and charges

	Year opening balance	Changes in the fiscal year - Accrual	Changes in the fiscal year - Total	Year closing balance
pension and similar commitments	209.286	8.996	8.996	218.282
Passive derivative financial instruments	17.688	28.686	28.686	46.374
other	30.000	-	-	30.000

## Other provisions

The following schedule shows the composition of the item in question, as entered in the financial statements, in accordance with art. 2427, par.1 of the Italian Civil Code.

Description	Detail	Amount for the current fiscal year
<i>other</i>		
	Provision for risks and charges	30.000
<b>Total</b>		<b>30.000</b>

## Staff severance fund

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

The table below provides information on the changes in the employee severance indemnity

	Year opening balance	Changes in the fiscal year - Accrual	Changes in the fiscal year - Use	Changes in the fiscal year - Other changes	Changes in the fiscal year - Total	Year closing balance
Total reserve for severance indemnities (TFR)	798.221	354.765	428.846	(579)	(74.660)	723.561
<b>Total</b>	<b>798.221</b>	<b>354.765</b>	<b>428.846</b>	<b>(579)</b>	<b>(74.660)</b>	<b>723.561</b>

The breakdown of the employee leaving indemnity due to the composition of the production departments is as follows:

Sector	Severance on 31.12.2019
Production	382,345
Quality Center Costs	15,581
Technical Office	121,599
Quality Check	20,956
CED Office	40,237
Maintenance Office	32,819
Purchasing Office	5,398
Trade Office	95,420
Administration	9,205
<b>Total</b>	<b>723,561</b>

## Payables

### Payables changes and due date

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

The table below shows the information on changes in payables and any information related to their due dates.

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year	Portion due beyond fiscal year
due to partners for financing	800.000	(800.000)	-	-	-
due to banks	11.148.192	1.595.956	12.744.148	10.644.147	2.100.001
advances	9.119	62.313	71.432	71.432	-
trade accounts	7.139.176	(1.900.916)	5.238.260	5.238.260	-
due to parent companies	2.960.120	(1.382.871)	1.577.249	1.577.249	-
due to tax authorities	247.143	(42.829)	204.314	204.314	-
due to social security and welfare institutions	357.362	67.072	424.434	424.434	-
other payables	1.063.873	(176.733)	887.140	887.140	-
<b>Total</b>	<b>23.724.985</b>	<b>(2.578.008)</b>	<b>21.146.977</b>	<b>19.046.976</b>	<b>2.100.001</b>

The following table shows the breakdown of the **Payable to banks**".

Entry	Debiti per finanziamenti a breve termine	Debiti per finanziamenti a medio termine	Total
4)	10.644.147	2.100.001	12.744.148

- **Trade payables** totaling € 5,238,260 due to:
  - payables to Italian suppliers for € 2,583,738;
  - payables to EU suppliers for € 982,957;
  - payables to non-EU suppliers for € 523,476;
  - customs bills c / transitory for (54,394);
  - payables for invoices to be received for € 1,202,568;
  - credits for credit notes to be received for € 85.

There is no need for exchange adjustments on trade payables.

Advances totaling € 71,432, due to:

- advances from customers for € 43,048;
- advances from Ifitalia for € 28,384.

- **Due to parent companies** for a total of € 1,577,249 are payable to the direct parent company "Sterlite Technologies "for € 501,498 (of which for commercial transactions for € 301,498 and for non-interest bearing loans disbursed for € 200,000) and the companies of the Sterlite group, indirect parent companies, for € 1,075,571;
- **Due to Tax Authorities** for a total of € 204,314 result from the following items:
  - Payables for withholding taxes on employees € 183,721;
  - Payables for additional Irpfef € 1,975
  - Payables for withholding taxes made € 17,761;

- Payables to tax authorities for stamps on invoices € 902.
- **Payables to social security institutions** for € 424,434 result from:
  - Inps C / Payments € 266,852;
  - Inail C / Payments € 3.103;
  - Previndai C / Payments € 16.101;
  - Plastic Rubber Base € 22,103;
  - TFR insurance funds € 6,404;
  - TFR Inps treasury fund € 30,575;
  - FASG & P Fund € 48;
  - Accrued liabilities for payables to social security institutions € 75,319;
  - Enasarco C / Payments € 3.065;
  - Trade union withholding payables € 865.

– **Other payables**

The following table shows the subdivision of the item “Other debts”.

Description	Detail	Amount for the current fiscal year
<i>other payables</i>		
	Employees C / Salaries	625.333
	Payable to Associazione Industri	1.910
	Credit card issuers	2.468
	Accrued Payables for Labor Debt	257.381
	Debt to ASSOGOMMA	48
	<b>Total</b>	<b>887.140</b>

### Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

Geographic area	due to banks	advances	trade accounts	due to parent companies	due to tax authorities	due to social security and welfare institutions	other payables	Payables
Italy	12.744.148	71.432	3.731.827	501.498	204.314	424.434	887.140	18.564.793
UE	-	-	982.957	-	-	-	-	982.957
Extra UE	-	-	523.476	1.075.751	-	-	-	1.599.227
<b>Total</b>	<b>12.744.148</b>	<b>71.432</b>	<b>5.238.260</b>	<b>1.577.249</b>	<b>204.314</b>	<b>424.434</b>	<b>887.140</b>	<b>21.146.977</b>

### Payables covered by real guarantees on social assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

### Loans by shareholders

The schedule below shows the shareholder loans to the company with separate indication of those with a subordination clause in relation to other creditors.

At 31/12/2019 there are no debts to shareholders for loans.

In the year under review, the Company paid off the debt recorded at 31/12/2018, partially and for € 600,000, of € 800,000 for an interest bearing loan received from the shareholders, originally having the following characteristics:

- amount: € 10,000,000
- stipulation date: 17 September 2018
- duration: 3 years + 1 year
- interest rate: EURIBOR + 1.50%.

### Accrued liabilities and deferred income

The table below provides information on the changes in accrued liabilities and deferred income

	Year opening balance	Change during the year	Year closing balance
Accrued liabilities	109.590	(85.954)	23.636
Deferred income	187.500	(18.750)	168.750
<b>Total accrued liabilities and deferred income</b>	<b>297.090</b>	<b>(104.704)</b>	<b>192.386</b>

Accrued liabilities and deferred income were calculated according to the "economic time" criteria since that the received contractual performance do not have constant economic content over time and therefore the cost allocation (and hence the attribution during the current period of the share of responsibility) is carried out in relation to the conditions under which management is carried out as specified in the OIC Accounting Principle 18.

Accrued expenses refer to:

€ 23,636, Interest accrued on bank loans

€ 168,750, Prepayments for compensation for surface rights Dello / Ubileasing.

### Explanatory notes, P&L account

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

## VALUE OF PRODUCTION

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them.

Revenues from sale of goods or services are recognized when the production process of goods or services has been completed and the exchange has already taken place, or the substantive and non-formal passage of the property has occurred.

Revenues and income, costs and charges relating to currency transactions are determined at spot exchange rates on the date on which its operation is complete.

Proceeds and losses on dealing with a forward-ending obligation, including the difference between the forward price and the spot price are recorded for the quotas for the year.

No such operation was underway at the end of the year..

### Breakdown of net revenue by business category

Sales revenues are mainly related to the typical activity of the company already described at the opening of the present explanatory note.

Any indemnity and insurance compensation, miscellaneous and different proceeds, and active management bonuses and surpluses attributable to the exercise are included among other revenues and proceeds and can be classified under the value of production.

Below is a comparison table between the revenues accounted for at December 31, 2019 and those at December 31, 2018:

Category	2019	2018
Revenues from sales and services	50,587,375	48,471,998
Change in inventories	(6,358,546)	(1,015,469)
Other revenues	956,682	155,165
<b>Totale</b>	<b>45,185,511</b>	<b>47,611,694</b>

The impact of closing inventories in the income statement is shown in the table below:

Inventories	Initial inventories	Final inventories	Change in inventories
Raw Material	6,461,373	6,359,564	101,809
Works in progress	4,246,223	3,659,555	586,668
Finished products	3,709,383	4,398,879	(689,496)
<b>Total</b>	<b>14,416,979</b>	<b>14,417,998</b>	<b>(1,019)</b>

The detail of the other revenues can be summarised as following:

Other Revenue - Items	Amount
Extraordinary revenues	946,253
Reimbursement of expenses from customers	440
Insurance refunds	410
Rebates and active discounts	3,553
Refund for Mixed Use	5,517
Operating grants	509
<b>Totale</b>	<b>956,682</b>

## Cost of production

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

The production costs relate mainly to the costs incurred in completing production, service costs, employee costs, and other operating costs.

**The production costs amount to a total of € 40,119,226** detailed as follows:

- costs for raw materials, subsidiaries, consumables and goods for resale for € 32,080,859;
- costs for services for € 4,320,058;
- costs for the use of third party assets for € 418,709;
- personnel costs of € 7,649,097;
- depreciation for a total of € 1,647,229;
- change in inventories of raw materials, subsidiaries, consumables and goods for € (6,359,564);
- other provisions (allocation of supplementary customer indemnity due for agents) for € 8,995;
- other operating costs of € 353,843.

## Financial income and charges

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

Financial income amounted to € 147 (€ 22,039 at 31.12.2018) and refers to bank interest income.

Financial charges amount to € 205,745 (€ 157,746 at 31.12.2018) and mainly refer to banking interest expense and financing, as further detailed..

### Composition of share income

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code.

### Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

	due to banks	Other	Total
Interest and other financial expense	200.869	4.876	205.745

### Gains/losses on foreign exchange

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

The current receivables and payables originally in foreign currencies, which do not belong to EMU (European Monetary Union), are recorded at the exchange rates at the date they arise and are aligned with current exchange rates at the end of the financial statements.

The participation in the Chinese associate company is recorded at the exchange rate on the date of subscription of the share capital; no adjustments were made during the year, prudentially, even if Yuan Renminbi was improved.

In particular, assets and liabilities that are not fixed assets are stated at the spot rate on the date closing the exercise. The gains and losses arising from the conversion of receivables and payables are accredited and charged to the Income

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
Currency gains and losses	2.271-		
Gain on foreign exchange		-	11.692
Loss on foreign exchange		-	13.963
<b>Total entry</b>		-	<b>2.271-</b>

### Amount and nature of the individual revenue/expense items of exceptional magnitude or impact

The following schedule shows the amount and nature of the individual revenue elements of exceptional magnitude or impact.

Revenue item	Amount	Nature
Other revenues	550,018	Extraordinary Revenues
Other revenues	396,236	Extraordinary Revenues related to previous years

The item of € 550,000 entered under the item "Other revenues" and identified with the nature "Operating income from management ordinary" refers to an action made by the direct parent company "Sterlite Technologies S.p.A." with reference to the provisions indicated in the "Share Purchase Agreements" agreement between the direct parent company and the previous parent company "Compagnia Bresciana Investimenti S.p.A." which, on 20 July 2018, sold its whole participation in "Metallurgica Bresciana S.p.A." to the aforementioned "Sterlite Technologies S.p.A.". The sales agreement included that the transferor would have guaranteed the non-existence of the warehouse detected on 20 July 2018 and, essentially, referred to products obsolete referred to as "slow moving products"; during the 2019 financial year the Company disposed of and / or disposed of these obsolete products achieving an effective loss of € 550,000. By virtue of the guarantee given, the transferor has proceeded to pay, in favor of "Sterlite Technologies S.p.A.", the aforementioned amount of € 550,000 as a refund of the guarantee given; in turn, "Sterlite Technologies S.p.A." recognized the aforementioned amount in favor of "Metallurgica Bresciana S.p.A." as refreshment for the loss suffered. Given that the value of the inventories has been eliminated, the refusion has established an contingent asset provided that the company "Metallurgica Bresciana S.p.A." it was not a beneficiary in the provisions of the "Share Purchase Agreement" mentioned.

The item of € 386,236 refers to:

- € 217,363, for Adjustment on invoices to be received for commissions not due / never accrued;
- € 136,000, for the release of warehouse funds for finished products;
- € 42.873, for other Various items.

The following schedule shows the amount and nature of the individual cost elements of exceptional magnitude or impact

Expense item	Amount	Nature
Other operating expenses	32,520	Extraordinary costs related to previous years.
Value adjustments	28,868	Extraordinary write-down of derivative financial instruments

The value adjustments refer to the MTM value related to the interest rate derivative contracts, signed with BNL-BNP PARIBAS and INTESA SAN PAOLO (detailed below); the amount in question refers to the incremental value, compared to the one calculated on 31.12.2019, and accounted in the appropriate Fund.

## Income taxes for the fiscal year, current, deferred, and prepaid

The company has set aside a provision for taxes for the year in accordance with current tax laws. Current taxes refer to taxes for the year as stated in the tax returns; taxes relating to previous years include direct taxes for previous years, inclusive of interest and penalties and also refer to the positive (or negative difference) between the amount due following the definition of a dispute or an assessment compared to the value of the provision set aside in previous years. Lastly, deferred and prepaid taxes concern positive or negative income components to be taxed or deducted, respectively, in different years to the one in which they were recorded for statutory accounting purposes.

### Current taxes

Current taxes amount to € 1,068,475 (€ 1,524,714 at 31 December 2018), of which € 862,109 for IRES tax and € 203,366 for IRAP tax.

### Deferred tax assets and liabilities

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

Deferred and prepaid income taxes are calculated on the cumulative amount of all temporary differences existing between the values of the assets and liabilities determined with the civil valuation criteria and their value recognized for tax purposes.

Deferred taxes relating to taxable temporary differences related to investments in subsidiaries and to transactions which led to the formation of reserves in suspension of tax are not recognized only if the specific conditions envisaged by the reference principle.

Deferred taxes relating to transactions that directly affected shareholders' equity are not recognized initially in the income statement but accounted for among provisions for risks and charges by reducing the corresponding item of net assets.

Deferred and prepaid income taxes are recognized in the year in which the temporary differences emerge and are calculated by applying the tax rates in force in the year in which the temporary differences will reverse, if such rates are already defined at the balance sheet date otherwise they are calculated based on the rates in effect at balance sheet date.

Deferred tax assets on temporary deductible differences and on the benefit associated with the carry forward of tax losses they are recognized and maintained in the financial statements only if there is reasonable certainty of their future recovery, through the forecast taxable income or the availability of sufficient temporary taxable differences in the years in which the taxes anticipated will spill.

Deferred tax assets not accounted for or reduced in previous years, as the requirements for its recognition or maintenance in the financial statements is recorded or reinstated in the year in which these requirements are met.

The explanatory notes present a statement of the temporary differences that led to the recognition of taxes deferred and prepaid, specifying the rate applied and the changes compared to the previous year, the amounts debited or credited to the income statement or to equity and the items excluded from the calculation as well as the amount of prepaid taxes accounted for in the financial statements relating to losses for the year or previous years and the amount of taxes not yet recorded.

The company determined the deferred taxation with exclusive reference to IRES, as there are no temporary changes IRAP.

Where provided, the information required by art. 2427 no. 14 of the civil code, that is:

- the description of the temporary differences that led to the recognition of deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous year, the amounts credited or debited to the account economic or equity;
- the amount of prepaid taxes recognized in the financial statements relating to losses for the year or previous years and the reasons for enrollment; the amount not yet accounted for and the reasons for not registering;
- the items excluded from the calculation and the relative reasons..

#### Detection of deferred and anticipated taxes and consequent effects (overview)

	IRES	IRAP
<b>A) Temporary differences</b>		
Total taxable temporary differences	1.386.105	-
Net temporary differences	1.386.105	-
<b>B) Fiscal effects</b>		
Deferred (prepaid) tax fund at the beginning of the year	(438.185)	-
Deferred (prepaid) taxes for the year	105.520	-
Deferred (prepaid) tax fund at the end of the year	(332.665)	-

**Details taxable temporary differences (overview)**

Description	Amount at the previous fiscal year end	Change occurring during the fiscal year	Amount at the fiscal year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Obsolescence Provision raw materials	250,000	-	250,000	24.00	60,000	-	-
Obsolescence Provision semi-finished products	100,000	-	100,000	24.00	24,000	-	-
Obsolescence Provision finished products	451,562	(370,000)	81,562	24.00	19,575	-	-
Provision for doubtful accounts	724,543	-	724,543	24.00	173,890	-	-
Provision for risks and charges	30,000	-	30,000	24.00	7,200	-	-
Due to Ghitti	269,668	(269,668)	-	24.00	-	-	-
Employees bonuses	-	200,000	200,000	24.00	48,000	-	-

**Explanatory notes, statement of cash flows**

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components.

**Explanatory notes, other information**

The other information requested by the Italian Civil Code is shown below.

**Employment data**

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

	Executives	Corporate management	Employees	Workers	Total employees
Average number	2	10	27	100	139

The employment level in 2019 is equal to 139 employees (2 manager, 10 middle manager, 27 employees, 100 workers).

As in previous years the Company didn't appeal to the " Cassa Integrazione Guadagni" or to other forms of social shock absorbers.

The average number of employees during the year was 139,75, increasing by a 13,15% compared to the average of 123,50 of the previous year. The per-capita revenue value were about € 392,485.81 increasing over the values of the previous fiscal year.

The Bonus on results paid in 2019, calculated on the basis of the second level agreement renewed on June 23, 2014, was disbursed for a total of Euro 193,098.

Metallurgica Bresciana adheres to the contractual provisions of the Italian "CCNL Gomma-Plastica".

### **Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf**

The following schedule shows the information requested by art. 2427, n° 16 of the Italian Civil Code; it is specified that there are no advances and credits and that no commitments were assumed on behalf of the administrative body as a result of providing any type of guarantee.

	Directors	Auditors
Remunerations	249.017	27.978

### **Remunerations to the official auditor or external auditors**

The following table shows the remunerations payable to the auditing firm, subdivided by the types of services provided.

	Legal audit of annual accounts	Total remuneration due to the legal auditor or audit firm
Value	31.220	31.220

### **Category of shares issued by the company**

The schedule below shows the number and nominal value of company's shares, as well as any changes occurring during the fiscal year.

	Initial amount, number	Initial amount, face value	Final amount, number
Share capital	7.000.000	7.000.000	7.000.000

### **Securities issued by the company**

The company has not issued any security or similar value provided for by art. 2427 no. 18 civil code.

## Details on other financial instruments issued by the company

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The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

## Commitments, guarantees, and potential liabilities that do not appear in the balance sheet

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The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code.

At 31.12.2019 the following commitments, guarantees or contingent liabilities not resulting from the balance sheet exist, for total € 3,909,764:

- Guarantees to other companies € 3,862,881
- Goods held by the company as a deposit or on loan € 46,883.

## Information on assets and financing intended for a specific business transaction

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### Assets destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

### Financing destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

## Information on transactions with related parties

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Transactions with related parties were conducted during the fiscal year. These transactions were concluded at market conditions; therefore, in accordance with the legislation in effect, no additional information is provided.

## Information on agreements that do not appear in the balance sheet

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No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

## Information on significant events that occurred after the fiscal year's end

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With regard to point 22-quater of art. 2427 of the Italian Civil Code, no significant events occurred after the fiscal year's closing date that significantly impacted on the balance sheet, financial position, and income statement.

From the point of view of the Covid pandemic, the board of directors has considered, even with the instruments and provisions currently available, the potentially estimable impacts referring to the Covid-19 pandemic both from the point of view of business activities and from a financial point of view; to date it is difficult to estimate the economic impact expected that the company is part of a production chain serving fiber networks which, according to the latest indications of the Italian government, should represent a sector of public interest. The financial situation of the company, in any case, is such as to be able to support, in this period, the cash requirements related to the corporate structure.

The unfolding COVID-19 epidemic is worsening the outlook for the global economy as embedded in the March 2020 ECB staff macroeconomic projections. Developments since the cut-off date for the projections suggest that the downside risk to

global activity related to the COVID-19 outbreak has partly materialized, implying that global activity this year will be weaker than envisaged in the projections. The outbreak hit the global economy as signs of a stabilization in activity and trade had started to emerge and the signing of the so-called Phase 1 trade agreement between the United States and China, accompanied by cuts in tariffs, had reduced uncertainty. Looking further ahead, the projected global recovery is expected to gain only modest traction.

The first months of 2020 were characterized by an acceleration of the activities by national operators to fill up the delays accumulated previously in the development of the national optical network and by the will of the two giants TIM and Openfiber to arrive strengthened in view of an imminent merger between the two.

Thanks to the remarkable degree of reliability and the consolidated relationship built in previous years with customers and thanks to the synergy with the STL Group that has allowed us to optimize the process, to double the production capacity and significantly reduce the production costs, we are now the successful tenderers of important contracts with TIM, Openfiber and the main Italian installers in a market with constant decreasing prices due to the aggressive commercial policy of mainly foreign competitors (Chinese and Korean). These contracts, whose validity is extended until 2021, guarantee a solid basis for the continuation of production activities in the whole year 2020. Our position is also consolidated by the acquisitions of important foreign orders.

### **Companies that prepare the financial statements of the broader/narrower group of companies of which the company is part as a subsidiary**

In accordance with art. 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following schedule shows the name and registered office of the company that writes the consolidated financial statements of the larger or smaller group of companies to which the company belongs as a consolidated company.

We point out that, on July 20<sup>th</sup>, 2018, the shareholder equity of the Company has totally been acquired by STERLITE TECHNOLOGY SPA (Milano, Via del Vecchio Politecnico no.9, iscritta al registro delle imprese di Milano, tax code n. 10309460961); STERLITE TECHNOLOGY SPA is controlled by STERLITE TECHNOLOGIES LTD (India E1, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra).

### **Information concerning the derivative financial instruments as per art. 2427-bis of the Italian Civil Code**

In compliance with the requirements of art. 2427-bis of the Italian Civil Code, in accordance with the principle of truthful and accurate reporting of the company's commitments, the appropriate information is provided below.

- Derivative contracts on rate hedging, signed with BNL-BNP PARIBAS (ref. N. 21189999 expiring on 27 February 2024): MTM value - 12/31/2019 -24,979.60;
- Derivative contracts for interest rate hedging, signed with BNL-BNP PARIBAS (ref. No. 2190004 expiring on 27 February 2024): value of the MTM - 31/12/2019 +124.96;
- Derivative contracts for interest rate hedging, signed with with BNL-BNP PARIBAS (ref. No. 21614510 expiring on 20 May 2024): value of the MTM - 31/12/2019 -15,217.22;
- Derivative contracts for interest rate hedging, signed with BNL-BNP PARIBAS (ref. 21614516 expiring on May 20 2024): value of the MTM - 31/12/2019 +120.78;
- Derivative contracts on interest rate hedging, no. 21383614 signed with INTESA SANPAOLO, expiring on December 15th 2021: value of the MTM - 12/31/2018 - € 9.323.

For this contract, a "Derivative Risks Fund" was prudently allocated.

As part of the sale of MB (Maanshan) Special Cable Ltd, a call-option was granted for the sale of a additional 20% of the investee. Taking into account that this option was subscribed in 2016 and taking into account the characteristics of the option, it is estimated that its fair value at 31.12.2019 is not significant.

## Summary of balance sheet of the company exercising management and coordination activities

It is communicated that the company belongs to the group STERLITE and is subject to management and coordination activity by the company STERLITE TECHNOLOGIES SPA.

The following summary schedules provide the essential data of the latest approved financial statements of the above mentioned company that exercised management and coordination.

### Summary of balance sheet of the company exercising management and coordination activities (overview)

	Last fiscal year	Date
Date of the last approved balance sheet		31/12/2018
B) Fixed assets	46.866.534	
C) Current assets	1.064.428	
<b>Total assets</b>	<b>47.930.962</b>	
Share capital	5.050.000	
Net profit (loss) for the year	(657.777)	
<b>Total shareholders' equity</b>	<b>4.392.223</b>	
D) Payables	43.538.739	
<b>Total liabilities and shareholders' equity</b>	<b>47.930.962</b>	

### Summary of memorandum accounts of the company exercising management and coordination activities (overview)

	Last fiscal year	Date
Date of the last approved balance sheet		31/12/2018
A) Value of production	150.000	
B) Cost of production	200.318	
C) Financial income and expense	(607.459)	
Net profit (loss) for the year	(657.777)	

## Proposed destination of profit or coverage of losses

Dear Shareholders: in view of the discussion above, the administrative body proposes to allocate the profit of € 3.655.735 to the extraordinary reserve.

## Explanatory notes, final part

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2019 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records

Dello (Bs), 22/04/2020

The CEO Aldo Santus

Sterlite (Shanghai) Trading Company Limited

Audit Report

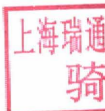
(2019. 4——2020. 3)

**SHANGHAI RUITONG CERTIFIED PUBLIC ACCOUNTANTS**

**(GENERAL PARTNERSHIP)**



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# Audit Report

HRTKSZ(2020) No.106017

**To the Board of directors:**

## I. Audit Opinion

We have audited the financial statements of STERLITE (SHANGHAI) TRADING COMPANY LIMITED (the “Company”), which comprise the balance sheet as at 31 March 2020, the statement of comprehensive income, statement of changes in owners’ equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as of March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Chinese Enterprise Accounting Standards and Enterprise Accounting Principles.

## II. Basis for Audit Opinion

We have concluded the auditing work in accordance with the Independent Auditing Standards for the Certified Public Accountant. Our responsibilities under these standards are further elaborated in the section of the auditor’s report, entitled “CPA’s Responsibility to Audit Financial Statements”. In accordance with the China Code of Ethics for Certified Public Accountants, we are independent of your company and have performed other duties in respect of professional ethics. We are confident that the obtained audit evidence is sufficient and appropriate, which forms a firm basis for giving our audit opinion.

## III. Responsibilities of the Management for the Financial Statements

The Management are obliged to prepare the financial statements in accordance with the Accounting Standard for Business Enterprises and achieve fair presentation of the financial statements and to design, implement and maintain necessary internal control in order to ensure that there is no material misstatement due to fraud or errors.

In preparing the financial statements, management is responsible for assessing your 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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing your financial reporting process.

#### **IV. Certified Public Accountants' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 the audit standards 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 financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we also:

(1) Identify and assess the risks of material misstatement of the 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.

(2) 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.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting. And based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report. If the disclosures are not sufficient, we should issue a modified opinion. Our conclusion is based on the information available up to the date of the auditor's report. However, future events or circumstances may cause you to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements,

including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Shanghai Ruitong Certified Public  
Accountants Firm (General Partnership)



(Seal)

Chinese CPA:

(Signature & Seal)



Chinese CPA:

(Signature & Seal)



Shanghai, China

June 1, 2020

**Sterlite (Shanghai) Trading Company Limited**  
**Balance Sheet**

31-Mar-20

Unit: Yuan

Item	Ending balance	Beginning balance	Item	Ending balance	Beginning balance
<b>Current assets:</b>	—	—	<b>Current liabilities:</b>	—	—
Monetary funds	9,404.85	909,392.86	Short-term borrowing		
Financial assets measured at fair value and with changes recorded in current gains and losses			Financial liabilities measured at fair value and with changes recorded in current gains and losses		
Derivative financial assets			Derivative financial liabilities		
Notes receivable			Notes payable		
Accounts receivable		777,157.05	Accounts payable		230,091.99
Advances to suppliers	34,012.00	49,207.72	Advances from customers	729,740.31	
Other receivables	114,150.00	164,150.00	Accrued Employee compensation	100,000.00	650,000.00
Inventories			Taxes and charges payable	-1,343.97	29,421.73
Assets held for sale			Other payables	1,214,189.56	
Other current assets			Liabilities held for sale		
<b>TOTAL CURRENT ASSETS</b>	<b>157,666.85</b>	<b>1,899,907.63</b>	Other current liabilities		
<b>Non-current assets:</b>	—	—	<b>TOTAL CURRENT LIABILITIES</b>	<b>2,042,585.90</b>	<b>909,513.72</b>
Monetary assets available for selling			<b>Non-current liabilities:</b>	—	—
Investment from holding till maturity			Long-term loans		
Long term receivables			Bonds payable		
Long-term equity investments			including: Preference shares		
Investment real estate			Perpetual debts		
Fixed assets	4,235.81	4,911.23	Long-term payables		
Construction in progress			Estimated liabilities		
Productive biological assets			Deferred income		
Oil and gas assets			Deferred tax liabilities		
Intangible property			Other non-current liabilities		
Development payout			<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>
Goodwill			<b>TOTAL LIABILITIES</b>	<b>2,042,585.90</b>	<b>909,513.72</b>
Long Term Unamortised Expenditure			<b>Owners' equity (Shareholders' equity):</b>	—	—
Deferred tax debit			Paid-in capital (Stock)	1,486,672.40	1,486,672.40
Other current assets			Other equity instruments		
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,235.81</b>	<b>4,911.23</b>	including: Preference shares		
			Perpetual debts		
			Capital reserve		
			Less: Treasury stock		
			Other comprehensive income		
			Surplus reserve		
			Undistributed profit	-3,367,455.64	-491,367.26
			<b>TOTAL OWNERS' EQUITY</b>	<b>-1,880,783.24</b>	<b>995,305.14</b>
<b>TOTAL ASSETS</b>	<b>161,802.66</b>	<b>1,904,818.86</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>161,802.66</b>	<b>1,904,818.86</b>

## Sterlite (Shanghai) Trading Company Limited

## Statement of Profit

Period: 2019.4-2020.3

Unit: Yuan

Item	Ending balance	Beginning balance
<b>1. Operation revenue</b>	<b>3,486,875.03</b>	<b>7,114,567.58</b>
Less: Operation cost	380,610.64	723,255.73
Taxes and added-ons	19,930.17	38,817.88
Operating expenses	-	-
General and administrative expenses	5,960,791.03	6,335,173.08
Research and development expenses	-	-
Financial expenses	-3,666.95	-8,218.06
Including: Interest expense	-	-
Interest revenue	-	-
Loss for impairment of assets	-	-
Add: Other Income	6,854.28	-
Investment income("-" means loss)	-	-
Including: Share of profit associates and jointly controlled entities	-	-
Income of changes of fair value("-" means loss)	-	-
Proceeds from disposal of assets("-" means loss)	-	-
<b>2. Operation profit/Fill in "-" if it's loss</b>	<b>-2,863,935.58</b>	<b>25,538.95</b>
Add: Non-operation revenue	-	-
Less: Non-operation expense	-	-
<b>3. Income before tax ("- means loss)</b>	<b>-2,863,935.58</b>	<b>25,538.95</b>
Less: Income tax	12,152.80	9,065.60
<b>4. Net profit ("- means net loss)</b>	<b>-2,876,088.38</b>	<b>16,473.35</b>
(1) Net profit from continuing operations	-	-
(2) Net profit from discontinued operations	-	-
<b>5. Other comprehensive income after tax, net</b>	<b>-</b>	<b>-</b>
(1) Items not to be reclassified into profit or loss in subsequent periods	-	-
A. Changes arising from remeasurement of net liabilities or assets of defined benefit plan	-	-
B. Share of other comprehensive income of the investee not to be reclassified into profit or loss under the equity method	-	-
(2) Items to be reclassified into profit or loss in subsequent periods	-	-
A. Share of other comprehensive income of the investee to be reclassified into profit or loss under the equity method	-	-
B. Gains or losses from changes in fair value of available for sale financial assets	-	-
C. Gains or losses on reclassification of held-to-maturity investments as available for sale financial assets	-	-
D. The effective portion of gains or losses from cash flow hedges	-	-
E. Differences on translation of foreign currency financial statements	-	-
<b>6. Other comprehensive income</b>	<b>-2,876,088.38</b>	<b>16,473.35</b>
<b>7. Earnings per share</b>		
(1) Basic earnings per share	-	-
(2) Diluted earnings per share	-	-

## Sterlite (Shanghai) Trading Company Limited

## Statement of Cash Flow

Period: 2019.4-2020.3

Unit: Yuan

Item	Ending balance	Beginning balance
<b>1.Cash Flows from Operating Activities</b>		
Cash received from sales of goods or rendering of services	4,264,032.08	7,123,437.12
Taxes and levies refunded		
Other cash received relating to operating activities	1,588,764.25	481,955.82
<b>Sub-total of cash inflows</b>	<b>5,852,796.33</b>	<b>7,605,392.94</b>
Cash paid for goods and services	610,702.63	1,215,365.48
Cash paid to and on behalf of employees	5,138,474.69	4,345,051.00
Taxes and levies refunded	181,966.10	1,624,075.34
Other cash paid relating to operating activities	821,640.92	502,433.78
<b>Sub-total of cash outflows</b>	<b>6,752,784.34</b>	<b>7,686,925.60</b>
<b>Net cash flows from operating activities</b>	<b>-899,988.01</b>	<b>-81,532.66</b>
<b>2.Cash Flows from Investing Activities</b>		
Cash received from return of investments		
Cash received from investments income		
Net cash flows from disposal of fixed assets, intangible assets and other long-term assets		
Net cash flows from disposal of a subsidiary and other company		
Other cash paid relating to investing activities		
<b>Sub-total of cash inflows</b>	<b>-</b>	<b>-</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		
Cash for investments		
Cash paid to acquire a subsidiary and other company		
Other cash paid relating to investing activities		
<b>Sub-total of cash outflows</b>	<b>-</b>	<b>-</b>
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>-</b>
<b>3.Cash Flows from Financing Activities</b>		
Proceeds from absorbing investments		
Proceeds from borrowings		
Other proceeds relating to financing activities		
<b>Sub-total of cash inflows</b>	<b>-</b>	<b>-</b>
Cash repayments of amounts borrowed		
Cash payments for distribution of dividends, profits and interest expenses		
Other cash payments relating to financing activities		
<b>Sub-total of cash outflows</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>4.Effect of Foreign Exchange Rate Changes on Cash</b>		
<b>5.Net Increase in Cash and Cash Equivalents</b>	<b>-899,988.01</b>	<b>-81,532.66</b>
Add: Cash equivalents at the beginning of the period	909,392.86	990,925.52
<b>7.Cash equivalents at the end of the period</b>	<b>9,404.85</b>	<b>909,392.86</b>

**Sterlite (Shanghai) Trading Company Limited**  
**Statement of Changes in Owners' (Stockholders') Equity**

Period: 2019.4-2020.3

Unit: Yuan

Period: 2019-4-2020-3												Unit: Yuan
Item	Line No.	Amount of Current year									Minority interest	Total amount of Owners' equity
		Owners' equity belong to the parent company							Sub - total			
		Paid-in capital(or stock)	Capital surplus	Decrease: stock	Surplus reserves	Provision for normal risk	Undistributed profit	Others				
Line No.	-	1	2	3	4	5	6	7	8	9	10	
1.Ending balance of prior year	1	1,486,672.40	-	-	-	-	-491,367.26	-	995,305.14	-	995,305.14	
Increase:changes in accounting policy	2						---					
corrections of accounting errors of prior periods	3						---					
others											-	
2.Beginning balance in the current year	4	1,486,672.40	-	-	-		491,367.26	-	995,305.14	-	995,305.14	
3.Changes in the current year	5				-		-2,876,088.38	-	-2,876,088.38	-	-2,876,088.38	
(1)Other comprehensive income	7				-		-2,876,088.38		-2,876,088.38		-2,876,088.38	
(2) Investments by owners' equity and decreased capital	13				-	-	-	-			-	
a.Capital invested by owners' equity	14										-	
b.Investment of other equity instrument owners												
c.Payment by stock included as owners' equity	15											
d.Others												
(3)Extraction and use of special reserves												
a.Extraction of special reserves												
b.Use of special reserves												
(4)Profit distribution	17				-	-	-	-		-	-	
a.Appropriation of surplus reserve	18				-			-				
b.Distribution for owners' equity	19											
Including:Profit(stock dividend of state stock and stock interest) handed of state-owned enterprise	20											
Stock dividend of common stock	21											
Stock dividend of common stock converted into stock(capital)	22											
c.Others	23											
(5)Changes in inner owners' equity	24				-	-	-	-		-	-	
a.Conversion of capital surplus into capital(stock)	25											
b.Conversion of surplus reserve into capital(stock)	26											
c.Recovery of losses by surplus reserves	27											
d.Carryover the changes in net debt or net assets from remeasured benet plans												
d.Others	28											
4.Ending balance in the current year	29	1,486,672.40	-	-	-	-	-3,367,455.64	-	-1,880,783.24	-	-1,880,783.24	



**Sterlite (Shanghai) Trading Company Limited**  
**Statement of Changes in Owners' (Stockholders') Equity - Continued**

Period: 2019.4-2020.3

Unit: Yuan

Item	Line No.	Amount of Last year									Minority interest	Total amount of Owners' equity
		Owners' equity belong to the parent company							Sub - total			
		Paid-in capital(or stock)	Capital surplus	Decrease: stock	Surplus reserves	Provision for normal risk	Undistributed profit	Others				
Line No.	-	1	2	3	4	5	6	7		8	9	
1.Ending balance of prior year	1	1,486,672.40	-	-	-		-507,840.61	-	978,831.79		978,831.79	
Increase:changes in accounting policy	2						—					
corrections of accounting errors of prior periods	3						—					
others									-			
2.Beginning balance in the current year	4	1,486,672.40	-	-	-		-507,840.61	-	978,831.79	-	978,831.79	
3.Changes in the current year	5				-		16,473.35	-	16,473.35	-	16,473.35	
(1)Other comprehensive income	7				-		16,473.35		16,473.35		16,473.35	
(2) Investments by owners' equity and decreased capital	13	-			-	-	-	-		-	-	
a.Capital invested by owners' equity	14										-	
b.Investment of other equity instrument owners	15											
c.Payment by stock included as owners' equity	16											
d.Others	16											
(3)Extraction and use of special reserves												
a.Extraction of special reserves												
b.Use of special reserves												
(4)Profit distribution					-	-	-	-		-	-	
a.Appropriation of surplus reserve	18				-		-					
b.Distribution for owners' equity	19											
Including:Profit(stock dividend of state stock and stock interest) handed of state-owned enterprise	20											
Stock dividend of common stock	21											
Stock dividend of common stock converted into stock(capital)	22											
c.Others	23											
(5)Changes in inner owners' equity	24				-	-	-	-		-	-	
a.Conversion of capital surplus into capital(stock)	25											
b.Conversion of surplus reserve into capital(stock)	26											
c.Recovery of losses by surplus reserves	27											
d.Carryover the changes in net debt or net assets from remeasured benet plans												
d.Others	28											
4.Ending balance in the current year	29	1,486,672.40	-	-	-	-	-491,367.26	-	995,305.14	-	995,305.14	

# **Sterlite (Shanghai) Trading Company Limited**

## **Notes to March 31, 2020 Financial Statements**

(The Notes is a part of the Financial Statements)

### **I. Basic Information of the Company**

Sterlite (Shanghai) Trading Company Limited(the "company" ),as a wholly foreign-owned enterprise ,was established on May 28,2015 invested by STERLITE TECHNOLOGIES LIMITED .Obtaining the business license of the legal entity which No 91310000329521792L.The registered capital is RMB5,000,000.00 and the operation period is 30 years.

The business scope is wholesaling electronic products and components, optical fiber, metal materials and products (except precious metals, steel, aluminum oxide).The company provides the commission agency (excluding auction),importing and exporting agency. And the company also provides the related after-sales service, technical advisory services and other supporting business (Not related to the state-run trade management, involving quota and license administration of goods, shall be dealt with in accordance with the relevant provisions of the state to apply),(The business which is related to admitted business do business in accordance with the admitted license).

### **II. Basis for financial statements**

The company's accounting statements are issued based the historical cost and on an accrual basis for accounting principles.

### **III. Address for enterprise Accounting System**

The Company implement the Enterprise Accounting Principles and "Accounting System for Enterprises", the preparation of financial statements in line with the Accounting Standard for Enterprises and "Enterprise Accounting System," and reflecting the financial position, operating results and cash flow information.

### **IV. Important accounting policies**

#### **1 Accounting system**

The company implements Enterprise Accounting Standards and Accounting System.

#### **2 Reporting period**

The Company has adopted year from April 1 to in the prior year to March 31 in the current year as its accounting year.

### **3 Basis of accounting and cost model**

The company adopts accrual basis of accounting and historical cost model.

### **4 Bookkeeping base currency & foreign currency translation**

The recording currency of the company is RMB. Transactions denominated in foreign currencies (currencies other than the recording currency) are translated into RMB at the exchange rates of the transaction date quoted by the People's Bank of China. Foreign currency-denominated monetary assets and liabilities are translated into RMB at the exchange rates prevailing at the date of the balance sheet. Foreign exchange differences deriving from these currency translations were booked into "long-term deferred expenses – organization costs" in the preliminary period and the others as "financial expenses – exchange gains and losses" in current period.

### **5 Standard of cash equivalents**

Cash equivalents represent those investments with short duration period, high fluidity and low risk in fair value change but can be easily convertible to cash with already known amount.

Cash and cash equivalents of this company include: cash in hands, cash in bank, other monetary assets and the short-term investments due within three months.

### **6 Short term Investment accounting method**

The company's short-term investments are mainly Equity investment and debt investments with historical cost accounting method which is also applicable to sales of investment.

The lower of cost or market valuation method will be applicable to cost of ending period of the investment.

### **7 Bad debts accounting method**

The bad debt losses of the company will adopt "allowance method" for accounting and will be proportioned based on the recoverability of the balance of the receivable account at year end. The company will conduct specific analysis to the receivable accounts for drawing bad debts provisions of the receivable account according to previous experiences, financial position and flow of the debtor as well as other information concerned.

- a) Under the circumstance that the debtor dies, the receivable is qualified as not collectable as the debtor does not transfer the debt;
- b) Under the circumstance that debtor does not fulfill its obligation over a period of 3 years with evidence that money still could not be received.

### **8 Inventory**

The inventory is mainly comprised raw materials, semi products, self-produced semi products, finished goods and low value consumables

The inventories is calculated on actual cost

The weight average methodology is applied to daily inventories movement

The ending inventory will be computed based on the lower pricing between cost and net realized value, when the net realized value is lower the cost, the inventory provisions for the impairment loss will be recognized based on the difference

## 9 Fixed assets & depreciation

Fixed assets are referring to a long-term tangible property that a firm owns and uses in the production of its goods, service provision, lease and operation management and is not expected to be consumed or converted into cash any sooner than at least one year's time.

The fixed assets will be measured at historical cost and the depreciation will be accounted by linear method by categories

<u>Category of fixed assets</u>	<u>Economic use limit</u>	<u>Annual depreciation</u> <u>rate</u>	<u>Net residual value</u> <u>rate</u>
Electronic equipments etc.	3 years	30%	10%

## 10 Fixed assets provision for impairment losses

Where the recoverable amount is lower than the carrying amount (book net value) based on individual item, the difference should be recognized as provision for impairment loss on fixed assets in the following circumstances:

- Fixed assets that are not in use for a long time and won't be used in the excepted future, as well as without transfer value
- Fixed assets that can't be used any more due to technology advance
- Fixed assets that can be used but lead to production with inferior quality
- Fixed assets with no more use value and transfer value after damage
- Other fixed assets that 're literally unable to bring economic interests to the enterprises

For those fixed assets that are already accrued for provision for impairment loss in full amount, the provision of depreciation doesn't apply any more.

## 11 Long term prepaid and deferred expense

Occurred during the start-up organization: In addition to purchase of fixed assets, all the other expense occurred in organization period will be accounted into "Long term prepaid and deferred expense" firstly which will be accounted it as expense dated from production and operations period. Other long-term prepaid expenses will be amortized in benefit period averagely according to the actual amount of accounting.

## 12 Sales revenue

### **Goods sales can be recognized under following conditions:**

- a) The main risks and rewards of the ownership of goods has been transferred to the buyer;
- b) It will not be retained management associated with ownership of the right usually and no control for the goods sold;
- c) Economic benefits for the transactions related will inflow into the company;
- d) Revenues and costs related to reliable measurement.

### **Services sales can be recognized under the following conditions:**

- a) Total revenue and total cost can be measured reliably;
- b) Economic benefits for the transactions related will inflow into company;
- c) Invoice issued or with the evidence of recognition of income

## 13 Corporate Income Tax

The company adopts tax payable method for the calculation of corporate income tax

## 14 Tax item

Tax category	Tax rate	Tax base
Value added tax	6%,13%	Service revenue ,Goods sold
Corporate income tax	25%	Taxable profit

## V. Explanation for the change of accounting policy and evaluation & the correction of previous errors

NONE

## VI. Notes the financial statements of the main items

In addition to special description in the following currencies stated are RMB

### 1.Cash and cash equivalents

Item	2020.3.31	2019.3.31
Cash	0.00	0.00
Cash in bank	9,404.85	409,392.86
Other cash equivalency	0.00	500,000.00
Grand total	9,404.85	909,392.86

### 2. Accounts receivable

Aging	2020.3.31		2019.3.31	
	Accounts receivables	%	Accounts receivables	%
In 1 year	0.00	100.00%	777,157.05	100.00%
Grand total	0.00	100.00%	777,157.05	100.00%

### 3. Advances to supplier

Aging	2020.3.31		2019.3.31	
	Advances to supplier	%	Advances to supplier	%
In 1 year	34,012.00	100.00%	49,207.72	100.00%
Grand total	34,012.00	100.00%	49,207.72	100.00%

### 4. Other accounts receivables

Aging	2020.3.31		2019.3.31	
	Other accounts receivables	%	Other accounts receivables	%
In 1 year	114,150.00	100.00%	164,150.00	100.00%
Grand total	114,150.00	100.00%	164,150.00	100.00%

### 5. Fixed assets

Item	2019.3.31	Addition	Disposal	2020.3.31
<b>Original cost</b>	32,805.55			32,805.55
Office equipment	32,805.55			32,805.55
<b>Accumulated depreciation</b>	27,894.32	675.42		28,569.74
Office equipment	27,894.32	675.42		28,569.74
<b>Net value</b>	4,911.23			4,235.81
Office equipment	4,911.23			4,235.81

### 6. Accounts payable

Aging	2020.3.31		2019.3.31	
	Other accounts receivables	%	Other accounts receivables	%
In 1 year	0.00	100.00%	230,091.99	0.00%

Grand total	0.00	100.00%	230,091.99	0.00%
-------------	------	---------	------------	-------

#### 7. Advances from customers

Aging	2020.3.31		2019.3.31	
	Other accounts receivables	%	Other accounts receivables	%
In 1 year	729,740.31	100.00%	0.00	100.00%
Grand total	729,740.31	100.00%	0.00	100.00%

#### 8. Accrued wages and welfare

Item	2020.3.31	2019.3.31
Accrued wages	100,000.00	650,000.00
Grand total	100,000.00	650,000.00

#### 9. Taxes and charges payable

Item	2020.3.31	2019.3.31
Value added tax	-1,343.97	26,506.07
City construction tax		1,855.42
Additional tax of education		795.18
Additional tax of local education		265.06
Grand total	-1,343.97	29,421.73

#### 10. Paid-in capital

Name of Shareholder	2019.3.31	Increase of current year	Decrease of current year	2020.3.31	Percentage %
STERLITE TECHNOLOGIES LIMITED	1,486,672.40			1,486,672.40	100.00%
Grand total	1,486,672.40			1,486,672.40	100.00%

The company received \$226,875.90 capital contribution from STERLITE TECHNOLOGIES LIMITED, according to the current rate of 100:655.28, is equivalent to RMB 1,486,672.40.

#### 11. Retained Earnings

Item	2019.3.31	2018.3.31
Opening balance of Retained Earnings	-491,367.26	-507,840.61

Add:Net profit for the current year	-2,876,088.38	16,473.35
Closing balance of Undistributed profit	-3,367,455.64	-491,367.26

**12.Total operation revenue**

Item	Amount of current year	Amount of last year
Revenue from main operations	3,486,875.03	7,114,567.68
Revenue from other operations		

**13.Total operation cost**

Item	Amount of current year	Amount of last year
Operation cost	380,610.64	723,255.73
Operation tax and surcharge	19,930.17	38,817.88
Operating expenses		0.00
General and administration expense	5,960,791.03	6,335,173.08
Financial expenses	-3,666.95	-8,218.06

**14. Non-operating income & expenses**

Item	Amount of current year	Amount of last year
Other Income	6,854.28	0.00

**15. Income tax**

Item	Amount of current year	Amount of last year
Non-operating income	12,152.80	9,065.60

**VII.Subsequent events**

NONE

**VIII. Events after the Balance Sheet Date**

NONE

# BUSINESS LICENSE FOR PARTNERSHIP ENTERPRISE

REGISTRATION NO.: 91310109585235402Q

NAME OF ENTERPRISE: Shanghai Ruitong Certified Public Accountants (general partnership)

DOMICILE: Rm 1933, No.60 Lane.465 Liangcheng Road, Hongkou District, Shanghai

EXECUTIVE PARTNER: Jiang Ming

TYPE OF ENTERPRISE: General Partnership Enterprise

BUSINESS SCOPE: Examining financial reports of enterprise and issuing audit report; verifying enterprise capital and issuing capital verification report; transacting audit business in enterprise merger, division, and liquidation, and issuing relevant reports; providing financial settlement audit of basic fiscal year; providing agency bookkeeping service; providing accounting consultation, tax consultation, management consultation and accountants training; providing other services formulated by laws and regulations.  
(The above involving in administrative licensing to operate with permits)

VALIDITY OF CERTIFICATE: 2011-10-12 to 2021-10-11

TERM OF OPERATION: 2011-10-12 to 2021-10-11

REGISTRATION AUTHORITY: Hongkou Branch of Shanghai Administration for Industry and Commerce

ISSUING DATE: 2015-10-27

# Practising Certificate for CPAs

Certificate No: 0001236

## Notes

**Name of Enterprise:** Shanghai Ruitong Certified Public Accountants

(general partnership)

**Chief Partner:** Jiang Ming

**CPA Director:**

**Domicile:** Rm 1933, No.60 Lane.465 Liangcheng Road, Hongkou District, Shanghai

1. The certificate is granted by the financial authority to qualify CPAs' statutory businesses.
2. The certificate shall be updated by the financial authority in case of any record alteration.
3. The certificate shall not be counterfeited, altered, lent and transferred.
4. The certificate shall be returned to the financial authority in case the accounting firm ceases its business.

**Type of Enterprise:** General Partnership Enterprise

**No of CPAs:** 31000332

**Approval No:** SHFA[2011]NO.54

**Date of Approval:** 2011-09-22

**Issuing Authority:** Shanghai Department of Finance (seal)

**Date:** 2018-06-01

Made by the Ministry of Finance of the People's Republic of China

**Certificate of CPA for Zhu Dunfa**

Name: Zhu Dunfa

Gender: Male

Date of Birth: 1949-02-03

Working Unit: Shanghai Ruitong Certified Public Accountants

ID No.: 652923490203019

Annual Renewal Registration

This certificate is valid for another year after this renewal.

Special Stamp of Annual Inspection of Shanghai Institute of Certified Public Accountants

Date: 2019-05-31



**Certificate of CPA for Jiang Ming**

Name: Jiang Ming

Gender: Male

Date of Birth: 1983-05-04

Working Unit: Shanghai Ruitong Certified Public Accountants

ID No.: 32021919830504527X

Annual Renewal Registration

This certificate is valid for another year after this renewal.

Special Stamp of Annual Inspection of Shanghai Institute of Certified Public Accountants

Date: 2019-05-31



## General information about the company

Name and id code

Company name: STERLITE TECHNOLOGIES S.P.A.

Company site: VIA DEL VECCHIO POLITECNICO 9 MILANO MI

Share capital: 5.050.000,00

Fully paid-in share capital: Yes

Registration Authority id code: MI

VAT number: 10309460961

Fiscal code: 10309460961

Registration number: 2521369

Legal form: SOCIETA' PER AZIONI

Activity Code: 701000

Company being wound up: No

Company with a single shareholder: Yes

Company subject to the management and coordination of others: No

Name of the company or entity that exercises management and coordination:

belonging to a group: Yes

Name of the controlling entity: STERLITE TECHNOLOGIES LIMITED

Country of the controlling entity: INDIA

Cooperative company Registration number:

# Financial statements as at 31/12/2019

## Ordinary balance sheet

	31/12/2019	31/12/2018
<b>Assets</b>		
<b>B) Fixed assets</b>		
III - Financial fixed assets	-	-
1) equity investments	-	-
a) subsidiary companies	46.316.534	46.866.534
<i>Total equity investments</i>	46.316.534	46.866.534
<i>Total financial fixed assets</i>	46.316.534	46.866.534
<i>Total fixed assets (B)</i>	46.316.534	46.866.534

	31/12/2019	31/12/2018
<b>C) Current assets</b>		
II - Receivables	-	-
2) due from subsidiary companies	501.498	950.000
due within the following year	501.498	950.000
4) due from parent companies	98.193	-
due within the following year	98.193	-
5-bis) due from tax authorities	876.386	32.234
due within the following year	876.386	32.234
5-quater) due from third parties	3.438	3.438
due within the following year	3.438	3.438
<i>Total receivables</i>	<i>1.479.515</i>	<i>985.672</i>
IV - Liquid funds	-	-
1) bank and post office deposits	220.844	78.756
<i>Total liquid funds</i>	<i>220.844</i>	<i>78.756</i>
<i>Total current assets (C)</i>	<i>1.700.359</i>	<i>1.064.428</i>
<i>Total assets</i>	<i>48.016.893</i>	<i>47.930.962</i>
<b>Liabilities and shareholders' equity</b>		
<b>A) Shareholders' equity</b>	<b>3.241.272</b>	<b>4.392.223</b>
I - Share capital	5.050.000	5.050.000
VIII - Retained earnings (accumulated losses)	(657.777)	-
IX - Profit (loss) for the year	(1.150.951)	(657.777)
Total Shareholders' Equity	3.241.272	4.392.223
<b>D) Payables</b>		
4) due to banks	43.070.936	43.277.935
due within the following year	4.300.000	164.191
due beyond the following year	38.770.936	43.113.744
7) trade accounts	33.730	160.804
due within the following year	33.730	160.804
9) due to subsidiary companies	1.084.577	100.000
due within the following year	1.084.577	100.000
11) due to parent companies	585.858	-
due within the following year	585.858	-
12) due to tax authorities	520	-
due within the following year	520	-

	31/12/2019	31/12/2018
<i>Total payables (D)</i>	44.775.621	43.538.739
<i>Total liabilities and shareholders' equity</i>	48.016.893	47.930.962

## Ordinary P&L account

	31/12/2019	31/12/2018
<b>A) Value of production</b>		
5) Other income and revenues	-	-
other	251.285	150.000
<i>Total Other income and revenues</i>	251.285	150.000
<i>Total value of production</i>	251.285	150.000
<b>B) Cost of production</b>		
7) Services	333.738	200.318
14) Other operating expenses	838.219	-
<i>Total cost of production</i>	1.171.957	200.318
<b>Difference between value and cost of production (A - B)</b>	<b>(920.672)</b>	<b>(50.318)</b>
<b>C) Financial income and expense</b>		
17) Interest and other financial expense	-	-
other	606.677	607.459
<i>Total interest and other financial expense</i>	606.677	607.459
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	(606.677)	(607.459)
<b>Profit before taxes (A - B + - C + - D)</b>	<b>(1.527.349)</b>	<b>(657.777)</b>
<b>20) Taxes on the income for the year</b>		
Income (expense) arising from the adoption of the fiscal consolidated system/fiscal transparency	376.398	-
<i>Total taxes on the income for the year</i>	(376.398)	-
<b>21) Net profit (loss) for the year</b>	<b>(1.150.951)</b>	<b>(657.777)</b>

## Statement of cash flows, indirect method

	Amount as at 31/12/2019	Amount as at 31/12/2018
<b>A) Financial flow from operations (indirect method)</b>		
Net profit (loss) for the year	(1.150.951)	(657.777)
Income taxes	(376.398)	
Interest expenses/(income)	606.677	607.459
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>(920.672)</i>	<i>(50.318)</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>(920.672)</i>	<i>(50.318)</i>
Changes in net working capital		
Increase/(Decrease) in payables due to suppliers	(127.074)	160.804
Other decreases/(Other increases) of net working capital	1.077.112	(885.672)
<i>Total changes in net working capital</i>	<i>950.038</i>	<i>(724.868)</i>
<i>3) Financial flow after changes to the net working capital</i>	<i>29.366</i>	<i>(775.186)</i>
Other adjustments		
Interest collected/(paid)	(606.677)	(607.459)
(income taxes paid)	376.398	
<i>Total other adjustments</i>	<i>(230.279)</i>	<i>(607.459)</i>
<b>Financial flow from operations (A)</b>	<b>(200.913)</b>	<b>(1.382.645)</b>
<b>B) Financial flow from investing activities</b>		
Financial fixed assets		
(Investments)		(46.866.534)
Disinvestments	550.000	
<b>Cash flow from investing activities (B)</b>	<b>550.000</b>	<b>(46.866.534)</b>
<b>C) Financial flow from financing activities</b>		
Loan capital		
Increase/(Decrease) in short-term payables due to banks	4.135.809	164.191
New loans		43.113.744
(Reimbursement of loans)	(4.342.808)	
Equity		
Increase in paid share capital		5.050.000
<b>Cash flow from financing activities (C)</b>	<b>(206.999)</b>	<b>48.327.935</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>142.088</b>	<b>78.756</b>

	Amount as at 31/12/2019	Amount as at 31/12/2018
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits	78.756	
Total cash and cash equivalents at the beginning of the fiscal year	78.756	
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	220.844	78.756
Total cash and cash equivalents at the end of the fiscal year	220.844	78.756
Balance difference		

## Information at the end of the statement of cash flows

STERLITE TECHNOLOGIES S.P.A., established on April 9th, 2018, carries on the activity of investment's management (Holding) in other companies working in the metallurgical sector and in the sector of the metallurgical manufacturing, production and/or trade. This Financial Statements is the second Financial Statements of STERLITE TECHNOLOGIES S.P.A.

The sole shareholder is STERLITE TECHNOLOGIES LIMITED, headquartered in India, E1, MIDC Industrial Area, Waluj Aurangabad, Maharashtra; the sole shareholder carry on the activity of production and sale of telecommunication product, integrated optical fiber included and other telecommunication product, as optical fiber cables, telecommunication cables in copper, etc.

We point out that during the fiscal year 2018, and exactly on July 20<sup>th</sup>, 2018, STERLITE TECHNOLOGIES S.P.A. has acquired by COMPAGNIA BRESCIANA INVESTIMENTI S.P.A. (Brescia, Via Antonio Calligari 4, Chambre of Commerce of Brescia and Fiscal Code nr. 01341140174) the total shares in METALLURGICA BRESCIANA S.P.A. (Dello (BS), Via G. Marconi 31, Commerce of Brescia and Fiscal Code nr.02132320173) becoming the sole shareholder of the latter.

## Explanatory notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/12/2019.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

Based on art. 27 c.3 of Legislative Decree 127/91, the companies in turn controlled when the parent company holds more than 95 percent of the shares or quotas of the subsidiary company or, in the absence of this condition, when the drafting of the consolidated financial statements are not required at least six months before the end of the year by many shareholders who represent at least 5% of the capital are exempt from the obligation to prepare the consolidated financial statements. However, art. 27 c.4 of Legislative Decree 127/91 provides that the exemption of paragraph 3 is subject to the fact that the parent company is subject to the law of a Member State of the European Union. The company STERLITE

TECHNOLOGIES S.P.A., consequently, not being controlled by a member of the European Union, is obliged to draw up the consolidated financial statements.

It should also be noted that, starting from the 2019 financial year, accordingly to the contract signed on 3 September 2019 and to the option expressed in the 2019 Income Model - year 2018 - by the subsidiary Sterlite Technologies S.p.A., the Company Sterlite Technologies S.p.A. itself exercised the option to join the "National Tax Consolidation", referring to the articles 117 to 129 of the Consolidated Income Tax Act, as consolidator with the subsidiary Metallurgica Bresciana S.p.A., for the three-year period 2019-2021.

## Basis of preparation

### Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.

With reference to the indications in the introductory part of these Explanatory Notes, we declare that, in accordance with article 2423, 3<sup>rd</sup> paragraph of the Italian Civil Code, if the information required by specific legal provisions is not sufficient to give a true and correct.

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

## Publishing principles

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The financial statement items were valued in accordance with the principles of prudence and materiality and on the assumption that the business is a going concern. Pursuant to Article 2423-bis(1)(1-bis) of the Italian Civil Code, the items were recorded and presented taking into account the substance of the transaction or the contract. When preparing the financial statements the income and expenses were recorded on the basis of the accrual principle, regardless of the actual date of payment and only profits made at the year-end date were stated. Account was also taken of the risks and losses pertaining to the year, even if they came to light after year end.

### Structure and contents of the financial statement

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

## Exceptional cases pursuant to art. 2423, fifth paragraph, of the Civil Code

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There were no exceptional cases requiring use of the derogations referred to in Article 2423(4) and (5) of the Italian Civil Code.

## Changed accounting principles

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There were no exceptional cases requiring use of the derogations referred to in Article 2423-bis(2) of the Italian Civil Code.

## Applied evaluation criteria

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In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

### Financial fixed assets

#### *Equity investments*

All of the equity investments entered in the financial statements were measured with the cost method, where cost is considered as the charge incurred for the purchase, regardless of the payment method, including any incidental charges (bank fees and expenses, revenue stamps, bank intermediation, etc.).

The company applies the amortised cost and discounting rules. However long-term equity investments for which payment is deferred under conditions that differ from those normally practised on the market, for similar or comparable transactions, were recorded in the financial statements at the current value of the future contractual payments determined pursuant to OIC 19, plus additional charges.

### Receivables included among current assets

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the provisions of art. 2426, paragraph 1, N° 8 of the Italian Civil Code.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Cash and cash equivalents

Cash and cash equivalents are measured at nominal value.

### Shareholders' equity

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

### Payables

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

## Other information

### Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

## Explanatory notes, assets

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

### Fixed assets

#### Finance leases operations

The company had no finance lease contracts in progress at the fiscal year's closing date.

#### Financial fixed assets

On July 20<sup>th</sup>, 2018, STERLITE TECHNOLOGIES S.P.A. acquired by COMPAGNIA BRESCIANA INVESTIMENTI S.P.A. (Brescia, Via Antonio Calligari 4, Chambre of Commerce of Brescia and Fiscal Code nr. 01341140174) the total shares in METALLURGICA BRESCIANA S.P.A. (Dello (BS), Via G. Marconi 31, Commerce of Brescia and Fiscal Code nr.02132320173) becoming the sole shareholder of the latter.

With reference to the provisions established in the agreement called "Share Purchase Agreements" made with the previous parent company "Compagnia Bresciana Investimenti S.p.A.", the seller had guaranteed the value of the inventories as at July 20<sup>th</sup> 2018 and, essentially, referred to obsolete products referred to as "slow moving products". During the 2019 financial year, the Subsidiary company "Metallurgica Bresciana S.p.A." proceeded to sell or to dismiss these obsolete products, achieving an effective loss of € 550,000. With reference to the contractual provisions, the seller paid the aforementioned amount of € 550,000 to "Sterlite Technologies S.p.A." as a refund of the guarantee given; in turn, "Sterlite Technologies S.p.A." recognized the aforementioned amount in favor of "Metallurgica Bresciana S.p.A." as a compensation for the loss suffered. As per the "Share Purchase Agreement" this amount is to be considered as a "price adjustment" referred to the equity investment.

### Movements in investments, other securities, and noncurrent financial asset derivative instruments

The table below shows the movements in the assets in question.

	subsidiary companies	Total equity investments
<b>Year opening balance</b>		
Cost	46.866.534	46.866.534
Balance sheet value	46.866.534	46.866.534
<b>Changes during the year</b>		
Other changes	(550.000)	(550.000)
Total changes	(550.000)	(550.000)
<b>Year closing balance</b>		

	subsidiary companies	Total equity investments
Cost	46.316.534	46.316.534
Balance sheet value	46.316.534	46.316.534

### Details on noncurrent investments in subsidiaries

The following schedule indicates the investments related to subsidiaries, as well as additional information requested by art. 2427 of the Italian Civil Code.

Company name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Capital in Euros	Profit (loss) for the last year in Euros	Shareholders' equity in Euros	Share possessed in %	Balance sheet value or corresponding receivable
METALLURGICA BRESCIANA SPA a socio unico	DELLO (BS)	02132320173	7.000.000	3.375.951	33.120.452	100,000	46.316.534
Total							46.316.534

### Value of financial assets

The financial assets shown in the financial statements were not entered at a value greater than their fair value.

They were accounted for on the basis of the actual price paid for the acquisition and decreased, during the year, by the amount of € 550,000, in reference to the price adjustment already described in the narrative.

Right provision of article 2426 paragraph 1 of the civil code, as reported in the accounting principle OIC 21, the participation evaluation was carried out at purchase cost; during the year it was decreased *ut supra*.

Right provision of paragraph 3 of the aforementioned article of the civil code, the punctual evaluation is underlined of the aforementioned equity investment and it was objectively found that the same was not affected by any reduction of value, if not for the price adjustment mentioned several times.

### Current assets

The elements of the current assets are valued as required by numbers 8 to 11-bis of article 2426 of the Italian Civil Code. The criteria utilized are indicated in the sections of the respective financial statements' items.

### Receivables included among current assets

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the provisions of art. 2426, paragraph 1, N° 8 of the Italian Civil Code.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Changes and due date of the credits entered in the current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
subsidiary companies	950.000	(448.502)	501.498	501.498
parent companies	-	98.193	98.193	98.193
due from tax authorities	32.234	844.152	876.386	876.386
third parties	3.438	-	3.438	3.438
<b>Total</b>	<b>985.672</b>	<b>493.843</b>	<b>1.479.515</b>	<b>1.479.515</b>

The Receivables included among current assets have a value of Euro 1.479,515; we point out that has not been accounted a credit risk provision. In particular we point out that the receivables included among current assets may be broke down as follow:

- Receivables from subsidiary companies – Euro 501,498, of which € 200,000 refers to a interest bearing shareholder loan contract, as following reported:
  - Amount: Euro 10,000,000
  - Signed date: Sept 17<sup>th</sup>, 2018
  - Duration: 3 + 1 years
  - Interest rate: EURIBOR+1.50%

The receivables from subsidiary companies for interest bearing shareholder loan contract are equal to Euro 200,000 as at December 31<sup>st</sup>, 2018.

The remaining receivables from subsidiary companies of Euro 301.498 refers to management fees paid by Sterlite SpA but pertaining to Metallurgica Bresciana S.p.A.;

- Receivable from parent company – Euro 98,193, referring to charge-back costs;
- Receivables due from tax authorities – Euro 876,386: this credit refers in particular (EUR 812,782) to IRES tax advances paid by the subsidiary Metallurgica Bresciana S.p.A. but that, following the exercise of the "National Tax Consolidation" have been transferred to the consolidating company;
- Receivables due from third parties – Euro 3,438: this credit refers to a receivables vs bank.

### Cash and cash equivalents

The table below provides information on the changes in cash and cash equivalents

	Year opening balance	Changes during the year	Year closing balance
bank and post office deposits	78.756	142.088	220.844
<b>Total</b>	<b>78.756</b>	<b>142.088</b>	<b>220.844</b>

### Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.

## Explanatory notes, liabilities and shareholders' equity

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

### Shareholders' equity

We point out that this financial statements represent the second fiscal year of STERLITE TECHNOLOGIES S.P.A.

#### Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

	Year opening balance	Other changes - Increases	Results for the fiscal year	Year closing balance
Share capital	5.050.000	-	-	5.050.000
Retained earnings (accumulated losses)	-	(657.777)	-	(657.777)
Net profit (loss) for the year	(657.777)	657.777	(1.150.951)	(1.150.951)
<b>Total</b>	<b>4.392.223</b>	<b>-</b>	<b>(1.150.951)</b>	<b>3.241.272</b>

All subscribed shares are entirely paid in.

#### Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

Description	Amount	Origin / nature	Possibility of use	Available portion
Share capital	5.050.000	Share capital		-
Retained earnings (accumulated losses)	(657.777)	Profits	A;B;C	(657.777)
<b>Total</b>	<b>4.392.223</b>			<b>(657.777)</b>
Non-distributable portion				(657.777)
Residual distributable portion				-
<b>LEGEND: A: increase of share capital; B: coverage of losses; C: distribution to shareholders; D: for other obligations imposed by the article of association; E: other</b>				

The Administrative Body will constantly evaluate the social situation in order to consider the provisions of art. 2446 c.c.

### Payables

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1,

N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year	Portion due beyond fiscal year
due to banks	43.277.935	(206.999)	43.070.936	4.300.000	38.770.936
trade accounts	160.804	(127.074)	33.730	33.730	-
due to subsidiary companies	100.000	984.577	1.084.577	1.084.577	-
due to parent companies	-	585.858	585.858	585.858	-
due to tax authorities	-	520	520	520	-
<b>Total</b>	<b>43.538.739</b>	<b>1.236.882</b>	<b>44.775.621</b>	<b>6.004.685</b>	<b>38.770.936</b>

The payables are equal to Euro 44,775,621 and in details:

- **Payables due to banks – € 43,070,936:** this debt refers to two credit lines having the following characteristics:
  - amount: € 20,000,000: credit line of the Citybank N.A. through the Milan branch Norton Rose Fulbright (ASIA) LLP, One Raffles Quay, 30-02 North Tower, Singapore, referred to a facility agreement dated 16 July 2018 and with the first repayment date starting from the 24th month after the date of use of the credit line;
  - amount: € 23,000,000: credit line of the ICICI Bank UK PLC Institute, German branch, Helfmann Park 10, D-65760 Eschborn, referred to a loan dated July 19, 2018.
- **Payables due for trade accounts – Euro 33,730:** this payable refers to a quota total due within the following year;
- **Payables due to subsidiary companies – Euro 1,084,577,** due within the year. This debt derives: for EUR 436,384 from the agreements with the subsidiary Metallurgica Bresciana S.p.A. related to the "National Tax Consolidation" option and for EUR 550,000 to the agreement with the direct subsidiary "Metallurgica Bresciana S.p.A." regarding the provisions indicated in the agreement called "Share Purchase Agreement" intervened between the Company and the previous parent company" Compagnia Bresciana Investimenti S.p.A. "in reference to the guarantees on the warehouse.
- **Payables to parent companies - Euro 585,858,** due within the year and referring, precisely, to debits of services, management fees and Corporate Guarantees on bank debt
- **Payable to tax authorities – Euro 520,** due within the year..

### Payables covered by real guarantees on social assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

## Loans by shareholders

The company did not receive any loans from shareholders. The creditor items of the shareholders have been detailed *ut supra*.

## Explanatory notes, P&L account

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

## VALUE OF PRODUCTION

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them.

Revenues refer to "management fees" incurred by Sterlite Technologies S.p.A. and recharged to the subsidiary Metallurgica Bresciana S.p.A.

## Cost of production

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

The production costs mainly refer to charges for services, management fees and Corporate Guarantees on bank debt operated by the Parent Company.

It should be noted that the "other operating costs" account includes the amount of € 550,000 recognized to the subsidiary "Metallurgica Bresciana S.p.A.". With reference to the provisions indicated in the agreement called "Share Purchase Agreement "with the previous parent company" Compagnia Bresciana Investimenti S.p.A. " the transferor had guaranteed the absence of the warehouse of the company "Metallurgica Bresciana S.p.A." recorded on 20 July 2018 and, essentially, referring to obsolete products referred to as "slow moving products". The subsidiary company "Metallurgica Bresciana S.p.A." during the 2019 financial year proceeded to alienate and / or dispose of these obsolete products by obtaining one effective loss of € 550,000. By virtue of the guarantee given, the transferor proceeded to pay, in favor of "Sterlite Technologies S.p.A. ", the aforementioned amount of € 550,000 as a refund of the guarantee given; in turn, "Sterlite Technologies S.p.A. "recognized the aforementioned amount in favor of" Metallurgica Bresciana S.p.A. "as a compensation for the loss suffered.

## Financial income and charges

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

### Composition of share income

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code.

### Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

	due to banks	Other	Total
Interest and other financial expense	606.674	3	606.677

Interest and other financial charges to banks for € 606,666 are related to interest expense for financing contracts in progress.

## Amount and nature of the individual revenue/expense items of exceptional magnitude or impact

No revenues or other positive components derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

During the current fiscal year, no costs deriving from significant events or exceptional effects were recorded.

## Income taxes for the fiscal year, current, deferred, and prepaid

The company has set aside a provision for taxes for the year in accordance with current tax laws. Current taxes refer to taxes for the year as stated in the tax returns; taxes relating to previous years include direct taxes for previous years, inclusive of interest and penalties and also refer to the positive (or negative difference) between the amount due following the definition of a dispute or an assessment compared to the value of the provision set aside in previous years. Lastly, deferred and prepaid taxes concern positive or negative income components to be taxed or deducted, respectively, in different years to the one in which they were recorded for statutory accounting purposes.

### Income (charges) from joining the tax consolidation / tax transparency regime

This item includes the income deriving from joining the tax consolidation regime with the subsidiary Metallurgica Bresciana S.p.A .. The same is attributable to the surpluses generated during the year and better related to tax losses, ACE and non-deductible interest expense used at tax consolidation level.

### Deferred tax assets and liabilities

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation exclusively for the IRES, as there were no temporary changes of IRAP.

The information requested by art. 2427, n° 14 of the Italian Civil Code is shown below:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;
- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons.

It should be noted that the company would have had the opportunity to allocate deferred taxes on two temporary items attributable to the tax loss for the year and the non-deductible interest expense for the year. Following the management trend of the first year, the company, with approval of the Board of the Statutory Auditor, had prudently decided not to account the deferred taxation as at December 31<sup>st</sup>, 2019.

## Explanatory notes, statement of cash flows

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components.

## Explanatory notes, other information

The other information requested by the Italian Civil Code is shown below.

### Employment data

The company did not have any existing employees during the fiscal year.

### Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf

The following schedule shows the information requested by art. 2427, n° 16 of the Italian Civil Code.

Board of Statutory Auditors	
Remunerations	5.460

### Remunerations to the official auditor or external auditors

The following table shows the remunerations payable to the auditing firm, subdivided by the types of services provided.

Legal audit of annual accounts	Total remuneration due to the legal auditor or audit firm
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	Legal audit of annual accounts	Total remuneration due to the legal auditor or audit firm
Value	4.936	4.936

## Category of shares issued by the company

The schedule below shows the number and nominal value of company's shares, as well as any changes occurring during the fiscal year.

	Initial amount, number	Initial amount, face value	Final amount, number
Azioni ordinarie	5.050.000	5.050.000	5.050.000
<b>Total</b>	<b>5.050.000</b>	<b>5.050.000</b>	<b>5.050.000</b>

We point out that the Company has issued, during the fiscal year 2018, a number of 5,050,000 shares of a nominal value of Euro 1; the total shares has been subscribed by the sole shareholder STERLITE TECHNOLOGIES LIMITED.

## Securities issued by the company

The company did not issue securities.

## Details on other financial instruments issued by the company

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

## Commitments, guarantees, and potential liabilities that do not appear in the balance sheet

There are not any commitments, guarantees, or potential liabilities that do not appear in the balance sheet.

## Information on assets and financing intended for a specific business transaction

### Assets destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

### Financing destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

## Information on transactions with related parties

Transactions with related parties were conducted during the fiscal year. These transactions were concluded at market conditions; therefore, in accordance with the legislation in effect, no additional information is provided.

## Information on agreements that do not appear in the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

## Information on significant events that occurred after the fiscal year's end

With reference to point 22-quater of art. 2427 of the Italian Civil Code, the following should be noted: given that, with the loss of 2019 (€ 1,150,951), the company falls within the provisions of art. 2446 of the civil code, the administrative body proposes that the sole shareholder resolves to transfer the sum of € 550,000, as part of the amount of credit due by the company to the same sole shareholder, to a reserve for share capital increase to be booked in the equity, in order to remove the situation pursuant to art. 2446 of the civil code. Please, take note that, in any case, the sole shareholder issued, on April 21, 2020, a statement with which he ensured, both by means of capital infusion or by other procedure permitted by law, the appropriate financial means to secure business continuity. The sole director represents that, however, he will constantly evaluate the administrative situation in order to consider the provisions of art. 2446 c.c.; based on the availability expressed by the Sole Shareholder, these financial statements have been drawn up on the assumption of business continuity.

## Companies that prepare the financial statements of the broader/narrower group of companies of which the company is part as a subsidiary

The cases referred to in art. 2427, numbers 22-quinquies and sexies of the civil code do not exist

## Information concerning the derivative financial instruments as per art. 2427-bis of the Italian Civil Code

It is certified that no derivative financial instruments were subscribed.

## Summary of balance sheet of the company exercising management and coordination activities

It is communicated that the company belongs to the group STERLITE and is subject to management and coordination activity by the company STERLITE TECHNOLOGIES LIMITED.

The following summary schedules provide the essential data of the latest approved financial statements of the above mentioned company that exercised management and coordination.

### STERLITE TECHNOLOGIES LIMITED

#### BALANCE SHEET AS AT 31 MARCH 2019

(All amounts are in Rs. crores, unless otherwise stated)

INR ,0000000

31 March 2019	31 March 2018
(Rs. in crores)	(Rs. in crores)

**ASSETS****Non-current assets**

Property, plant & equipment	1.750,31 INR	990,88 INR
Capital work-in progress	413,87 INR	225,84 INR
Investment property	- INR	8,88 INR
Goodwill	44,29 INR	73,93 INR
Other intangible assets	14,00 INR	14,71 INR
Financial assets		
Investments	164,46 INR	120,98 INR
Trade receivables	1,76 INR	4,09 INR
Loans	115,63 INR	90,02 INR
Other non-current financial assets	42,37 INR	7,69 INR
Deferred tax assets (net)	- INR	- INR
Other non-current assets	20,62 INR	97,74 INR
	<b>2.567,31 INR</b>	<b>1.634,76 INR</b>

**Current assets**

Inventories	381,01 INR	306,04 INR
Financial assets		
Investments	100,00 INR	155,00 INR
Trade receivables	1.178,77 INR	862,46 INR
Cash and cash equivalents	58,43 INR	69,20 INR
Other bank balances	88,93 INR	6,22 INR
Loans	- INR	- INR
Other current financial assets	97,95 INR	68,20 INR
Contract assets	1.093,02 INR	- INR
Other current assets	332,20 INR	261,20 INR
Asset classified as held for sale	28,27 INR	20,77 INR
	<b>3.358,58 INR</b>	<b>1.749,09 INR</b>

**Total Assets**

<b>5.925,89 INR</b>	<b>3.383,85 INR</b>
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**EQUITY AND LIABILITIES****Equity**

Equity share capital	80,51 INR	80,20 INR
Other Equity	1.507,70 INR	989,79 INR
IUT		
Security premium	38,68 INR	27,93 INR

Retained earnings	1.225,07 INR	804,45 INR
Other reserves	243,95 INR	157,41 INR
<b>Total Equity</b>	<b>1.588,21 INR</b>	<b>1.069,99 INR</b>
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	581,71 INR	616,22 INR
Other financial liabilities	14,88 INR	64,82 INR
Employee benefit obligations	32,35 INR	7,87 INR
Provisions	0,72 INR	24,96 INR
Deferred tax liabilities (net)	72,13 INR	30,21 INR
Other non-current liabilities	- INR	- INR
	<b>701,79 INR</b>	<b>744,08 INR</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	797,48 INR	462,74 INR
Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises (refer note 41)	92,30 INR	15,11 INR
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	1.717,69 INR	618,39 INR
Other financial liabilities	629,66 INR	287,53 INR
Contract liabilities	269,31 INR	- INR
Other current liabilities	49,59 INR	136,43 INR
Current tax liabilities (Net)	55,38 INR	- INR
Employee benefit obligations	14,52 INR	22,75 INR
Provisions	9,96 INR	26,83 INR
	<b>3.635,89 INR</b>	<b>1.569,78 INR</b>
<b>Total liabilities</b>	<b>4.337,68 INR</b>	<b>2.313,86 INR</b>
<b>Total Equity &amp; Liabilities</b>	<b>5.925,89 INR</b>	<b>3.383,85 INR</b>

**STERLITE TECHNOLOGIES LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR  
ENDED 31 MARCH 2019**

(All amounts are in Rs. crores, unless otherwise stated)

INR ,0000000

	31 March 2019	31 March 2018
<b>INCOME</b>		
Revenue from operations	<b>4.862,63 INR</b>	<b>2.893,57 INR</b>
<b>Other income</b>	14,32 INR	22,19 INR
<b>Total Income (I)</b>	4.876,95 INR	2.915,76 INR
<b>EXPENSES</b>		
Cost of raw material and components consumed	2.583,40 INR	1.131,10 INR
Purchase of traded goods	30,58 INR	32,99 INR
(Increase) / decrease in inventories of finished goods, work-in-progress, traded goods and construction work-in-progress -	110,47 INR	16,68 INR
Excise duty on sale of goods	- INR	28,46 INR
Employee benefit expense	439,55 INR	316,10 INR
Other expenses	880,05 INR	765,21 INR
Total Expense (II)	3.823,11 INR	2.290,54 INR
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	1.053,84 INR	625,22 INR
Depreciation and amortisation expense	<b>167,79 INR</b>	<b>170,14 INR</b>
<b>Finance costs</b>	95,25 INR	102,68 INR
Finance Income -	20,52 INR -	14,84 INR
Profit before tax	811,32 INR	367,24 INR
Tax expense:		
Current tax	270,99 INR	113,68 INR
Deferred tax	5,10 INR -	1,12 INR
Total tax expenses	276,09 INR	112,56 INR
Profit for the year	535,23 INR	254,68 INR
Other comprehensive income		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
<b>Net movement on cash flow hedges</b>	<b>132,77 INR -</b>	<b>49,01 INR</b>
<b>Income tax effect on the above</b> -	46,39 INR	17,12 INR
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	86,38 INR -	31,89 INR

Other comprehensive income not to be reclassified to profit or loss in subsequent periods:

Remeasurements of defined benefits plans	-	7,84 INR	0,10 INR
Income tax effect on the above		2,74 INR -	0,04 INR
Net movement on cash flow hedges		- INR	1,09 INR
Income tax effect on the above		- INR -	0,38 INR
<b>Change in fair value of FVOCI equity instrument</b>		<b>- INR -</b>	<b>3,20 INR</b>

Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	5,10 INR -	2,43 INR
Other comprehensive income for the year, net of tax		81,28 INR -	34,32 INR
Total comprehensive income for the year		616,51 INR	220,36 INR

Earnings per equity share

Basic

Computed on the basis of profit for the year (Rs)		13,32 INR	6,38 INR
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Diluted

<b>Computed on the basis of profit for the year (Rs)</b>		<b>13,16 INR</b>	<b>6,28 INR</b>
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## Proposed destination of profit or coverage of losses

Dear Shareholders: in view of the discussion above, the Administrative Body proposes to carry forward the fiscal year's loss of Euro 1,150,951.

## Explanatory notes, final part

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2019 together with the proposed destination of the fiscal year income/loss, as set forth by the Administrative Body.

Since, with the aforementioned loss, the company falls within the provisions of art. 2446 of the civil code, the administrative body proposes that the sole shareholder resolves to transfer the sum of € 550,000, as part of the amount of credit due by the company to the same sole shareholder, to a reserve for share capital increase to be booked in the equity, in order to remove the situation pursuant to art. 2446 civil code. Please, take note that, in any case, the sole shareholder issued, on April 21, 2020, a statement with which he ensured, both by means of capital infusion or by other procedure permitted by law, the appropriate financial means to secure business continuity. The sole director represents that, however, he will constantly evaluate the administrative situation in order to consider the provisions of art. 2446 c.c.; based on the

availability expressed by the Sole Shareholder, these financial statements have been drawn up on the assumption of business continuity.

The financial statements are true and real and correspond to accounting records

Milano, 22/04/2020

The Sole Director

**STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Sterlite Tech Holdings, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Sterlite Tech Holdings, Inc. and Subsidiary, which comprise the consolidated balance sheets as of March 31, 2020 and 2019, and the related consolidated statements of operations, changes in accumulated deficit, and cash flows for the years ended March 31, 2020 and 2019, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

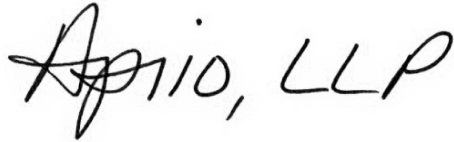
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sterlite Tech Holdings, Inc. and Subsidiary as of March 31, 2020 and 2019, and the results of its operations and its cash flows for the years ended March 31, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note G to the financial statements, the originally issued financial statements for the year ended March 31, 2019, have been restated to present the financial statements on a consolidation basis that include the accounts of Sterlite Tech Holdings, Inc. and its wholly-owned subsidiary Sterlite Technologies, Inc. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is stylized, with the "A" being particularly large and the "P" having a long, sweeping tail.

Atlanta, Georgia

May 19, 2020

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
MARCH 31,

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019 (Restated)</u>
<u>Current assets</u>		
Cash	\$ 115,218	\$ 89,120
Accounts receivable - trade	97,656	-
Management fees receivable	439,577	1,969,422
Employee advances	51,895	16,975
Prepaid expenses and deposits	<u>60,313</u>	<u>-</u>
Total current assets	<u>764,659</u>	<u>2,075,517</u>
<u>Property and equipment, at cost</u>		
Computer equipment	24,472	-
Less accumulated depreciation	<u>(3,009)</u>	<u>-</u>
Total property and equipment, net	<u>21,463</u>	<u>-</u>
Total assets	<u>\$ 786,122</u>	<u>\$ 2,075,517</u>
 <u>LIABILITIES AND ACCUMULATED DEFICIT</u>		
<u>Current liabilities</u>		
Accrued expenses	\$ 39,400	\$ 49,000
Accrued interest	-	52,499
Due to related party - loan	2,283,225	2,407,661
Due to related party - other	<u>491,196</u>	<u>-</u>
<u>Long-term liabilities</u>		
Deferred income tax liability	<u>4,507</u>	<u>-</u>
Total liabilities	<u>2,818,328</u>	<u>2,509,160</u>
<u>Accumulated deficit</u>	<u>(2,032,206)</u>	<u>(433,643)</u>
Total liabilities and accumulated deficit	<u>\$ 786,122</u>	<u>\$ 2,075,517</u>

See accompanying notes to financial statements

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019 (Restated)</u>
<u>Revenue</u>		
Sales	\$ 509,434	\$ -
Management fees	<u>1,722,072</u>	<u>1,969,422</u>
Total revenue	<u>2,231,506</u>	<u>1,969,422</u>
<u>Cost of goods sold</u>	<u>458,159</u>	<u>-</u>
Gross profit	<u>1,773,347</u>	<u>1,969,422</u>
<u>Operating expenses</u>		
Payroll	1,933,328	1,087,955
Contributions	164,616	99,134
Health insurance and medical reimbursements	26,259	-
Travel and lodging	141,043	122,350
Professional fees	433,835	169,520
Office expenses	148,604	34,371
Telephone expenses	5,386	6,596
Testing charges	65,020	50,461
Management fees	293,003	-
Exhibition expenses	55,117	-
Bank service charges	2,529	2,489
Depreciation	3,009	-
Miscellaneous	<u>5,867</u>	<u>1,070</u>
Total operating expenses	<u>3,277,616</u>	<u>1,573,946</u>
Income (loss) from operations	<u>(1,504,269)</u>	<u>395,476</u>
<u>Other income (expense)</u>		
Interest expense - related party	<u>(89,787)</u>	<u>(52,499)</u>
Total other expense	<u>(89,787)</u>	<u>(52,499)</u>
Income (loss) before provision for income taxes	(1,594,056)	342,977
<u>Provision for income taxes</u>		
Deferred income tax	<u>4,507</u>	<u>-</u>
Net income (loss)	<u>\$ (1,598,563)</u>	<u>\$ 342,977</u>

See accompanying notes to financial statements

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN ACCUMULATED DEFICIT  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

Balance at March 31, 2018	\$ (776,620)
Net Income (Restated)	<u>342,977</u>
Balance at March 31, 2019 (Restated)	(433,643)
Net Loss	<u>(1,598,563)</u>
Balance at March 31, 2020	\$ <u><u>(2,032,206)</u></u>

See accompanying notes to financial statements

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019 (Restated)</u>
<u>Cash flows from operating activities</u>		
Net income (loss)	\$ <u>(1,598,563)</u>	\$ <u>342,977</u>
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation	3,009	-
Deferred income taxes	4,507	-
Change in operating assets and liabilities:		
Accounts receivable - trade	(97,656)	-
Management fees receivable	1,529,845	(1,969,422)
Employee advances	(34,920)	37,062
Prepaid expenses and deposits	(60,313)	-
Accrued expenses	(9,600)	28,003
Accrued interest	<u>(52,499)</u>	<u>52,499</u>
Cash used by operating activities	<u>(316,190)</u>	<u>(1,508,881)</u>
<u>Cash flows from investing activities</u>		
Acquisition of property and equipment	<u>(24,472)</u>	<u>-</u>
Cash used by investing activities	<u>(24,472)</u>	<u>-</u>
<u>Cash flows from financing activities</u>		
Proceeds from related party	2,760,000	1,150,000
Principal payments to related party	(2,884,436)	-
Due to related party - other	<u>491,196</u>	<u>-</u>
Cash provided by financing activities	<u>366,760</u>	<u>1,150,000</u>
Net increase (decrease) in cash	26,098	(358,881)
Cash, beginning of the year	<u>89,120</u>	<u>448,001</u>
Cash, end of the year	<u><u>\$ 115,218</u></u>	<u><u>\$ 89,120</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2020</u>	<u>2019 (Restated)</u>
Cash paid during the period for:		
Interest	\$ 142,285	\$ -

SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS

For the year ended March 31, 2019, the addition of interest on due to related party loan totaled \$7,661.

See accompanying notes to financial statements

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note A**  
**Business**

Nature of Operations:

Sterlite Tech Holdings, Inc. ("Holding"), was formed on May 2, 2017 to own 100% of Sterlite Technologies Inc. ("STI"). Sterlite Tech Holdings, Inc. and its wholly owned subsidiary, Sterlite Technologies Inc., are collectively referred to as "the Corporation". The Corporation sells optic fibers, telecommunication cables and power transmission conductors in North America primarily to the power and telecom industries. The Holding is wholly owned by Sterlite Technologies Limited ("Parent Company"), an Indian Corporation.

**Note B**  
**Summary of Significant Accounting Policies**

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the Holding and its wholly-owned subsidiary, Sterlite Technologies Inc. ("STI"). Significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting:

The accompanying consolidated financial statements and related footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements have been prepared on the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Use of Estimates:

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note B**

**Summary of Significant Accounting Policies (Continued)**

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Corporation maintains its cash in a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risks on cash.

Accounts Receivable - Trade:

The Company extends credit to customers located primarily in North America based on the size of the customer and other factors. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon review of the outstanding accounts receivable and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable. There was no allowance for doubtful accounts as of March 31, 2020.

Property and Equipment:

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided using straight-line method over the estimated useful lives of the assets, which are as follows:

Computer equipment	3-5 years
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Depreciation expense for the years ended March 31, 2020 and 2019, totaled \$3,009 and \$-, respectively.

Revenue Recognition:

Revenue is recognized upon shipment and transfer of title of its products to its customers.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note B**

**Summary of Significant Accounting Policies (Continued)**

Recent Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has recently issued several amendments to the standard, including clarification on accounting for licenses of intellectual property and identifying performance obligations. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company is required to adopt the new guidance effective for fiscal years beginning after December 15, 2019.

The Company is currently evaluating the timing and the impact of the above guidance on its consolidated financial statements.

Shipping and Handling Costs:

The Company classifies shipping and handling amounts billed to customers as sales and shipping and handling costs as a component of cost of goods sold.

Income Taxes:

The Corporation accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Corporation records valuation allowances against deferred tax assets as deemed necessary.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note B**

**Summary of Significant Accounting Policies (Continued)**

**Income Taxes (Continued):**

The Corporation accounts for the uncertainty in income taxes as prescribed by the minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The deferred tax liability is classified as non-current in a classified statement of position.

The Company is subject to income tax examinations for the years since inception.

**Fair Value of Financial Instruments:**

The Corporation's financial instruments, including cash, accounts receivable-trade, employee advances, prepaid expenses and deposits, due to party and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

**Note C**

**Common Stock**

The Corporation's certificate of incorporation authorizes an issuance of 1,000 shares of common stock at par value of \$0.0001 per share.

During 2017, the Corporation issued 1,000 shares of common stock to the Parent Company and that such shares shall be validly issued, fully paid and non-assessable shares of common stock of the Corporation.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note D**

**Operating Lease**

The Corporation leases office space under non-cancelable operating lease agreement expiring in August 2020. The rent expense for the years ended March 31, 2020 and 2019, totaled approximately \$129,000 and \$27,000, respectively, and it is included under office expenses in the accompanying consolidated statements of operations. At March 31, 2020, future minimum lease payments under non-cancelable operating lease is approximately \$21,000.

**Note E**

**Related Party Transactions**

**Due to related party - loans:**

The Corporation entered into multiple revolving line of credit agreements with the Parent Company as of March 31, 2020. The maximum permitted in total on all lines may not exceed \$2,500,000. All loans are unsecured and incur interest at the 1-month LIBOR (at the time of issuance) plus 0.85% or 1-month LIBOR plus 1.5% if the tenure is more than a year.

The first agreement entered in June 2017 provided for a principal amount of \$200,000, accrued interest at 3.6% and the remaining principal balance together with any accrued interest was due on June 15, 2019. The principal amount was paid in full on September 30, 2019.

The second agreement entered in September 2017 provided for a principal amount of \$350,000, accrued interest at 3.6% and the remaining principal balance together with any accrued interest was due on September 19, 2019. The principal amount was paid in full on September 30, 2019.

The third agreement entered in January 2018 provided for a principal amount of \$350,000, accrued interest at 3.9% and the remaining principal balance together with any accrued interest was due on January 10, 2020. The principal amount was paid in full on September 30, 2019.

The fourth agreement entered in March 2018 provided for a principal amount of \$350,000, accrued interest at 3.9% and the remaining principal balance together with any accrued interest was due on March 13, 2020. The principal amount was paid in full on September 30, 2019.

The fifth agreement entered in June 2018 provided for a principal amount of \$500,000, accrued interest at 3.7% and the remaining principal balance together with any accrued interest was due on July 23, 2019. The principal amount was paid in full on October 24, 2019.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note E**

**Related Party Transactions (Continued)**

The sixth agreement entered in September 2018, provided for a principal amount of \$300,000, accrued interest at 3.6% and the remaining principal balance together with any accrued interest was due on September 28, 2019. The principal amount was paid in full on October 24, 2019.

The seventh agreement entered in December 2018, provided for a principal amount of \$350,000, accrued interest at 3.0% and the remaining principal balance together with any accrued interest was due on December 24, 2019. The principal amount of \$250,000 was paid on October 24, 2019 and the outstanding principal balance at March 31, 2020 was \$100,000.

The eighth agreement entered in June 2019, provided for a principal amount of \$350,000, accrued interest at 3.2% and the remaining principal balance together with any accrued interest is due on June 03, 2020. The principal amount was paid in full on March 28, 2020.

The ninth agreement entered in July 2019, provided for a principal amount of \$350,000, accrued interest at 2.7% and the remaining principal balance together with any accrued interest is due on July 16, 2020. The principal amount of \$226,775 was paid on March 28, 2020, and the outstanding principal balance at March 31, 2020, was \$123,225. The Corporation also paid the capitalized interest of \$7,661 on March 28, 2020.

The tenth agreement entered in August 2019, provided for a principal amount of \$350,000, accrued interest at 2.4% and the remaining principal balance together with any accrued interest is due on August 22, 2020.

The eleventh agreement entered in August 2019, provided for a principal amount of \$1,010,000, accrued interest at 2.7% and the remaining principal balance together with any accrued interest is due on August 22, 2022.

The twelfth agreement entered in October 2019, provided for a principal amount of \$350,000, accrued interest at 2.7% and the remaining principal balance together with any accrued interest is due on September 30, 2020.

The thirteenth agreement entered in December 2019, provided for a principal amount of \$350,000, accrued interest at 2.4% and the remaining principal balance together with any accrued interest is due on December 1, 2020.

As of March 31, 2020, the outstanding principal balance on the revolving line of credit agreements totaled \$2,283,225 and the accrued interest on the line of credit agreements totaled \$0.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note E**

**Related Party Transactions (Continued)**

As of March 31, 2019, the outstanding principal balance on the revolving line of credit agreements including the capitalized unpaid interest as of March 31, 2018, totaled \$2,407,661 which includes capitalized interest of \$7,661, and accrued interest on the line of credit agreements totaled \$52,499.

Due to related party - other:

The Corporation purchases all of its products from the Parent Company. During the year ended March 31, 2020, the Corporation purchased products for approximately \$458,000. As of March 31, 2020, the amount payable to the Parent Company totaled \$491,196.

Management fees:

For the years ended March 31, 2020 and 2019, the Corporation earned a total of \$1,722,072 and \$1,969,422, respectively, relating to management fees for services performed on behalf of the Parent Company. These services included product and market development. The Parent Company calculates the management fee payable to the Company based on actual expenses plus a certain mark-up. As of March 31, 2020 and 2019, management fees receivable totaled \$439,577 and \$1,969,422, respectively.

Management fees expense:

The Parent Company provided certain management services to the Corporation. The management fees expense totaled \$293,003 for the year ended March 31, 2020.

**Note F**

**Employee Retirement Plan**

The Company sponsors an employee retirement plan known as Sterlite Technologies Limited 401(k) Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Company may make discretionary contributions to match employee contributions. Participant contributions are always 100% vested. No matching contributions were made by the Company for the years ended March 31, 2020 and 2019.

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note G**  
**Restatement**

During the year ended March 31, 2020, it was discovered that the Corporation did not consolidate the financial statements of its wholly-owned subsidiary, STI for the year ended March 31, 2019. The financial statements of the Holding for the year ended March 31, 2019, have been restated to correct this error.

The effects of the restatement resulted in the following:

	March 31, 2019		
	Previously reported	Restated adjustments	Restated
Cash	\$ 20,970	\$ 68,150	\$ 89,120
Due from related party	2,369,663	(2,369,663)	-
Management fees receivable	-	1,969,422	1,969,422
Employee advances	-	16,975	16,975
Total Assets	2,390,633	(315,116)	2,075,517
Accounts payable	7,500	(7,500)	-
Accrued expenses	-	49,000	49,000
Accrued interest	52,499	-	52,499
Due to related party - loan	2,407,661	-	2,407,661
Accumulated deficit	(77,027)	(356,616)	(433,643)
Total liabilities and accumulated deficit	2,390,633	(315,116)	2,075,517
Management fees income	-	1,969,422	1,969,422
Payroll	-	1,087,955	1,087,955
Contributions	-	99,134	99,134
Travel and lodging	-	122,350	122,350
Accounting fees	11,837	(11,837)	-
Professional fees	-	169,520	169,520
Office expenses	-	34,371	34,371
Telephone expenses	-	6,596	6,596
Testing charges	-	50,461	50,461
Bank service charges	-	2,489	2,489
Miscellaneous	-	1,070	1,070
Interest expense - related party	52,499	-	52,499
Net income (loss)	\$ (64,336)	\$ 407,313	\$ 342,977

STERLITE TECH HOLDINGS, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note H**

**Subsequent Events**

The Corporation evaluated subsequent events through May 19, 2020, when these consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the issuance of this report, that would have an material impact on the financial statements except for the following event.

The Corporation's ongoing operations may experience instability and estimates included in the consolidated financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Corporation's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

**STERLITE TECHNOLOGIES, INC.**

**FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019**

STERLITE TECHNOLOGIES, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Sterlite Technologies, Inc.

We have audited the accompanying financial statements of Sterlite Technologies, Inc., which comprise the balance sheets as of March 31, 2020 and 2019, and the related statements of income, changes in accumulated deficit, and cash flows for the years ended March 31, 2020 and 2019, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

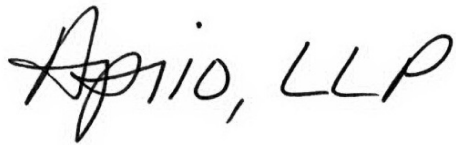
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sterlite Technologies, Inc. as of March 31, 2020 and 2019, and the results of its operations and its cash flows for the years ended March 31, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is stylized, with the "A" being particularly large and the "P" having a long, sweeping tail.

Atlanta, Georgia

May 13, 2020

STERLITE TECHNOLOGIES, INC.  
BALANCE SHEETS  
MARCH 31,

	<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>Current assets</u>			
Cash	\$	34,247	\$ 68,150
Accounts receivable - trade		97,656	0
Management fees receivable		439,577	1,969,422
Employee advances		51,896	16,975
Prepaid expenses and deposits		<u>60,313</u>	<u>0</u>
Total current assets		<u>683,689</u>	<u>2,054,547</u>
<u>Property and equipment, at cost</u>			
Computer equipment		24,472	0
Less accumulated depreciation		<u>(3,009)</u>	<u>0</u>
Total property and equipment, net		<u>21,463</u>	<u>0</u>
Total assets	\$	<u><u>705,152</u></u>	<u><u>\$ 2,054,547</u></u>

LIABILITIES AND ACCUMULATED DEFICIT

	<u>2020</u>	<u>2019</u>
<u>Current liabilities</u>		
Accrued expenses	\$ 29,900	\$ 41,500
Due to related party - loan	2,033,418	2,369,663
Due to related party - other	<u>491,196</u>	<u>0</u>
Total current liabilities	<u>2,554,514</u>	<u>2,411,163</u>
<u>Long-term liabilities</u>		
Deferred income tax liability	<u>4,507</u>	<u>0</u>
Total liabilities	<u>2,559,021</u>	<u>2,411,163</u>
<u>Accumulated deficit</u>	<u>(1,853,869)</u>	<u>(356,616)</u>
Total liabilities and accumulated deficit	<u><u>\$ 705,152</u></u>	<u><u>\$ 2,054,547</u></u>

See accompanying notes to financial statements

STERLITE TECHNOLOGIES, INC.  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Revenue</u>		
Sales	\$ 509,434	\$ 0
Management fees	<u>1,722,072</u>	<u>1,969,422</u>
Total revenue	<u>2,231,506</u>	<u>1,969,422</u>
<u>Cost of goods sold</u>	<u>458,159</u>	<u>0</u>
Gross profit	<u>1,773,347</u>	<u>1,969,422</u>
<u>Operating expenses</u>		
Payroll	1,933,328	1,087,955
Contributions	26,259	0
Health insurance and medical reimbursements	164,616	99,134
Travel and lodging	141,043	122,350
Professional fees	422,312	157,683
Office expenses	148,604	34,371
Telephone expenses	5,386	6,596
Bank service charges	2,529	2,489
Testing charges	65,020	50,461
Management fees	293,003	0
Exhibition expenses	55,117	0
Depreciation	3,009	0
Miscellaneous	<u>5,867</u>	<u>1,070</u>
Total operating expenses	<u>3,266,093</u>	<u>1,562,109</u>
Income (loss) before provision for income taxes	(1,492,746)	407,313
<u>Provision for income taxes</u>		
Deferred income tax	<u>4,507</u>	<u>0</u>
Net income (loss)	<u>\$ (1,497,253)</u>	<u>\$ 407,313</u>

See accompanying notes to financial statements

STERLITE TECHNOLOGIES, INC.  
STATEMENTS OF CHANGES IN ACCUMULATED DEFICIT  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

Balance at March 31, 2018	\$ (763,929)
Net income	<u>407,313</u>
Balance at March 31, 2019	(356,616)
Net loss	<u>(1,497,253)</u>
Balance at March 31, 2020	\$ <u><u>(1,853,869)</u></u>

See accompanying notes to financial statements

STERLITE TECHNOLOGIES, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Net income (loss)	\$ <u>(1,497,253)</u>	\$ <u>407,313</u>
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization	3,009	0
Deferred income taxes	4,507	0
Change in operating assets and liabilities:		
Accounts receivable - trade	(97,656)	0
Management fees receivable	1,529,845	(1,969,422)
Employee advances	(34,921)	37,062
Prepaid expenses and deposits	(60,313)	0
Accrued expenses	<u>(11,600)</u>	<u>25,503</u>
Total adjustments	<u>1,332,871</u>	<u>(1,906,857)</u>
Cash used by operating activities	<u>(164,382)</u>	<u>(1,499,544)</u>
<u>Cash flows from investing activities</u>		
Acquisition of property and equipment	<u>(24,472)</u>	<u>0</u>
Cash used by investing activities	<u>(24,472)</u>	<u>0</u>
<u>Cash flows from financing activities</u>		
Due to related party - loan	(336,245)	1,524,663
Due to related party - other	<u>491,196</u>	<u>0</u>
Cash provided by financing activities	<u>154,951</u>	<u>1,524,663</u>
Net increase (decrease) in cash	(33,903)	25,119
Cash, beginning of the year	<u>68,150</u>	<u>43,031</u>
Cash, end of the year	\$ <u><u>34,247</u></u>	\$ <u><u>68,150</u></u>

See accompanying notes to financial statements

STERLITE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note A**  
**Business**

Nature of Operations:

Sterlite Technologies, Inc. (the "Corporation"), was formed on May 2, 2017. The Corporation sells optic fibers, telecommunication cables and power transmission conductors in North America primarily to the power and telecom industries. The Corporation is a wholly owned subsidiary of Sterlite Tech Holdings, Inc. (the "Holding").

**Note B**  
**Summary of Significant Accounting Policies**

Basis of Accounting:

The accompanying financial statements and related footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements have been prepared on the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Corporation maintains its cash in a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risks on cash.

STERLITE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note B**

**Summary of Significant Accounting Policies (Continued)**

Accounts Receivable -trade:

The Company extends credit to customers located primarily in North America based on the size of the customer and other factors. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon review of the outstanding accounts receivable and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable. There was no allowance for doubtful accounts as of March 31, 2020.

Property and Equipment:

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided using straight-line method over the estimated useful lives of the assets, which are as follows:

Computer equipment	3-5 years
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Depreciation expense for the years ended March 31, 2020 and 2019, totaled \$3,009 and \$0, respectively.

Revenue Recognition:

Revenue is recognized upon shipment and transfer of title of its products to its customers.

STERLITE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note B**

**Summary of Significant Accounting Policies (Continued)**

Recent Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has recently issued several amendments to the standard, including clarification on accounting for licenses of intellectual property and identifying performance obligations. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company is required to adopt the new guidance effective for fiscal years beginning after December 15, 2019.

The Company is currently evaluating the timing and the impact of the above guidance on its financial statements.

Shipping and Handling Costs:

The Company classifies shipping and handling amounts billed to customers as sales and shipping and handling costs as a component of cost of goods sold.

Income Taxes:

The Corporation accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Corporation records valuation allowances against deferred tax assets as deemed necessary.

STERLITE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note B**

**Summary of Significant Accounting Policies (Continued)**

**Income Taxes (Continued):**

The Corporation accounts for the uncertainty in income taxes as prescribed by the minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The deferred tax liability is classified as non-current in a classified statement of position.

The Company is subject to income tax examinations for the years since inception.

**Fair Value of Financial Instruments:**

The Corporation's financial instruments, including cash, accounts receivable-trade, employee advances, prepaid expenses and deposits, due to related party and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

**Note C**

**Common Stock**

The Corporation's certificate of incorporation authorizes an issuance of 1,000 shares of common stock at par value of \$0.0001 per share.

During 2017, the Corporation issued 1,000 shares of common stock to the Holding Company and that such shares shall be validly issued, fully paid and non-assessable shares of common stock of the Corporation.

**Note D**

**Operating Lease**

The Corporation leases office space under non-cancelable operating lease agreement expiring in August 2020. The rent expense for the years ended March 31, 2020 and 2019, totaled approximately \$129,000 and \$27,000, respectively, and it is included under office expenses in the accompanying statements of operations. At March 31, 2020, future minimum lease payments under non-cancelable operating lease is approximately \$21,000.

STERLITE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note E**

**Related Party Transactions**

Due to related party - loan:

As of March 31, 2020 and 2019, the Corporation secured loan totaling \$2,033,418 and \$2,369,663, respectively, from the Holding Company. There is no formal agreement associated with the loan.

Due to related party - other:

The Corporation purchases all of its products from Sterlite Technologies Limited (the "Parent Company"). During the year ended March 31, 2020, the Corporation purchased products for approximately \$458,000. As of March 31, 2020, the amount payable to the Parent Company totaled \$491,196.

Management fees:

For the years ended March 31, 2020 and 2019, the Corporation earned a total of \$1,722,072 and \$1,969,422, respectively, relating to management fees for services performed on behalf of the Parent Company. These services included product and market development. The Parent Company calculates the management fee payable to the Company based on actual expenses plus a certain mark-up. As of March 31, 2020 and 2019, management fees receivable totaled \$439,577 and \$1,969,422, respectively.

Management fees expense:

The Parent Company provided certain management services to the Corporation. The management fees expense totaled \$293,003 for the year ended March 31, 2020.

**Note F**

**Employee Retirement Plan**

The Company sponsors an employee retirement plan known as Sterlite Technologies Limited 401(k) Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Company may make discretionary contributions to match employee contributions. Participant contributions are always 100% vested. No matching contributions were made by the Company for the years ended March 31, 2019 and 2018.

STERLITE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

**Note G**

**Subsequent Events**

The Corporation evaluated subsequent events through May 13, 2020, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the issuance of this report, that would have a material impact on the financial statements except for the following event.

The Corporation's ongoing operations may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Corporation's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

## Informazioni generali sull'impresa

### Dati anagrafici

Denominazione: STERLITE TECHNOLOGIES S.P.A.  
Sede: VIA DEL VECCHIO POLITECNICO 9 MILANO MI  
Capitale sociale: 5.050.000,00  
Capitale sociale interamente versato: sì  
Codice CCIAA: MI  
Partita IVA: 10309460961  
Codice fiscale: 10309460961  
Numero REA: 2521369  
Forma giuridica: SOCIETA' PER AZIONI  
Settore di attività prevalente (ATECO): 701000  
Società in liquidazione: no  
Società con socio unico: sì  
Società sottoposta ad altrui attività di direzione e coordinamento: no  
Denominazione della società o ente che esercita l'attività di direzione e coordinamento:  
Appartenenza a un gruppo: sì  
Denominazione della società capogruppo: STERLITE TECHNOLOGIES LIMITED  
Paese della capogruppo: INDIA  
Numero di iscrizione all'albo delle cooperative:

# Bilancio al 31/12/2019

## Stato Patrimoniale Ordinario

	31/12/2019	31/12/2018
<b>Attivo</b>		
<b>B) Immobilizzazioni</b>		
III - Immobilizzazioni finanziarie	-	-
1) partecipazioni in	-	-
a) imprese controllate	46.316.534	46.866.534
<i>Totale partecipazioni</i>	<i>46.316.534</i>	<i>46.866.534</i>
<i>Totale immobilizzazioni finanziarie</i>	<i>46.316.534</i>	<i>46.866.534</i>
<i>Totale immobilizzazioni (B)</i>	<i>46.316.534</i>	<i>46.866.534</i>

	31/12/2019	31/12/2018
<b>C) Attivo circolante</b>		
II - Crediti	-	-
2) verso imprese controllate	501.498	950.000
esigibili entro l'esercizio successivo	501.498	950.000
4) verso controllanti	98.193	-
esigibili entro l'esercizio successivo	98.193	-
5-bis) crediti tributari	876.386	32.234
esigibili entro l'esercizio successivo	876.386	32.234
5-quater) verso altri	3.438	3.438
esigibili entro l'esercizio successivo	3.438	3.438
<i>Totale crediti</i>	<i>1.479.515</i>	<i>985.672</i>
IV - Disponibilita' liquide	-	-
1) depositi bancari e postali	220.844	78.756
<i>Totale disponibilita' liquide</i>	<i>220.844</i>	<i>78.756</i>
<i>Totale attivo circolante (C)</i>	<i>1.700.359</i>	<i>1.064.428</i>
<i>Totale attivo</i>	<i>48.016.893</i>	<i>47.930.962</i>
<b>Passivo</b>		
<b>A) Patrimonio netto</b>	<b>3.241.272</b>	<b>4.392.223</b>
I - Capitale	5.050.000	5.050.000
VIII - Utili (perdite) portati a nuovo	(657.777)	-
IX - Utile (perdita) dell'esercizio	(1.150.951)	(657.777)
Totale patrimonio netto	3.241.272	4.392.223
<b>D) Debiti</b>		
4) debiti verso banche	43.070.936	43.277.935
esigibili entro l'esercizio successivo	4.300.000	164.191
esigibili oltre l'esercizio successivo	38.770.936	43.113.744
7) debiti verso fornitori	33.730	160.804
esigibili entro l'esercizio successivo	33.730	160.804
9) debiti verso imprese controllate	1.084.577	100.000
esigibili entro l'esercizio successivo	1.084.577	100.000
11) debiti verso controllanti	585.858	-
esigibili entro l'esercizio successivo	585.858	-
12) debiti tributari	520	-
esigibili entro l'esercizio successivo	520	-

	31/12/2019	31/12/2018
<i>Totale debiti</i>	44.775.621	43.538.739
<i>Totale passivo</i>	48.016.893	47.930.962

## Conto Economico Ordinario

	31/12/2019	31/12/2018
<b>A) Valore della produzione</b>		
5) altri ricavi e proventi	-	-
altri	251.285	150.000
<i>Totale altri ricavi e proventi</i>	251.285	150.000
<i>Totale valore della produzione</i>	251.285	150.000
<b>B) Costi della produzione</b>		
7) per servizi	333.738	200.318
14) oneri diversi di gestione	838.219	-
<i>Totale costi della produzione</i>	1.171.957	200.318
<b>Differenza tra valore e costi della produzione (A - B)</b>	<b>(920.672)</b>	<b>(50.318)</b>
<b>C) Proventi e oneri finanziari</b>		
17) interessi ed altri oneri finanziari	-	-
altri	606.677	607.459
<i>Totale interessi e altri oneri finanziari</i>	606.677	607.459
<i>Totale proventi e oneri finanziari (15+16-17+-17-bis)</i>	(606.677)	(607.459)
<b>Risultato prima delle imposte (A-B+-C+-D)</b>	<b>(1.527.349)</b>	<b>(657.777)</b>
<b>20) Imposte sul reddito dell'esercizio, correnti, differite e anticipate</b>		
proventi (oneri) da adesione al regime di consolidato fiscale / trasparenza fiscale	376.398	-
<i>Totale delle imposte sul reddito dell'esercizio, correnti, differite e anticipate</i>	(376.398)	-
<b>21) Utile (perdita) dell'esercizio</b>	<b>(1.150.951)</b>	<b>(657.777)</b>

## Rendiconto finanziario, metodo indiretto

	Importo al 31/12/2019	Importo al 31/12/2018
<b>A) Flussi finanziari derivanti dall'attività operativa (metodo indiretto)</b>		
Utile (perdita) dell'esercizio	(1.150.951)	(657.777)
Imposte sul reddito	(376.398)	
Interessi passivi/(attivi)	606.677	607.459
1) <i>Utile (perdita) dell'esercizio prima d'imposte sul reddito, interessi, dividendi e plus/minusvalenze da cessione</i>	(920.672)	(50.318)
2) <i>Flusso finanziario prima delle variazioni del capitale circolante netto</i>	(920.672)	(50.318)
Variazioni del capitale circolante netto		
Incremento/(Decremento) dei debiti verso fornitori	(127.074)	160.804
Altri decrementi/(Altri incrementi) del capitale circolante netto	1.077.112	(885.672)
<i>Totale variazioni del capitale circolante netto</i>	950.038	(724.868)
3) <i>Flusso finanziario dopo le variazioni del capitale circolante netto</i>	29.366	(775.186)
Altre rettifiche		
Interessi incassati/(pagati)	(606.677)	(607.459)
(Imposte sul reddito pagate)	376.398	
<i>Totale altre rettifiche</i>	(230.279)	(607.459)
<b>Flusso finanziario dell'attività operativa (A)</b>	<b>(200.913)</b>	<b>(1.382.645)</b>
<b>B) Flussi finanziari derivanti dall'attività d'investimento</b>		
Immobilizzazioni finanziarie		
(Investimenti)		(46.866.534)
Disinvestimenti	550.000	
<b>Flusso finanziario dell'attività di investimento (B)</b>	<b>550.000</b>	<b>(46.866.534)</b>
<b>C) Flussi finanziari derivanti dall'attività di finanziamento</b>		
Mezzi di terzi		
Incremento/(Decremento) debiti a breve verso banche	4.135.809	164.191
Accensione finanziamenti		43.113.744
(Rimborso finanziamenti)	(4.342.808)	
Mezzi propri		
Aumento di capitale a pagamento		5.050.000
<b>Flusso finanziario dell'attività di finanziamento (C)</b>	<b>(206.999)</b>	<b>48.327.935</b>

	Importo al 31/12/2019	Importo al 31/12/2018
<b>Incremento (decremento) delle disponibilità liquide (A ± B ± C)</b>	<b>142.088</b>	<b>78.756</b>
Disponibilità liquide a inizio esercizio		
Depositi bancari e postali	78.756	
Totale disponibilità liquide a inizio esercizio	78.756	
Disponibilità liquide a fine esercizio		
Depositi bancari e postali	220.844	78.756
Totale disponibilità liquide a fine esercizio	220.844	78.756
Differenza di quadratura		

## Informazioni in calce al rendiconto finanziario

STERLITE TECHNOLOGIES S.P.A., costituita in data 9 aprile 2018, svolge l'attività di assunzione e gestione di partecipazioni in società e/o enti che operano nel settore metallurgico e della lavorazione dei metalli, produzione e/o commercio. Il presente Bilancio risulta essere il primo esercizio chiuso dalla STERLITE TECHNOLOGIES S.P.A.

Il Socio unico risulta essere STERLITE TECHNOLOGIES LIMITED, con sede in India, E1, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, e che esercita l'attività di produzione e vendita a livello Mondo di prodotti e soluzioni di telecomunicazione che includono fibra ottica integrata e altri prodotti di telecomunicazione quali, cavi in fibra ottica, cavi per telecomunicazioni in rame, cavi dati strutturati e apparecchiature di accesso, etc.

Si osserva che in data 20 luglio 2018 la STERLITE TECHNOLOGIES S.P.A. ha acquisito dalla Società COMPAGNIA BRESCIANA INVESTIMENTI S.P.A. (con sede in Brescia, Via Antonio Callegari 4, iscritta al registro delle imprese di Brescia e con codice fiscale n. 01341140174) la totalità delle azioni della Società METALLURGICA BRESCIANA S.P.A. (con sede in Dello (BS), Via G. Marconi 31, iscritta al registro delle imprese di Brescia e con codice fiscale n. 02132320173) divenendo, quindi, socio unico di quest'ultima.

## Nota integrativa, parte iniziale

Signori Soci, la presente nota integrativa costituisce parte integrante del bilancio al 31/12/2019.

Il bilancio risulta conforme a quanto previsto dagli articoli 2423 e seguenti del codice civile ed ai principi contabili nazionali così come pubblicati dall'Organismo Italiano di Contabilità; esso rappresenta pertanto con chiarezza ed in modo veritiero e corretto la situazione patrimoniale e finanziaria della società ed il risultato economico dell'esercizio.

Il contenuto dello stato patrimoniale e del conto economico è quello previsto dagli articoli 2424 e 2425 del codice civile, mentre il rendiconto finanziario è stato redatto ai sensi dell'art. 2425-ter.

La nota integrativa, redatta ai sensi dell'art. 2427 del codice civile, contiene inoltre tutte le informazioni utili a fornire una corretta interpretazione del bilancio.

In base all'art. 27 c.3 del D.Lgs. 127/91, sono esonerate dall'obbligo di redazione del bilancio consolidato le imprese a loro volta controllate quando la controllante sia titolare di oltre il 95 per cento delle azioni o quote dell'impresa controllata ovvero, in difetto di tale condizione, quando la redazione del bilancio consolidato non sia richiesta almeno sei mesi prima della fine dell'esercizio da tanti soci che rappresentino almeno il 5% del capitale. Tuttavia, l'art. 27 c.4 del D.Lgs. 127/91 prevede che l'esonerazione di cui al comma 3 sia subordinata al fatto che la controllante sia soggetta al diritto di uno Stato membro

dell'Unione Europea. La società STERLITE TECHNOLOGIES S.P.A., di conseguenza, non essendo controllata da un soggetto membro dell'Unione europea, è obbligata alla redazione del bilancio consolidato.

Si precisa inoltre che, a partire dall'esercizio 2019, in virtù del contratto sottoscritto in data 3 settembre 2019 e a seguito dell'opzione espressa nel Modello Redditi 2019 – anno 2018 – da parte della controllante Sterlite Technologies S.p.A., la Società Sterlite Technologies S.p.A. stessa ha esercitato l'opzione per l'adesione al "Consolidato Fiscale Nazionale", di cui agli artt. Da 117 a 129 del testo Unico delle Imposte sui Redditi, in qualità di consolidante con la controllata Metallurgica Bresciana S.p.A., per il triennio 2019-2021.

## Criteri di formazione

### Redazione del bilancio

Le informazioni contenute nel presente documento sono presentate secondo l'ordine in cui le relative voci sono indicate nello stato patrimoniale e nel conto economico.

In riferimento a quanto indicato nella parte introduttiva della presente nota integrativa, si attesta che, ai sensi dell'art. 2423, 3° comma del codice civile, qualora le informazioni richieste da specifiche disposizioni di legge non siano sufficienti a dare una rappresentazione veritiera e corretta della situazione aziendale vengono fornite le informazioni complementari ritenute necessarie allo scopo.

Il bilancio d'esercizio, così come la presente nota integrativa, sono stati redatti in unità di euro.

## Principi di redazione

La valutazione delle voci di bilancio è avvenuta nel rispetto del principio della prudenza, della rilevanza e nella prospettiva di continuazione dell'attività. Ai sensi dell'art. 2423-bis c.1 punto 1-bis C.C., la rilevazione e la presentazione delle voci è effettuata tenendo conto della sostanza dell'operazione o del contratto. Nella redazione del bilancio d'esercizio gli oneri e i proventi sono stati iscritti secondo il principio di competenza indipendentemente dal momento della loro manifestazione numeraria e sono stati indicati esclusivamente gli utili realizzati alla data di chiusura dell'esercizio. Si è peraltro tenuto conto dei rischi e delle perdite di competenza dell'esercizio, anche se conosciuti dopo la chiusura di questo.

### Struttura e contenuto del prospetto di bilancio

Lo stato patrimoniale, il conto economico, il rendiconto finanziario e le informazioni di natura contabile contenute nella presente nota integrativa sono conformi alle scritture contabili, da cui sono stati direttamente desunti.

Nell'esposizione dello stato patrimoniale e del conto economico non sono stati effettuati raggruppamenti delle voci precedute da numeri arabi, come invece facoltativamente previsto dall'art. 2423 ter del c.c.

Ai sensi dell'art. 2424 del codice civile si conferma che non esistono elementi dell'attivo o del passivo che ricadano sotto più voci del prospetto di bilancio.

## Casi eccezionali ex art. 2423, quinto comma, del Codice Civile

Non si sono verificati casi eccezionali che abbiano reso necessario il ricorso a deroghe di cui all'art. 2423, commi 4 e 5 del codice civile.

## Cambiamenti di principi contabili

Non si sono verificati casi eccezionali che abbiano reso necessario il ricorso a deroghe di cui all'art. 2423-bis c.2 del codice civile.

## Criteri di valutazione applicati

Ai sensi dell'articolo 2427 c. 1 n. 1 del c.c. si illustrano i più significativi criteri di valutazione adottati nel rispetto delle disposizioni contenute all'art.2426 del codice civile, con particolare riferimento a quelle voci di bilancio per le quali il legislatore ammette diversi criteri di valutazione e di rettifica o per le quali non sono previsti specifici criteri.

I valori contabili espressi in valuta sono stati iscritti, previa conversione in euro secondo il tasso di cambio vigente al momento della loro rilevazione, ovvero al tasso di cambio alla data di chiusura dell'esercizio sociale secondo le indicazioni del principio contabile OIC 26.

### Immobilizzazioni finanziarie

#### *Partecipazioni*

Tutte le partecipazioni iscritte in bilancio sono state valutate con il metodo del costo, dove per costo s'intende l'onere sostenuto per l'acquisto, indipendentemente dalle modalità di pagamento, comprensivo degli eventuali oneri accessori (commissioni e spese bancarie, bolli, intermediazione bancaria, ecc.).

La società applica la disciplina del costo ammortizzato e dell'attualizzazione. Peraltro per le partecipazioni immobilizzate per le quali è previsto un pagamento differito a condizioni diverse rispetto a quelle normalmente partecipate sul mercato, per operazioni similari o equiparabili, l'iscrizione in bilancio è avvenuta al valore attuale dei futuri pagamenti contrattuali determinato ai sensi dell'OIC 19 più gli oneri accessori.

### Crediti iscritti nell'attivo circolante

I crediti iscritti nell'attivo circolante sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale e del valore di presumibile realizzo, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile.

Per i crediti per i quali sia stata verificata l'irrelevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione, ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il presumibile valore di realizzo. Tale evenienza si è verificata ad esempio in presenza di crediti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

### Disponibilità liquide

Le disponibilità liquide sono valutate con i seguenti criteri:

- denaro, al valore nominale;
- depositi bancari e assegni in cassa, al presumibile valore di realizzo. Nel caso specifico, il valore di realizzo coincide con il valore nominale.

### Patrimonio netto

Le voci sono esposte in bilancio al loro valore contabile secondo le indicazioni contenute nel principio contabile OIC 28.

### Debiti

I debiti sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile. Per i debiti per i quali sia stata verificata l'irrelevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione, ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il valore nominale. Tale evenienza si è verificata ad esempio in presenza di debiti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso

rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

## Altre informazioni

### Operazioni con obbligo di retrocessione a termine

La società, ai sensi dell'art.2427 n. 6-ter, attesta che nel corso dell'esercizio non ha posto in essere alcuna operazione soggetta all'obbligo di retrocessione a termine.

## Nota integrativa, attivo

Di seguito si analizzano nel dettaglio i movimenti delle singole voci di bilancio, secondo il dettato della normativa vigente.

## Immobilizzazioni

### Operazioni di locazione finanziaria

La società alla data di chiusura dell'esercizio non ha in corso alcun contratto di leasing finanziario.

### Immobilizzazioni finanziarie

In data 20 luglio 2018, la STERLITE TECHNOLOGIES S.P.A. ha acquisito dalla Società COMPAGNIA BRESCIANA INVESTIMENTI S.P.A. (con sede in Brescia, Via Antonio Callegari 4, iscritta al registro delle imprese di Brescia e con codice fiscale n. 01341140174) la totalità delle azioni della Società METALLURGICA BRESCIANA S.P.A. (con sede in Dello (BS), Via G. Marconi 31, iscritta al registro delle imprese di Brescia e con codice fiscale n. 02132320173) divenendo, quindi, socio unico di quest'ultima.

Durante l'esercizio il valore di acquisizione è stato rettificato per euro 550.000; detta rettifica si riferisce all'avveramento di una previsione indicata nell'accordo denominato "Share Purchase Agreement" intervenuta con la precedente controllante "Compagnia Bresciana Investimenti S.p.A.". In particolare, l'accordo di vendita prevedeva che la cedente avrebbe garantito l'insussistenza del magazzino rilevato al 20 luglio 2018 e, essenzialmente, riferito a prodotti obsoleti indicati come "slow moving products"; Metallurgica Bresciana S.p.A., durante l'esercizio 2019, ha provveduto ad alienare e/o dismettere tali prodotti obsoleti conseguendo una perdita effettiva di euro 550.000. In virtù della garanzia prestata, la cedente ha provveduto a versare, a favore di "Sterlite Technologies S.p.A.", l'importo anzidetto di euro 550.000 quale refusione della garanzia prestata. Come da "Share Purchase Agreement" tale importo è da considerarsi quale "aggiustamento prezzo" riferito alla partecipazione.

### Movimenti di partecipazioni, altri titoli e strumenti finanziari derivati attivi immobilizzati

Nella seguente tabella vengono esposte le movimentazioni delle immobilizzazioni in oggetto.

	Partecipazioni in imprese controllate	Totale partecipazioni
<b>Valore di inizio esercizio</b>		
Costo	46.866.534	46.866.534
Valore di bilancio	46.866.534	46.866.534
<b>Variazioni nell'esercizio</b>		

	Partecipazioni in imprese controllate	Totale partecipazioni
Altre variazioni	(550.000)	(550.000)
Totale variazioni	(550.000)	(550.000)
<b>Valore di fine esercizio</b>		
Costo	46.316.534	46.316.534
Valore di bilancio	46.316.534	46.316.534

### Dettagli sulle partecipazioni immobilizzate in imprese controllate

Nel seguente prospetto sono indicate le partecipazioni relative ad imprese controllate nonché le ulteriori indicazioni richieste dall'art 2427 del codice civile.

Denominazione	Città, se in Italia, o Stato estero	Codice fiscale (per imprese italiane)	Capitale in euro	Utile (Perdita) ultimo esercizio in euro	Patrimonio netto in euro	Quota posseduta in %	Valore a bilancio o corrispondente credito
METALLURGICA BRESCIANA SPA a socio unico	DELLO (BS)	02132320173	7.000.000	3.375.951	33.120.452	100,000	46.316.534
Totale							46.316.534

### Valore delle immobilizzazioni finanziarie

Le immobilizzazioni finanziarie presenti in bilancio non sono state iscritte ad un valore superiore al loro "fair value".

Esse sono state contabilizzate in base all'effettivo prezzo versato per l'acquisizione e diminuite, nel corso dell'esercizio, per l'importo di euro 550.000, in riferimento all'aggiustamento di prezzo già descritto in narrativa.

Giusta disposizione dell'articolo 2426 comma 1 del codice civile, per come riportato nel principio contabile OIC 21, la valutazione della partecipazione è stata eseguita al costo di acquisto; durante l'esercizio è stata diminuita *ut supra*.

Giusta disposizione del comma 3 del citato articolo del codice civile, si sottolinea l'effettuazione della puntuale valutazione della partecipazione suddetta e si è oggettivamente riscontrato che la stessa non è stata influenzata da alcuna riduzione di valore, se non per l'aggiustamento di prezzo più volte menzionato.

### Attivo circolante

Gli elementi dell'attivo circolante sono valutati secondo quanto previsto dai numeri da 8 a 11-bis dell'articolo 2426 del codice civile. I criteri utilizzati sono indicati nei paragrafi delle rispettive voci di bilancio.

#### Crediti iscritti nell'attivo circolante

I crediti iscritti nell'attivo circolante sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale e del valore di presumibile di realizzo, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile.

L'adeguamento al presumibile valore di realizzo è stato effettuato mediante lo stanziamento di un fondo svalutazione crediti.

Per i crediti per i quali sia stata verificata l'irrelevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il presumibile valore di realizzo. Tale evenienza si è verificata ad esempio in presenza di crediti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

### Variazioni e scadenza dei crediti iscritti nell'attivo circolante

Nella seguente tabella vengono esposte le informazioni relative alle variazioni dei crediti iscritti nell'attivo circolante nonché, se significative, le informazioni relative alla scadenza degli stessi.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio
Crediti verso imprese controllate	950.000	(448.502)	501.498	501.498
Crediti verso controllanti	-	98.193	98.193	98.193
Crediti tributari	32.234	844.152	876.386	876.386
Crediti verso altri	3.438	-	3.438	3.438
<b>Totale</b>	<b>985.672</b>	<b>493.843</b>	<b>1.479.515</b>	<b>1.479.515</b>

I crediti iscritti nell'attivo circolante ammontano a complessivi Euro 1.479.515; si precisa che non è stato stanziato alcun Fondo Svalutazione Crediti. Più in particolare, si precisa, che i crediti iscritti nell'attivo circolante sono rappresentati da:

- Crediti verso imprese controllate - Euro 501.498: tale credito si riferisce per Euro 200.000 ad un contratto di finanziamento soci fruttifero di interessi avente le seguenti caratteristiche:
  - importo: € 10.000.000
  - data stipula: 17 Settembre 2018
  - durata: 3anni + 1 anno
  - tasso di interesse: EURIBOR+1,50%

Al 31 dicembre 2019 il credito verso imprese controllate per finanziamenti fruttiferi risulta pari ad Euro 200.000.

I restanti crediti verso imprese controllate di Euro 301.498 si riferiscono ai costi di "management fees" sostenuti da Sterlite Technologies S.p.A. ma di competenza di Metallurgica Bresciana S.p.A.;

- Crediti verso controllanti - Euro 98.193: tale credito si riferisce a riaddebito costi;
- Crediti tributari - Euro 876.386: tale credito si riferisce in particolare (EUR 812.782) ad acconti di imposta IRES versati dalla controllata Metallurgica Bresciana S.p.A. ma che, a seguito dell'esercizio dell'opzione di "Consolidato Fiscale Nazionale" sono stati trasferiti alla consolidante;
- Crediti verso altri - Euro 3.438: tale credito si riferisce a un non corretto addebito da parte di un Istituto di credito il quale dev'essere rimborsato.

### Disponibilità liquide

Le disponibilità liquide sono valutate al valor nominale rappresentativo del valore di realizzo.

Nella seguente tabella vengono esposte le informazioni relative alle variazioni delle disponibilità liquide.

	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
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	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
depositi bancari e postali	78.756	142.088	220.844
<b>Totale</b>	<b>78.756</b>	<b>142.088</b>	<b>220.844</b>

### Oneri finanziari capitalizzati

Tutti gli interessi e gli altri oneri finanziari sono stati interamente spesi nell'esercizio. Ai fini dell'art. 2427, c. 1, n. 8 del codice civile si attesta quindi che non sussistono capitalizzazioni di oneri finanziari.

## Nota integrativa, passivo e patrimonio netto

Le poste del patrimonio netto e del passivo dello stato patrimoniale sono state iscritte in conformità ai principi contabili nazionali; nelle sezioni relative alle singole poste sono indicati i criteri applicati nello specifico.

Di seguito si analizzano nel dettaglio i movimenti delle singole voci di bilancio, secondo il dettato della normativa vigente.

### Patrimonio netto

Per dover di cronaca si ricorda che il presente esercizio risulta essere il secondo esercizio chiuso dalla STERLITE TECHNOLOGIES S.P.A.

#### Variazioni nelle voci di patrimonio netto

Con riferimento all'esercizio in chiusura nelle tabelle seguenti vengono esposte le variazioni delle singole voci del patrimonio netto, nonché il dettaglio delle altre riserve, se presenti in bilancio.

	Valore di inizio esercizio	Altre variazioni - Incrementi	Risultato d'esercizio	Valore di fine esercizio
Capitale	5.050.000	-	-	5.050.000
Utili (perdite) portati a nuovo	-	(657.777)	-	(657.777)
Utile (perdita) dell'esercizio	(657.777)	657.777	(1.150.951)	(1.150.951)
<b>Totale</b>	<b>4.392.223</b>	<b>-</b>	<b>(1.150.951)</b>	<b>3.241.272</b>

Tutte le azioni sottoscritte sono state interamente versate.

#### Disponibilità e utilizzo del patrimonio netto

Nei seguenti prospetti sono analiticamente indicate le voci di patrimonio netto, con specificazione della loro origine, possibilità di utilizzazione e distribuibilità, nonché della loro avvenuta utilizzazione nei precedenti tre esercizi.

Descrizione	Importo	Origine/Natura	Possibilità di utilizzazione	Quota disponibile
Capitale	5.050.000	Capitale		-
Utili (perdite) portati a nuovo	(657.777)	Utili	A;B;C	(657.777)

Descrizione	Importo	Origine/Natura	Possibilità di utilizzazione	Quota disponibile
<b>Totale</b>	<b>4.392.223</b>			<b>(657.777)</b>
Quota non distribuibile				(657.777)
Residua quota distribuibile				-
<b>Legenda: A: per aumento di capitale; B: per copertura perdite; C: per distribuzione ai soci; D: per altri vincoli statutari; E: altro</b>				

L'Organo Amministrativo valuterà costantemente la situazione sociale al fine di considerare le previsioni di cui all'art. 2446 c.c.

## Debiti

I debiti sono stati rilevati in bilancio secondo il criterio del costo ammortizzato, come definito dall'art.2426 c.2 c.c., tenendo conto del fattore temporale, conformemente a quanto previsto dall'art. 2426, comma 1, n. 8 del codice civile. Per i debiti per i quali sia stata verificata l'irrilevanza dell'applicazione del metodo del costo ammortizzato e/o dell'attualizzazione, ai fini dell'esigenza di dare una rappresentazione veritiera e corretta della situazione patrimoniale ed economica societaria, è stata mantenuta l'iscrizione secondo il valore nominale. Tale evenienza si è verificata ad esempio in presenza di debiti con scadenza inferiore ai dodici mesi o, in riferimento al criterio del costo ammortizzato, nel caso in cui i costi di transazione, le commissioni e ogni altra differenza tra valore iniziale e valore a scadenza sono di scarso rilievo o, ancora, nel caso di attualizzazione, in presenza di un tasso di interesse desumibile dalle condizioni contrattuali non significativamente diverso dal tasso di interesse di mercato.

### Variazioni e scadenza dei debiti

Nella seguente tabella vengono espone le informazioni relative alle variazioni dei debiti e le eventuali informazioni relative alla scadenza degli stessi.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio	Quota scadente oltre l'esercizio
Debiti verso banche	43.277.935	(206.999)	43.070.936	4.300.000	38.770.936
Debiti verso fornitori	160.804	(127.074)	33.730	33.730	-
Debiti verso imprese controllate	100.000	984.577	1.084.577	1.084.577	-
Debiti verso imprese controllanti	-	585.858	585.858	585.858	-
Debiti tributari	-	520	520	520	-
<b>Totale</b>	<b>43.538.739</b>	<b>1.236.882</b>	<b>44.775.621</b>	<b>6.004.685</b>	<b>38.770.936</b>

I debiti ammontano a complessivi Euro 44.775.621 e sono rappresentati da:

- Debiti verso banche - Euro 43.070.936: tale debito si riferisce a due linee di credito aventi le seguenti caratteristiche:
  - importo: € 20.000.000: linea di credito dell'Istituto Citybank N.A. per mezzo della branch di Milano della Norton Rose Fulbright (ASIA) LLP, One Raffles Quay, 30-02 North Tower, Singapore, riferita a un facility agreement datato 16 luglio 2018 e con prima data di rimborso a partire dal 24esimo mese successivo alla data di utilizzo della linea di credito;
  - importo: € 23.000.000: linea di credito dell'Istituto ICICI Bank UK PLC, branch tedesca, Helfmann-Park 10, D-65760 Eschborn, riferita ad un prestito datato 19 luglio 2018.

- Debiti verso fornitori - Euro 33.730, con scadenza entro l'esercizio;
- Debiti verso imprese controllate - Euro 1.084.577, con scadenza entro l'esercizio: tale debito deriva, in particolare, (EUR 436.384) da accordi intrapresi con la controllata Metallurgica Bresciana S.p.A. a seguito dell'esercizio dell'opzione di "Consolidato Fiscale Nazionale" e (EUR 550.000) ad un accordo intrapreso con la controllata Diretta "Metallurgica Bresciana S.p.A." in merito alle previsioni indicate nell'accordo denominato "Share Purchase Agreement" intervenuto tra la Società e la precedente controllante "Compagnia Bresciana Investimenti S.p.A." in riferimento alle garanzie sul magazzino.
- Debiti verso imprese controllanti - Euro 585.858, con scadenza entro l'esercizio e riferiti, per l'appunto, a riddebiti di servizi, management fees e Corporate Guarantees sul debito bancario.
- Debiti tributari - Euro 520, con scadenza entro l'esercizio.

#### Debiti assistiti da garanzie reali su beni sociali

Ai sensi e per gli effetti dell'art. 2427, c. 1 n. 6 del codice civile, si attesta che non esistono debiti sociali assistiti da garanzie reali.

#### Finanziamenti effettuati da soci della società

La società non ha ricevuto alcun finanziamento da parte degli Azionisti; le voci creditorie degli azionisti sono state dettagliate *ut supra*.

### Nota integrativa, conto economico

Il conto economico evidenzia il risultato economico dell'esercizio.

Esso fornisce una rappresentazione delle operazioni di gestione, mediante una sintesi dei componenti positivi e negativi di reddito che hanno contribuito a determinare il risultato economico. I componenti positivi e negativi di reddito, iscritti in bilancio secondo quanto previsto dall'articolo 2425-bis del codice civile, sono distinti secondo l'appartenenza alle varie gestioni: caratteristica, accessoria e finanziaria.

L'attività caratteristica identifica i componenti di reddito generati da operazioni che si manifestano in via continuativa e nel settore rilevante per lo svolgimento della gestione, che identificano e qualificano la parte peculiare e distintiva dell'attività economica svolta dalla società, per la quale la stessa è finalizzata.

L'attività finanziaria è costituita da operazioni che generano proventi e oneri di natura finanziaria.

In via residuale, l'attività accessoria è costituita dalle operazioni che generano componenti di reddito che fanno parte dell'attività ordinaria ma non rientrano nell'attività caratteristica e finanziaria.

#### Valore della produzione

I ricavi sono iscritti in bilancio per competenza, al netto dei resi, abbuoni, sconti e premi, nonché delle imposte direttamente connesse agli stessi.

I ricavi si riferiscono a "management fees" sostenuti da Sterlite Technologies S.p.A. e riaddebitati alla controllata Metallurgica Bresciana S.p.A..

## Costi della produzione

I costi ed oneri sono imputati per competenza e secondo natura, al netto dei resi, abbuoni, sconti e premi, nel rispetto del principio di correlazione con i ricavi, ed iscritti nelle rispettive voci secondo quanto previsto dal principio contabile OIC 12. Per quanto riguarda gli acquisti di beni, i relativi costi sono iscritti quando si è verificato il passaggio sostanziale e non formale del titolo di proprietà assumendo quale parametro di riferimento, per il passaggio sostanziale, il trasferimento dei rischi e benefici. Nel caso di acquisto di servizi, i relativi costi sono iscritti quando il servizio è stato ricevuto, ovvero quando la prestazione si è conclusa, mentre, in presenza di prestazioni di servizi continuative, i relativi costi sono iscritti per la quota maturata.

I costi della produzione si riferiscono essenzialmente a riddebiti di servizi, management fees e Corporate Guarantees sul debito bancario operati dalla Capogruppo.

Preme menzionare che nel conto “oneri diversi di gestione” risulta ricompreso l’importo di euro 550.000 riconosciuto alla Contraollata “Metallurgica Bresciana S.p.A.”. In riferimento alle previsioni indicate nell’accordo di denominato “Share Purchase Agreement” intervenuto con la precedente controllante “Compagnia Bresciana Investimenti S.p.A.” la cedente aveva garantito l’insussistenza del magazzino della società “Metallurgica Bresciana S.p.A.” rilevato al 20 luglio 2018 e, essenzialmente, riferito a prodotti obsoleti indicati come “slow moving products”. La Società Controllata “Metallurgica Bresciana S.p.A.” durante l’esercizio 2019 ha provveduto ad alienare e/o dismettere tali prodotti obsoleti conseguendo una perdita effettiva di euro 550.000. In virtù della garanzia prestata, la cedente ha provveduto a versare, a favore di “Sterlite Technologies S.p.A.”, l’importo anzidetto di euro 550.000 quale refusione della garanzia prestata; a sua volta, “Sterlite Technologies S.p.A.” ha riconosciuto il precitato importo a favore di “Metallurgica Bresciana S.p.A.” quale ristoro per la perdita subita.

## Proventi e oneri finanziari

I proventi e gli oneri finanziari sono iscritti per competenza in relazione alla quota maturata nell’esercizio.

### Composizione dei proventi da partecipazione

Non sussistono proventi da partecipazioni di cui all'art. 2425, n. 15 del codice civile.

### Ripartizione degli interessi e altri oneri finanziari per tipologia di debiti

Nel seguente prospetto si dà evidenza degli interessi e degli altri oneri finanziari di cui all'art. 2425, n. 17 del codice civile, con specifica suddivisione tra quelli relativi a prestiti obbligazionari, ai debiti verso banche ed a altre fattispecie.

	Debiti verso banche	Altri	Totale
Interessi ed altri oneri finanziari	606.674	3	606.677

Gli interessi e altri oneri finanziari verso Banche per € 606.666 sono connessi agli interessi passivi per i contratti di financing in corso.

## Importo e natura dei singoli elementi di ricavo/costo di entità o incidenza eccezionali

Nel corso del presente esercizio non sono stati rilevati ricavi o altri componenti positivi derivanti da eventi di entità o incidenza eccezionali.

Nel corso del presente esercizio non sono stati rilevati costi derivanti da eventi di entità o incidenza eccezionali.

## **Imposte sul reddito d'esercizio, correnti, differite e anticipate**

La società ha provveduto allo stanziamento delle imposte dell'esercizio sulla base dell'applicazione delle norme tributarie vigenti. Le imposte correnti si riferiscono alle imposte di competenza dell'esercizio così come risultanti dalle dichiarazioni fiscali; le imposte relative ad esercizi precedenti includono le imposte dirette di esercizi precedenti, comprensive di interessi e sanzioni e sono inoltre riferite alla differenza positiva (o negativa) tra l'ammontare dovuto a seguito della definizione di un contenzioso o di un accertamento rispetto al valore del fondo accantonato in esercizi precedenti. Le imposte differite e le imposte anticipate, infine, riguardano componenti di reddito positivi o negativi rispettivamente soggetti ad imposizione o a deduzione in esercizi diversi rispetto a quelli di contabilizzazione civilistica.

### **Proventi (oneri) da adesione al regime di consolidato fiscale / trasparenza fiscale**

La presente voce ricomprende i proventi derivanti dall'adesione al regime di consolidato fiscale con la controllata Metallurgica Bresciana S.p.A.. La stessa è da ricondursi alle eccedenze generate nell'anno e meglio riferite a perdite fiscali, ACE e interessi passivi indeducibili utilizzate a livello di consolidato fiscale..

### **Imposte differite e anticipate**

La presente voce ricomprende l'impatto della fiscalità differita sul presente bilancio. La stessa è da ricondursi alle differenze temporanee tra i valori attribuiti ad un'attività o passività secondo criteri civilistici ed i corrispondenti valori riconosciuti a tali elementi ai fini fiscali.

La società ha determinato l'imposizione differita con esclusivo riferimento all'IRES, non essendovi variazioni temporanee IRAP.

Di seguito si riportano, ove presenti, le informazioni richieste dall'art. 2427 n. 14 del codice civile, ovvero:

- la descrizione delle differenze temporanee che hanno comportato la rilevazione di imposte differite e anticipate, specificando l'aliquota applicata e le variazioni rispetto all'esercizio precedente, gli importi accreditati o addebitati a conto economico oppure a patrimonio netto;
- l'ammontare delle imposte anticipate contabilizzato in bilancio attinenti a perdite dell'esercizio o di esercizi precedenti e le motivazioni dell'iscrizione; l'ammontare non ancora contabilizzato e le motivazioni della mancata iscrizione;
- le voci escluse dal computo e le relative motivazioni.

Si precisa che la società avrebbe avuto la possibilità di stanziare la fiscalità differita su due poste temporanee riconducibili alla perdita fiscale dell'esercizio e agli interessi passivi indeducibili dell'esercizio. A seguito dell'andamento della gestione del primo esercizio la società, con il consenso del collegio sindacale, ha deciso prudenzialmente di non accantonare fiscalità differita al 31 dicembre 2019.

Si precisa che la società avrebbe avuto la possibilità di stanziare la fiscalità differita su due poste temporanee riconducibili alla perdita fiscale dell'esercizio e agli interessi passivi indeducibili dell'esercizio. A seguito dell'andamento della gestione del primo esercizio la società, con il consenso del collegio sindacale, ha deciso prudenzialmente di non accantonare fiscalità differita al 31 dicembre 2019.

## **Nota integrativa, rendiconto finanziario**

La società ha predisposto il rendiconto finanziario che rappresenta il documento di sintesi che raccorda le variazioni intervenute nel corso dell'esercizio nel patrimonio aziendale con le variazioni nella situazione finanziaria; esso pone in evidenza i valori relativi alle risorse finanziarie di cui l'impresa ha avuto necessità nel corso dell'esercizio nonché i relativi impieghi.

In merito al metodo utilizzato si specifica che la stessa ha adottato, secondo la previsione dell'OIC 10, il metodo indiretto in base al quale il flusso di liquidità è ricostruito rettificando il risultato di esercizio delle componenti non monetarie.

## Nota integrativa, altre informazioni

Di seguito vengono riportate le altre informazioni richieste dal codice civile.

### Dati sull'occupazione

La società nel presente esercizio non ha avuto personale alle proprie dipendenze.

### Compensi, anticipazioni e crediti concessi ad amministratori e sindaci e impegni assunti per loro conto

Nel seguente prospetto sono esposte le informazioni richieste dall'art. 2427 n. 16 c.c., precisando che non esistono anticipazioni e crediti e non sono stati assunti impegni per conto dell'organo amministrativo per effetto di garanzie di qualsiasi tipo prestate.

	Sindaci
Compensi	5.460

### Compensi al revisore legale o società di revisione

Nella seguente tabella sono indicati, suddivisi per tipologia di servizi prestati, i compensi spettanti alla società di revisione.

	Revisione legale dei conti annuali	Totale corrispettivi spettanti al revisore legale o alla società di revisione
Valore	4.936	4.936

### Categorie di azioni emesse dalla società

Nel seguente prospetto è indicato il numero e il valore nominale delle azioni della società, nonché le eventuali movimentazioni verificatesi durante l'esercizio.

	Consistenza iniziale, numero	Consistenza iniziale, valor nominale	Consistenza finale, numero
Azioni ordinarie	5.050.000	5.050.000	5.050.000
<b>Totale</b>	<b>5.050.000</b>	<b>5.050.000</b>	<b>5.050.000</b>

Si precisa che la società durante l'esercizio 2018 ha emesso nr. 5.050.000 azioni dal valore nominale di Euro 1 e la totalità delle azioni emesse è stata sottoscritta e versata dal socio unico STERLITE TECHNOLOGIES LIMITED.

### Titoli emessi dalla società

La società non ha emesso alcun titolo o valore simile rientrante nella previsione di cui all'art. 2427 n. 18 codice civile.

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**Dettagli sugli altri strumenti finanziari emessi dalla società**

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La società non ha emesso altri strumenti finanziari ai sensi dell'articolo 2346, comma 6, del codice civile.

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**Impegni, garanzie e passività potenziali non risultanti dallo stato patrimoniale**

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Non esistono impegni, garanzie o passività potenziali non risultanti dallo stato patrimoniale.

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**Informazioni sui patrimoni e i finanziamenti destinati ad uno specifico affare**

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**Patrimoni destinati ad uno specifico affare**

Si attesta che alla data di chiusura del bilancio non sussistono patrimoni destinati ad uno specifico affare di cui al n. 20 dell'art. 2427 del codice civile.

**Finanziamenti destinati ad uno specifico affare**

Si attesta che alla data di chiusura del bilancio non sussistono finanziamenti destinati ad uno specifico affare di cui al n. 21 dell'art. 2427 del codice civile.

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**Informazioni sulle operazioni con parti correlate**

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Nel corso dell'esercizio sono state poste in essere operazioni con parti correlate; si tratta di operazioni concluse a condizioni di mercato, pertanto, in base alla normativa vigente, non viene fornita alcuna informazione aggiuntiva.

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**Informazioni sugli accordi non risultanti dallo stato patrimoniale**

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Nel corso dell'esercizio non è stato posto in essere alcun accordo non risultante dallo stato patrimoniale.

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**Informazioni sui fatti di rilievo avvenuti dopo la chiusura dell'esercizio**

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Con riferimento al punto 22-quater dell'art. 2427 del codice civile, si segnala quanto segue: atteso che, con la perdita dell'esercizio 2019 di (1.150.951) euro, la società ricade nelle previsioni di cui all'art. 2446 del codice civile, l'organo amministrativo propone che il socio unico provveda a deliberare di trasferire la somma di euro 550.000, del maggiore importo di credito vantato dallo stesso azionista unico verso la società, ad una istituenda riserva in conto aumento di capitale sociale da iscrivere nel patrimonio netto, onde rimuovere la situazione ex art. 2446 codice civile. Si osserva che, in ogni caso, l'Azionista unico ha rilasciato, in data 21 aprile 2020, una attestazione con la quale ha assicurato, sia a mezzo di iniezione di capitale sia mediante altra procedura ammessa dalla legge, gli idonei mezzi finanziari per assicurare la continuità aziendale. L'organo amministrativo rappresenta che, comunque, valuterà costantemente la situazione sociale al fine di considerare le previsioni di cui all'art. 2446 c.c., sulla base della disponibilità manifestata dal Socio Unico, il presente bilancio è stato redatto nel presupposto della continuità aziendale.

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**Imprese che redigono il bilancio dell'insieme più grande/più piccolo di imprese di cui si fa parte in quanto impresa controllata**

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Non esistono le fattispecie di cui all'art. 2427, numeri 22-quinquies e sexies del codice civile.

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**Informazioni relative agli strumenti finanziari derivati ex art. 2427-bis del Codice Civile**

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Si attesta che non è stato sottoscritto alcun strumento finanziario derivato.

## Prospetto riepilogativo del bilancio della società che esercita l'attività di direzione e coordinamento

Si rende noto che la società appartiene al gruppo STERLITE ed è soggetta all'attività di direzione e coordinamento da parte della società STERLITE TECHNOLOGIES LIMITED.

Nei seguenti prospetti riepilogativi sono forniti i dati essenziali dell'ultimo bilancio approvato della suddetta società esercitante la direzione e il coordinamento.

### STERLITE TECHNOLOGIES LIMITED

#### BALANCE SHEET AS AT 31 MARCH 2019

(All amounts are in Rs. crores, unless otherwise stated)

INR ,0000000

	31 March 2019	31 March 2018
	(Rs. in crores)	(Rs. in crores)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	1.750,31 INR	990,88 INR
Capital work-in progress	413,87 INR	225,84 INR
Investment property	- INR	8,88 INR
Goodwill	44,29 INR	73,93 INR
Other intangible assets	14,00 INR	14,71 INR
Financial assets		
Investments	164,46 INR	120,98 INR
Trade receivables	1,76 INR	4,09 INR
Loans	115,63 INR	90,02 INR
Other non-current financial assets	42,37 INR	7,69 INR
Deferred tax assets (net)	- INR	- INR
Other non-current assets	20,62 INR	97,74 INR
	<b>2.567,31 INR</b>	<b>1.634,76 INR</b>
<b>Current assets</b>		
Inventories	381,01 INR	306,04 INR
Financial assets		
Investments	100,00 INR	155,00 INR
Trade receivables	1.178,77 INR	862,46 INR
Cash and cash equivalents	58,43 INR	69,20 INR
Other bank balances	88,93 INR	6,22 INR
Loans	- INR	- INR
Other current financial assets	97,95 INR	68,20 INR

Contract assets	1.093,02 INR	- INR
Other current assets	332,20 INR	261,20 INR
Asset classified as held for sale	28,27 INR	20,77 INR
	<b>3.358,58 INR</b>	<b>1.749,09 INR</b>
<b>Total Assets</b>	<b>5.925,89 INR</b>	<b>3.383,85 INR</b>

**EQUITY AND LIABILITIES****Equity**

Equity share capital	80,51 INR	80,20 INR
Other Equity	1.507,70 INR	989,79 INR
IUT		
Security premium	38,68 INR	27,93 INR
Retained earnings	1.225,07 INR	804,45 INR
Other reserves	243,95 INR	157,41 INR
<b>Total Equity</b>	<b>1.588,21 INR</b>	<b>1.069,99 INR</b>

**Non-current liabilities**

Financial liabilities		
Borrowings	581,71 INR	616,22 INR
Other financial liabilities	14,88 INR	64,82 INR
Employee benefit obligations	32,35 INR	7,87 INR
Provisions	0,72 INR	24,96 INR
Deferred tax liabilities (net)	72,13 INR	30,21 INR
Other non-current liabilities	- INR	- INR
	<b>701,79 INR</b>	<b>744,08 INR</b>

**Current liabilities**

Financial liabilities		
Borrowings	797,48 INR	462,74 INR
Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises (refer note 41)	92,30 INR	15,11 INR
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	1.717,69 INR	618,39 INR
Other financial liabilities	629,66 INR	287,53 INR
Contract liabilities	269,31 INR	- INR
Other current liabilities	49,59 INR	136,43 INR
Current tax liabilities (Net)	55,38 INR	- INR
Employee benefit obligations	14,52 INR	22,75 INR

Provisions	9,96 INR	26,83 INR
	<b>3.635,89 INR</b>	<b>1.569,78 INR</b>
<b>Total liabilities</b>	<b>4.337,68 INR</b>	<b>2.313,86 INR</b>
<b>Total Equity &amp; Liabilities</b>	<b>5.925,89 INR</b>	<b>3.383,85 INR</b>

**STERLITE TECHNOLOGIES LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR  
ENDED 31 MARCH 2019**

(All amounts are in Rs. crores, unless otherwise stated)

INR ,0000000

	<b>31 March 2019</b>	<b>31 March 2018</b>
INCOME		
Revenue from operations	<b>4.862,63 INR</b>	<b>2.893,57 INR</b>
<b>Other income</b>	14,32 INR	22,19 INR
<b>Total Income (I)</b>	4.876,95 INR	2.915,76 INR
EXPENSES		
Cost of raw material and components consumed	2.583,40 INR	1.131,10 INR
Purchase of traded goods	30,58 INR	32,99 INR
(Increase) / decrease in inventories of finished goods, work-in-progress, traded goods and construction work-in-progress	110,47 INR	16,68 INR
Excise duty on sale of goods	- INR	28,46 INR
Employee benefit expense	439,55 INR	316,10 INR
Other expenses	880,05 INR	765,21 INR
Total Expense (II)	3.823,11 INR	2.290,54 INR
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	1.053,84 INR	625,22 INR
Depreciation and amortisation expense	<b>167,79 INR</b>	<b>170,14 INR</b>
<b>Finance costs</b>	95,25 INR	102,68 INR
Finance Income	- 20,52 INR	- 14,84 INR
Profit before tax	811,32 INR	367,24 INR
Tax expense:		

Current tax	270,99 INR	113,68 INR
Deferred tax	5,10 INR -	1,12 INR
Total tax expenses	276,09 INR	112,56 INR
Profit for the year	535,23 INR	254,68 INR
<hr/>		
Other comprehensive income		
<hr/>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
<hr/>		
<b>Net movement on cash flow hedges</b>	<b>132,77 INR -</b>	<b>49,01 INR</b>
<b>Income tax effect on the above</b>	<b>- 46,39 INR</b>	<b>17,12 INR</b>
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>86,38 INR -</b>	<b>31,89 INR</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of defined benefits plans	- 7,84 INR	0,10 INR
Income tax effect on the above	2,74 INR -	0,04 INR
Net movement on cash flow hedges	- INR	1,09 INR
Income tax effect on the above	- INR -	0,38 INR
<b>Change in fair value of FVOCI equity instrument</b>	<b>- INR -</b>	<b>3,20 INR</b>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	- 5,10 INR -	2,43 INR
Other comprehensive income for the year, net of tax	81,28 INR -	34,32 INR
Total comprehensive income for the year	616,51 INR	220,36 INR
Earnings per equity share		
Basic		
Computed on the basis of profit for the year (Rs)	13,32 INR	6,38 INR
<hr/>		
Diluted		
<b>Computed on the basis of profit for the year (Rs)</b>	<b>13,16 INR</b>	<b>6,28 INR</b>

## Proposta di destinazione degli utili o di copertura delle perdite

Signori Soci, alla luce di quanto sopra esposto, l'organo amministrativo Vi propone di riportare a nuovo la perdita d'esercizio.

## Nota integrativa, parte finale

Signori Soci, Vi confermiamo che il presente bilancio, composto da stato patrimoniale, conto economico, rendiconto finanziario e nota integrativa rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria della società, nonché il risultato economico dell'esercizio e corrisponde alle scritture contabili. Vi invitiamo pertanto ad approvare il progetto di bilancio al 31/12/2019 unitamente con la proposta di destinazione del risultato d'esercizio. Atteso che, con la precitata perdita, la società ricade nelle previsioni di cui all'art. 2446 del codice civile, l'organo amministrativo propone che il socio unico provveda a deliberare di trasferire la somma di euro 550.000, del maggiore importo di credito vantato dallo stesso azionista unico verso la società, ad una istituenda riserva in conto aumento di capitale sociale da iscrivere nel patrimonio netto, onde rimuovere la situazione ex art. 2446 codice civile. Si osserva che, in ogni caso, l'Azionista unico ha rilasciato, in data 21 aprile 2020, una attestazione con la quale ha assicurato, sia a mezzo di iniezione di capitale sia mediante altra procedura ammessa dalla legge, gli idonei mezzi finanziari per assicurare la continuità aziendale. L'organo amministrativo rappresenta che, comunque, valuterà costantemente la situazione sociale al fine di considerare le previsioni di cui all'art. 2446 c.c., sulla base della disponibilità manifestata dal Socio Unico, il presente bilancio è stato redatto nel presupposto della continuità aziendale.

Il Bilancio è vero e reale e corrisponde alle scritture contabili

Milano, 22/04/2020

L'Amministratore Unico



**Report of the Directors and**  
**Financial Statements for the Year Ended 31 March 2020**  
**for**  
**STERLITE TECHNOLOGIES UK VENTURES LTD**

**Contents of the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**STERLITE TECHNOLOGIES UK VENTURES LTD**

**Company Information**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**DIRECTORS:**

A Agarwal  
K S Rao

**REGISTERED OFFICE:**

Third Floor  
126-134 Baker Street  
London  
W1U 6UE

**REGISTERED NUMBER:**

08550019 (England and Wales)

**AUDITORS:**

Butler & Co LLP  
Chartered Accountants  
& Statutory Auditor  
Third Floor  
126-134 Baker Street  
London  
W1U 6UE

**STERLITE TECHNOLOGIES UK VENTURES LTD**

**Report of the Directors**  
**FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of an investment company.

**REVIEW OF BUSINESS**

The Company has invested in Sterlite Conduspar Industrial LTDA, a 58% Joint Venture in Brazil. The Brazilian company is a manufacturer and trader of Optical Fibre Cables.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

A Agarwal

K S Rao

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Butler & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
A Agarwal - Director

29<sup>th</sup> May 2020  
Date: .....

**Report of the Independent Auditors to the Members of**  
**Sterlite Technologies UK Ventures Ltd**

**Opinion**

We have audited the financial statements of Sterlite Technologies UK Ventures Ltd (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The impact of uncertainties due to the COVID19 pandemic on our audit**

Uncertainties related to the effects of COVID19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID19 is one of the most significant public health, social and economic event and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardise firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for the company and this is particularly the case in relation to COVID19.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("The going concern period")

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of COVID-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company continues in operation.

**Report of the Independent Auditors to the Members of**  
**Sterlite Technologies UK Ventures Ltd**

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

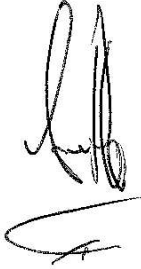
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of**  
**Sterlite Technologies UK Ventures Ltd**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sanjeev Phadke (Senior Statutory Auditor)  
for and on behalf of Butler & Co LLP  
Chartered Accountants  
& Statutory Auditor  
Third Floor  
126-134 Baker Street  
London  
W1U 6UE

Date: 29<sup>th</sup> May 2020

**STERLITE TECHNOLOGIES UK VENTURES LTD**

**Income Statement**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
<b>TURNOVER</b>	-	-
Administrative expenses	<u>4,396</u>	<u>3,350</u>
<b>OPERATING LOSS</b>	(4,396)	(3,350)
Interest payable and similar expenses	<u>36,746</u>	<u>33,667</u>
<b>LOSS BEFORE TAXATION</b>	(41,142)	(37,017)
Tax on loss	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<u><u>(41,142)</u></u>	<u><u>(37,017)</u></u>

The notes form part of these financial statements

**Balance Sheet**  
**31 MARCH 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Investments	4	2,072,447	2,041,571
<b>CURRENT ASSETS</b>			
Cash at bank		11,042	1,965
<b>CREDITORS</b>			
Amounts falling due within one year	5	3,350	3,350
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		7,692	(1,385)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,080,139	2,040,186
<b>CREDITORS</b>			
Amounts falling due after more than one year	6	2,262,597	2,181,502
<b>NET LIABILITIES</b>		(182,458)	(141,316)
<b>CAPITAL AND RESERVES</b>			
Called up share capital		3,150	3,150
Retained earnings		(185,608)	(144,466)
<b>SHAREHOLDERS' FUNDS</b>		(182,458)	(141,316)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were authorised for issue by the Board of Directors and authorised for issue on ..... and were signed on its behalf by:



.....  
A Agarwal - Director

The notes form part of these financial statements

**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**1. STATUTORY INFORMATION**

Sterlite Technologies UK Ventures Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Key sources of estimation uncertainty and judgements**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reported period.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less impairment.

**Financial instruments policy**

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Going concern:**

The financial statements have been prepared on a going concern basis. The parent company will provide the necessary support to maintain the company as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Since the financial year end, there are uncertainties relating to the COVID19 pandemic. The directors have analysed how the risk might affect the company financial resources and ability to continue operations and have nothing to report in this respect. No provisions have been made in the financial statements.

**STERLITE TECHNOLOGIES UK VENTURES LTD**

**Notes to the Financial Statements - continued**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was NIL (2019 - NIL).

**4. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2019	2,041,571
Additions	30,876
	<hr/>
At 31 March 2020	2,072,447
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 March 2020	2,072,447
	<hr/>
At 31 March 2019	2,041,571
	<hr/>

The above investment represents a 58% holding in Sterlite Conduspar Industrial LTDA, a company incorporated in Brazil.

These financial statements contain information about Sterlite Technologies UK Ventures Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 as the company itself is a subsidiary undertaking and its parent undertaking is not established under the law of an EEA state. The company is included in consolidated accounts of its parent company.

**5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Other creditors	3,350	3,350
	<hr/>	<hr/>

**6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Amounts owed to group undertakings	2,262,597	2,181,502
	<hr/>	<hr/>

The parent company has provided a line of credit of \$ 3,500,000. As at the year end a sum of £2,262,597 (2019: £2,181,502) has been drawn. Interest is payable in quarterly instalments at the rate of LIBOR+0.75%.

The amount drawn is repayable on demand. However, the lender has confirmed that the amount outstanding will not be recalled within the next 12 months.

**7. RELATED PARTY DISCLOSURES**

As at 31 March 2020 the company owed a sum of £2,262,597 (2019: £2,181,502) to Sterlite Technologies Ltd (the ultimate parent company). Interest payable on this loan was £36,746 (2019: £33,667).

There are no fixed terms as to repayment of these balances.

**STERLITE TECHNOLOGIES UK VENTURES LTD**

**Notes to the Financial Statements - continued**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**8. PARENT COMPANY**

The company is wholly-owned subsidiary of Sterlite Technologies Limited a company incorporated in India.

**STERLITE TECHNOLOGIES UK VENTURES LTD****Detailed Profit and Loss Account**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	2020		2019	
	£	£	£	£
<b>Income</b>		-		-
<b>Expenditure</b>				
Auditors' remuneration		4,342		3,350
		<u>(4,342)</u>		<u>(3,350)</u>
<b>Finance costs</b>				
Bank charges	54		-	
Other interest	36,746		33,667	
	<u>36,800</u>	<u>36,800</u>	<u>33,667</u>	<u>33,667</u>
<b>NET LOSS</b>		<u>(41,142)</u>		<u>(37,017)</u>

This page does not form part of the statutory financial statements

**Sterlite Global Ventures (Mauritius) Limited**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2020**

**Sterlite Global Ventures (Mauritius) Limited**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Sterlite Global Ventures (Mauritius) Limited**

1

**CORPORATE DATA**

---

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	: Gyaneshwarnath Gowrea	10-Aug-10	14-Jul-2020
	Pravin Dwarkaprasad Agarwal	10-Aug-10	-
	Anand Gopaldas Agarwal	10-Aug-10	-
	Doomraj Sooneelall	30-Jun-15	31-Mar-20
	Bhavana Banymandhub	31-Mar-20	-
	Sevin Chendriah	14-Jul-2020	-
<b>ADMINISTRATOR &amp; CORPORATE SECRETARY</b>	: <b>IQ EQ Corporate Services (Mauritius) Ltd</b> 33, Edith Cavell Street Port Louis, 11324 Républic of Mauritius		
<b>REGISTERED OFFICE</b>	: <b>C/o IQ EQ Corporate Services (Mauritius) Ltd</b> 33, Edith Cavell Street Port Louis, 11324 Republic of Mauritius		
<b>AUDITORS</b>	: <b>Crowe ATA</b> 2nd Floor, Ebene Esplanade 24, Bank Street, Cybercity Ebene 72201 Republic of Mauritius		
<b>BANKER</b>	: <b>Absa Bank (Mauritius) Limited</b> (formerly known as Barclays Bank (Mauritius) Limited) 3rd Floor, Absa House 68-68A Cybercity Ebene 72201 Republic of Mauritius		

**COMMENTARY OF THE DIRECTORS**

---

The directors present their commentary, together with the audited financial statements of **Sterlite Global Ventures (Mauritius) Limited** (the "Company") for the financial year ended 31 March 2020.

**ACTIVITY**

The principal activity of the Company is that of investment holding.

**RESULTS AND DIVIDENDS**

The results for the year are as shown on page 9.

The directors did not recommend the payment of any dividend for the year under review (2019: Nil).

**DIRECTORS**

The present membership of the board is set out on page 1. All directors served office throughout the year except for Mr Dóomraj Sooneefall who has resigned on 31 March 2020 and Ms Bhavana Banymandhub who has been appointed in his stead.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not be a going concern in the year ahead.

**AUDITORS**

The auditors, **Crowe ATA**, have indicated their willingness to continue in office and will be automatically re-appointed.



Know how Know you


**CERTIFICATE FROM THE SECRETARY**

3

**(UNDER SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001)**

---

We certify, to the best of our knowledge and belief, that **Sterlite Global Ventures (Mauritius) Limited** (the "Company") has filed with the Registrar of Companies, all such returns as are required of the Company for the financial year ended 31 March 2020.

  
\_\_\_\_\_  
Company Secretary

Date: 21 SEP 2020

**IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius**

T: +230 212 9800  
F: +230 212 9833

mauritius@iqeq.com  
www.iqeq.com

Regulated by the Financial Services Commission as holder of a management licence. Licence type – FS-3.1A Management Licence  
Incorporated in Mauritius No: BRN C09004928.

**Crowe ATA**

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**INDEPENDENT AUDITORS' REPORT  
 TO THE SHAREHOLDER OF STERLITE GLOBAL VENTURES (MAURITIUS) LIMITED**

**Report on the audit of the financial statements**

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**Opinion**

We have audited the financial statements of **Sterlite Global Ventures (Mauritius) Limited** (the "Company") set out on pages 8 to 26, which comprise the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of matter**

The impact of the uncertainty of COVID-19

We draw attention to Note 6 in the financial statements, which deals with the possible effects of the future implications of COVID-19 on the Company's future prospects, performance and cash flows. Our opinion is not modified in respect of this matter.

**Other matter**

Non-Consolidation

As stated in note 5 to the financial statements, the Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually owned parent holding a Global Business Licence not to present consolidated financial statements.



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDER OF STERLITE GLOBAL VENTURES (MAURITIUS) LIMITED**

#### **Report on the audit of the financial statements (Continued)**

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##### **Other information**

Directors are responsible for the other information. The other information comprises the commentary of directors, the Company Secretary's certificate, which we obtained prior to the date of this auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

##### **Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA 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 financial statements.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF STERLITE GLOBAL VENTURES (MAURITIUS) LIMITED**

**Report on the audit of the financial statements (Continued)**

**Auditors' responsibilities for the audit of the financial statements (Continued)**

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

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.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDER OF STERLITE GLOBAL VENTURES (MAURITIUS) LIMITED**

**Report on the audit of the financial statements (Continued)**

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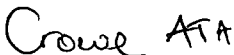
**Report on other legal and regulatory requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Use of this report**

This report is made solely for the Company's shareholder in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, for our audit work, for this report, or for the opinion we have formed.

  
**Crowe ATA**  
Public Accountants

  
**Vijay Bohorun, FCCA**  
Signing Partner  
Licensed by FRC

Date: 21 September 2020  
Ebene, Mauritius

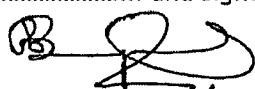

## Sterlite Global Ventures (Mauritius) Limited

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STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020

ASSETS	NOTES	2020 USD	2019 USD
<b>Non-current assets</b>			
Financial asset at fair value through other comprehensive income	7	8,150,000	-
Investments in subsidiaries	8	32,705,150	19,875,000
<b>Total non-current assets</b>		<b>40,855,150</b>	<b>19,875,000</b>
<b>Current assets</b>			
Prepayments		2,120	2,070
Cash and cash equivalents		446,186	640,782
<b>Total current assets</b>		<b>448,306</b>	<b>642,852</b>
<b>TOTAL ASSETS</b>		<b>41,303,456</b>	<b>20,517,852</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	9	29,096,847	12,381,447
Retained earnings		7,995,922	8,078,106
<b>Total equity</b>		<b>37,092,769</b>	<b>20,459,553</b>
<b>Non-current liability</b>			
Borrowing	10	50,000	50,000
<b>Current liability</b>			
Other payables	11	4,160,687	8,299
<b>Total liabilities</b>		<b>4,210,687</b>	<b>58,299</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>41,303,456</b>	<b>20,517,852</b>

These financial statements have been approved and authorised for issue by the board of directors on 21 SEP 2020 and signed on its behalf by:

  
  
 }  
 } DIRECTORS  
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Independent auditors' report is on pages 4 to 7.

The notes on pages 12 to 26 form an integral part of these financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	NOTE	2020 USD	2019 USD
<b>INCOME</b>			
Dividend income		-	7,500,000
<b>EXPENSES</b>			
Licence fees		2,775	2,825
Professional fees		6,365	7,860
Accounting fee		1,600	1,600
Audit fee		1,825	1,695
Disbursements		100	-
Stamp duty		66,554	-
Penalty fees		140	-
Bank charges		1,703	855
<b>TOTAL EXPENSES</b>		<b>81,062</b>	<b>14,835</b>
(Loss)/profit from operations		(81,062)	7,485,165
<b>FINANCE COSTS</b>			
Interest expense		(1,122)	(1,744)
<b>(Loss)/profit before taxation</b>		<b>(82,184)</b>	<b>7,483,421</b>
Taxation	13	-	-
<b>(Loss)/profit for the year</b>		<b>(82,184)</b>	<b>7,483,421</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(82,184)</b>	<b>7,483,421</b>

Independent auditors' report is on pages 4 to 7.

The notes on pages 12 to 26 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	NOTE	Stated capital USD	Retained earnings USD	Total equity USD
At 1 April 2018		12,381,447	594,685	12,976,132
Total comprehensive income for the year		-	7,483,421	7,483,421
At 31 March 2019		12,381,447	8,078,106	20,459,553
<b>Transactions with owner of the Company:</b>				
<b>Contributions and distributions</b>				
Issue of shares	9	16,715,400	-	16,715,400
Total comprehensive income for the year		-	(82,184)	(82,184)
At 31 March 2020		<u>29,096,847</u>	<u>7,995,922</u>	<u>37,092,769</u>

Independent auditors' report is on pages 4 to 7.

The notes on pages 12 to 26 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	NOTES	2020 USD	2019 USD
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation		(82,184)	7,483,421
Non-cash adjustments	12	-	(7,500,000)
<i>Changes in working capital:</i>			
Increase in prepayments		(50)	-
Increase in other payables		4,152,388	2,649
<b>Net cash generated from/(used in) operating activities</b>		<b>4,070,154</b>	<b>(13,930)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment in subsidiaries		(12,830,150)	-
Acquisition of financial asset at fair value through other comprehensive income		(8,150,000)	-
<b>Net cash used in investing activities</b>		<b>(20,980,150)</b>	<b>-</b>
<b>Cash flows from financing activity</b>			
Proceeds from issue of stated capital	9	16,715,400	-
<b>Net cash generated from financing activity</b>		<b>16,715,400</b>	<b>-</b>
<b>Net movements in cash and cash equivalents</b>		<b>(194,596)</b>	<b>(13,930)</b>
Cash and cash equivalents at beginning of the year		640,782	654,712
<b>Cash and cash equivalents at end of the year</b>		<b>446,186</b>	<b>640,782</b>

Refer to note 12 for Non-Cash Adjustments.

Independent auditors' report is on pages 4 to 7.

The notes on pages 12 to 26 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**1 GENERAL INFORMATION**

Sterlite Global Ventures (Mauritius) Limited ("the Company") was incorporated in the Republic of Mauritius, under the Mauritius Companies Act 2001 on 10 August 2010 and holds a Category 1 Global Business Licence issued by the Financial Services Commission under the Financial Services Act 2007. The Company's registered office is at C/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius.

Following amendments brought by the Finance Act 2018, all Category 1 Global Business Companies ("GBC 1") will henceforth be known as Global Business Corporation. However, by virtue of the Financial Services Act 2007, GBC 1 incorporated before 16 October 2017 will be converted to Global Business Corporation as from 1 July 2021.

The principal activity of the Company is that of investment holding.

**2 BASIS OF PREPARATION**

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise of Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") approved by the International Accounting Standards Committee ("IASC") that remain in effect.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

**3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**
***Adoption of new and revised IFRS***
***(i) New and amended standards and interpretations that are effective for the current year***

In the current year, the Company has applied a number of amendments to IFRS standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 April 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 9  
Prepayment features with  
Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

Annual Improvements to IFRS  
Standards 2015-2017 Cycle  
Amendments to IAS 12  
Income Taxes

***IAS 12 Income Taxes***

The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributed profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

***Adoption of new and revised IFRS (Continued)***

***(i) New and amended standards and interpretations that are effective for the current year (Continued)***

**IFRIC 23 Uncertainty over  
Income Tax Treatments**

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.
- If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If not, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

***(ii) Standards and interpretations issued but not yet effective***

At the date of authorisation of the financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted by the Company:

Amendments to IAS 1 and IAS 8 *Definition of material*

Conceptual Framework

*Amendments to References to the Conceptual Framework in IFRS*

The directors do not expect that the adoption of standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

***Amendments to IAS 1 and IAS 8 Definition of material***

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality (influencing users) has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 April 2020, with earlier application permitted.

***Amendments to the References to the Conceptual Framework in IFRS Standards***

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

*Adoption of new and revised IFRS (Continued)*

*(ii) Standards and interpretations issued but not yet effective (Continued)*

**Amendments to the References to the Conceptual Framework in IFRS Standards (Continued)**

Not all amendments, however, update those pronouncements with regard to references and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 April 2020, with early application permitted.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below:

**(a) Financial instruments**

**(i) Initial recognition and measurement**

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) 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*

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income ("FVOCI") – debt investment or equity investment; or Fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Financial Instruments (Continued)****(ii) Classification and subsequent measurement (Continued)***Financial assets (Continued)*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Financial instruments (Continued)****(ii) Classification and subsequent measurement (Continued)**

*Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: (Continued)*

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**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 gain or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company's financial assets measured at amortised cost consist of cash and cash equivalents.

**Financial assets at fair value through other comprehensive income**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

**Financial liabilities at amortised cost**

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company's financial liabilities consist of borrowings and other payables.

**Specific instruments****Cash and cash equivalents**

Cash and cash equivalents comprise of cash at banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**Other payables**

Trade and other payables consist of accruals and amount owed to holding company. These are stated at cost.

**(iii) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Financial instruments (Continued)****(iii) Derecognition (Continued)**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Impairment of assets**

The Company recognises loss allowance for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity of accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Write off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amount due.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

**(b) Equity**

Stated capital represents the proceeds received and in consideration for which, ordinary shares were issued.

Retained earnings include all current and prior period results as presented in the statement of profit or loss and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Expense recognition**

Expenses are recognised on an accrual basis in the statement of profit or loss and other comprehensive income

**(d) Related parties**

Related parties are individuals and companies where the individuals or companies have the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

**(e) Revenue recognition**

Revenue earned by the Company is recognised on the following basis:

Dividend income - should be recognised when the shareholders' rights to receive payments have been established.

**(f) Provisions**

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

**(g) Investment in subsidiary**

Subsidiary undertakings are those entities in which the Company controls an investee if all of the following elements are present:

- (i) power over the investee, exposure to variable returns from the investee, and
- (ii) the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- (i) The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights,
- (ii) Substantive potential voting rights held by the Company and by other parties,
- (iii) Other contractual arrangements, and
- (iv) Historic patterns in voting attendance.

Investment in subsidiary is shown at cost, less impairment. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

**(h) Income Tax**

Income tax comprises of current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date and any adjustment to tax payable in respect of prior years.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is possible that future taxable profit will be available against which the unused tax losses can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020****4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Investment in associate**

In accordance with the exemption in IAS 28, Investments in associates and joint ventures, the Company does not account for its investment in associate using the equity method. Instead, the Company has elected to measure its investment at fair value through other comprehensive income.

The Company owns 12.80% of the issued share capital of ASOCS Ltd (the "investee"). This investment meets the definition of "associate" under IAS 28 as the Company can exercise significant influence on the investee by directing its activities through board decisions.

As a result, the Company has elected to measure its investment as financial asset at fair value through other comprehensive income under IFRS 9.

**(j) Foreign currency transaction***Functional and presentation currency*

The financial statements are presented in United States Dollar ("USD") which is the Company's functional and presentation currency. The board of directors have adopted USD as the functional and presentation currency based on the shareholder's economic circumstances and to whom returns of its investment are reported in USD.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities expressed in foreign currencies at year end date are translated into USD at the exchange rates ruling at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Differences on exchange are dealt with in equity as "Translation reserve".

**5 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The following are the management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 6.

*Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in note 4, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar ("USD").

*Impairment of financial assets*

IFRS 9 effectively incorporates an impairment review for financial assets that are measured at fair value, as any fall in fair value is taken to profit or loss or other comprehensive income for the year, depending upon the classification of the financial asset.

For financial assets designated to be measured at amortised cost, an entity must make an assessment at each reporting date whether there is evidence of possible impairment; if there is, then an impairment review should be performed. If impairment is identified, it is charged to profit or loss immediately. Quantification of the recoverable amount would normally be based upon the present value of the expected future cash flows estimated at the date of the impairment review and discounted to their present value based on the original effective rate of return at the date the financial asset was issued.

There are no such indications of events having impact on future cash flows of the Company. Therefore, no impairment provision is required to be made by the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020****5 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES  
(CONTINUED)***Impairment of non-financial asset*

In assessing whether a full impairment test is required for the investment in the subsidiary, the Company has considered whether it has recognised a dividend from the investment and evidence is available that:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the subsidiary's net assets; or
- the dividend exceeds the total comprehensive income of the subsidiary in the period in which the dividend is declared

The directors have noted that the carrying amount of the investment in the separate financial statements is lower than the carrying amount in the financial statements of the subsidiary's net assets. Therefore, no impairment provision is required to be made by the Company.

*Rights of Series CC Preferred Shares*

The Company made a reassessment of its significant influence on its investee where it holds 12.80% as at 31 March 2020 and determined that it has significant influence as the Series Preferred Shares carry voting right. In addition, the Company is represented on the board of directors of the investee and participates in policy making process of the investee. As such, the directors have concluded that the Company has significant influence on ASOCS Ltd.

However, management has made the irrevocable election to measure the investment as a financial asset at fair value through other comprehensive income under IFRS 9. The most recent price on the market has been used when calculating the fair value for the investment in ASOCS Ltd. The directors believe that the reported amount fairly reflects its fair value at reporting date.

*Consolidated financial statements*

The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly or virtually wholly owned subsidiary company holding a Category 1 Global Business Licence and having any company not to prepare consolidated financial statements. The financial statements are, therefore, separate financial statements which contain information about **Sterlite Global Ventures (Mauritius) Limited** as an individual company and do not contain consolidated financial information as the parent of a Group.

**6 ESTIMATION UNCERTAINTY**

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

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

*Estimation of recoverable amount of investments in subsidiaries*

In preparing those financial statements, the directors have made estimates of the recoverable amounts of the investments in subsidiaries. Determining whether there is an impairment in values of the subsidiaries requires an estimation of the value in use of the subsidiaries. The value in use calculation required the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

*Impact of Covid-19*

In early 2020, the emergence of the Covid-19 (Coronavirus) pandemic has led to significant volatility and declines in the global markets. The directors are monitoring the evolving situation closely and evaluating its potential exposure and believe that Covid-19 did not have any material impact on the Company and subsidiaries' operations at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**7 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	2020 USD	2019 USD
At 1 April	-	-
Additions during the year	8,150,000	-
At 31 March	8,150,000	-

Details of financial asset at fair value through other comprehensive income are as follows:

Name of investee company	Country of incorporation	Class of shares held	Number of shares held	% Holding	Nominal value of Investment
ASOCS Ltd	Israel	Series CC Preferred shares	2,931,655	12.80%	8,150,000

**8 INVESTMENTS IN SUBSIDIARIES**

	2020 USD	2019 USD
At 1 April	19,875,000	12,375,000
Additions during the year	12,830,150	7,500,000
At 31 March	32,705,150	19,875,000

Details of investments in subsidiaries are as follows:

Name of investee company	Country of incorporation	Class of shares held	Number of shares held	% Holding	Nominal value of Investment
Jiangsu Sterlite Tongguang Fiber Co. Ltd	China	Ordinary	19,875,000	75%	19,875,000
ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED	Mauritius	Ordinary	17,506	100%	114,750
VULCAN DATA CENTRE SOLUTIONS LIMITED	United Kingdom	Ordinary	80	80%	2,991,859
IMPACT DATA SOLUTIONS LIMITED	United Kingdom	Ordinary Class A	1,400	70%	8,508,098
IMPACT DATA SOLUTIONS LIMITED	United Kingdom	Ordinary Class B	200	10%	1,215,443
					<b>32,705,150</b>

The directors have reviewed the financial position and performance of the subsidiaries. They are of the opinion that the estimated recoverable amounts of the investments are not less than their carrying amounts and the investments have not suffered any impairment for the year under review.

During the year under review, the Company acquired investments in VULCAN DATA CENTRE SOLUTIONS LIMITED ("Vulcan") and IMPACT DATA SOLUTIONS LIMITED ("Impact") for a total consideration of USD 12,715,400 (equivalent to GBP 10,200,000) representing a shareholding of 80% in Vulcan and Impact respectively. In accordance with the Share Purchase Agreements between the Company and subsidiaries, an amount of GBP 500,000 out of the GBP 10,200,000 was withheld Escrow Accounts in case there was a differential payout or refund for the amount of purchase consideration made, which will be finalised based on the audited financial statements of the subsidiaries for the year ended 31 December 2019.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**9 STATED CAPITAL**

	2020 USD	2019 USD
At 01 April	12,381,447	12,381,447
Issue of shares	16,715,400	-
At 31 March	<u>29,096,847</u>	<u>12,381,447</u>

The issued share capital of the Company comprises of 29,096,847 ordinary shares (2019: 12,381,447 ordinary shares) with a par value of USD 1 per share. These shares are entitled to voting rights and to dividends. The shareholders have various rights under the Company's constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.

**10 BORROWING**

	2020 USD	2019 USD
<b>Financial liability at amortised cost</b>		
<i>Principal amount</i>		
At end of the year	<u>50,000</u>	<u>50,000</u>

The unsecured loan payable to Sterlite Technologies Limited ('STL') bears an interest rate of Libor+60 BPS and will not be recalled withing one year.

**11 OTHER PAYABLES**

	2020 USD	2019 USD
Amount payable to related company	4,150,000	-
Interest payable to STL	4,960	3,839
Accruals	5,727	4,460
	<u>4,160,687</u>	<u>8,299</u>

The amount of USD 4,150,000 represents part-payment due for investment acquired in ASQCS Ltd. The amount is unsecured, interest free and has been fully repaid subsequent to reporting date.

**12 NON-CASH ADJUSTMENTS**

	2020 USD	2019 USD
Share in lieu of dividend	-	7,500,000
	<u>-</u>	<u>7,500,000</u>

In 2019, the subsidiary had issued 7,500,000 ordinary shares of USD 1 each to the Company in lieu of dividend.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**13 TAXATION**

The Company, being resident in Mauritius, is liable to Income tax in Mauritius on its chargeable income at the rate of 15%. The Company has received its Category 1 Global Business Licence ("GBL1") before 16 October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 01 July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30 June 2021.

Until 30 June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income.

The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all its foreign sourced income.

Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income, subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

The Company does not have any tax liability as at 31 March 2020 (2019: USD Nil) since it has an accumulated tax losses of USD 15,490 (2019: Nil) which will be brought forward and offset against future chargeable income in the next five years that is till year ending 31 March 2025.

*Reconciliation of effective tax*

	2020 USD	2019 USD
(Loss)/profit before taxation	(82,184)	7,483,421
Add: foreign tax suffered	-	2,411,853
Add: Disallowed expenses	66,694	-
	<u>(15,490)</u>	<u>9,895,274</u>
Income tax at 15%	(2,324)	1,484,291
Tax losses brought forward	-	(8,949)
Withholding tax	-	(1,475,342)
Deferred tax asset not recognised	2,324	-
	<u>-</u>	<u>-</u>

**14 RELATED PARTY DISCLOSURES**

During the year under review, the Company transacted with a related entity. The nature, volume of transactions and balances with this entity are as follows:

**Amount due to holding company - Sterlite Technologies Limited**

	2020 USD	2019 USD
<b>Non-Current</b>		
At end of the year	<u>50,000</u>	<u>50,000</u>
<b>Current</b>		
At end of the year	<u>4,960</u>	<u>3,839</u>

The unsecured loan payable to Sterlite Technologies Limited ('STL') bears an interest rate of Libor+60 BPS and will not be recalled within one year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**14 RELATED PARTY DISCLOSURES (CONTINUED)**
**Amount due to investee - ASOCS LTD  
Payable in one year**

	2020 USD	2019 USD
At end of the year	<b>4,150,000</b>	-

On 07 May 2020, the amount due to ASOCS LTD has been repaid.

**Fees paid to key management personnel**

There was no compensation paid to key management personnel for the year ended 31 March 2020 (2019: USD Nil).

Professional fees of **USD 2,500** have been incurred by the Company for the year ended 31 March 2020 (2019: USD 2,500) in relation to directorship services rendered by the resident directors. However, these fees are not paid to the individual officers but to the Company's administrator.

**15 FINANCIAL INSTRUMENTS**
*Fair values*

The carrying amounts of the assets and liabilities of the Company approximate to their fair values.

*Currency profile*

The Company's financial assets and liabilities are denominated in USD.

*Risk and capital management*

The capital of the Company is primarily for investment purposes in view of generating a return on the investment made by the shareholder. It is the Company's policy to finance its investment and any operating expenses from equity instruments. There were no changes in the Company's approach to capital management during the year.

The risks arising from the Company's financial instruments are as follows:

- (i) Liquidity risk;
- (ii) Market risk; and
- (iii) Interest rate risk.

The board of directors reviews and agrees policies for managing this risks are as follows:

*(i) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has the continued financial support of its holding company in this process. Changes in liquidity risk will not have any material impact on the financial statements.

	More than 1 year	Up to 1 year
	USD	USD
<b>31 March 2020</b>		
<b>Liabilities</b>		
Borrowing	50,000	-
Other payables	-	4,160,687
<b>Total</b>	<b>50,000</b>	<b>4,160,687</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**15 FINANCIAL INSTRUMENTS (CONTINUED)**
*(i) Liquidity risk (continued)*

31 March 2019	More than 1 year	Up to 1 year
Liabilities	USD	USD
Borrowing	50,000	-
Other payables	-	8,299
Total	50,000	8,299

*(ii) Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines. The Company is not subject to significant amount of risk as the unquoted investments are mainly financed by its parent. Changes in market risk will not have any material impact in the financial statements.

*(iii) Interest rate risk*

For the year ended 31 March 2020, the Company is exposed to changes in market interest rates on its financial assets on account of its bank balance and on its financial liabilities on account of its loans from holding company which are at variable interest rates.

The following table details the Company's exposure to interest rate risks. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

	2020 USD	2019 USD
<b>Financial Assets</b>		
Non interest bearing	446,186	640,782
Variable interest instrument	-	-
<b>Total</b>	<b>446,186</b>	<b>640,782</b>
<b>Financial Liabilities</b>		
Non interest bearing	4,155,727	4,460
Variable interest instrument	54,960	53,839
<b>Total</b>	<b>4,210,687</b>	<b>58,299</b>

Interest rate sensitivity

If interest rates had been 100 basis points higher/ lower and all other variables were held constant, the net loss for the year ended 31 March 2020 would increase/decrease by **USD 500** (2019: USD 500). This is mainly attributable to the Company exposure to interest rates on variable rate of interest rates on borrowings.

**31 March 2020**
**Interest Rate**

	Low (1%)	High 1%
Variable interest instrument	(54,960)	54,960
Impact on net assets of the Company	(550)	550
<b>31 March 2019</b>		
<b>Interest Rate</b>		
	Low (1%)	High 1%
Variable interest instrument	(53,839)	53,839
Impact on net assets of the Company	(538)	538

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**15 FINANCIAL INSTRUMENTS (CONTINUED)**
***Fair value hierarchy***

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 assets or liability.

The following tables set out the fair values of financial instruments that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

<b>31 March 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Financial asset at fair value through other comprehensive income	-	-	8,150,000	8,150,000
Cash and cash equivalents	-	-	446,186	446,186
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>8,596,186</b>	<b>8,596,186</b>
<b>Liabilities</b>				
Borrowings	-	-	50,000	50,000
Other payables	-	-	4,160,687	4,160,687
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>4,210,687</b>	<b>4,210,687</b>
<b>31 March 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Cash and cash equivalents	-	-	640,782	640,782
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>640,782</b>	<b>640,782</b>
<b>Liabilities</b>				
Borrowings	-	-	50,000	50,000
Other payables	-	-	8,299	8,299
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>58,299</b>	<b>58,299</b>

The fair values of cash and cash equivalents and accruals approximate their carrying values due to their short-term nature.

**16 HOLDING COMPANY**

The directors consider Sterlite Technologies Limited, a company established in India and listed on the National Stock Exchange and Bombay Stock Exchange, as the holding company and ultimate holding company.

**17 EVENTS AFTER THE REPORTING DATE**

Subsequent to the year ended 31 March 2020, additional shares amounting to USD 4,150,000 has been paid by and allotted to the shareholder and the amount of USD 4,150,000 (Note 11) payable to ASOCS Ltd has been settled by the Company. There has been no other material events which would require disclosure or adjustment to the financial statements for the year ended 31 March 2020.



**Crowe ATA**

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[www.crowe.com/mu](http://www.crowe.com/mu)

**Our Ref: CA/VB/1153**

Date: 21 September 2020

The Chief Executive  
**The Financial Services Commission**  
FSC House  
54, Cybercity  
Ebene  
Mauritius

Dear Sir/Madam,

**Sterlite Global Ventures (Mauritius) Limited – “The Company”- (Licence No: C110008844)**

We have verified the accounting records of the above named Company for the year ended 31 March 2020 provided to us by Management. In accordance with condition 9(b) of the Global Business Licence, we confirm that, based on our examination of the said records, **Sterlite Global Ventures (Mauritius) Limited** has complied with condition 9(a) and has not re-invested into India, funds derived from sources within India during the year ended 31 March 2020.

Yours faithfully,

Crowe ATA

**Crowe ATA**

***ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED***

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**CORPORATE DATA**

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		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	:		
	Boodhooa Shailendranath	06 February 2012	-
	Navin Sharma	06 October 2017	-
	Jain Nikhil	06 February 2012	31 March 2020
<b>ADMINISTRATOR &amp; SECRETARY</b>	:		
	Anex Corporate Services Ltd (Previously Stanhope Corporate & Management Services Ltd) 8th Floor, Ebene Tower, 52, Cybercity Ebene MAURITIUS		
<b>REGISTERED OFFICE</b>	:		
	C/o Anex Corporate Services Ltd (Previously Stanhope Corporate & Management Services Ltd) 8th Floor, Ebene Tower, 52, Cybercity Ebene MAURITIUS		
<b>AUDITORS</b>	:		
	Mazars Chartered Accountants 4th Floor, Unicorn Centre Frère Félix De Valois Street Port-Louis Mauritius		
<b>BANKERS</b>	:		
	The Hongkong and Shanghai Banking Corporation Limited HSBC Centre, 18, Cybercity Ebene MAURITIUS		

**COMMENTARY OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2020**

**PRINCIPAL ACTIVITIES**

The principal activity of Elitecore Technologies (Mauritius) Limited (the "Company") is to provide computer engineering services in Mauritius.

**RESULTS AND DIVIDEND**

The company's profit for the year is **Rs 821,944** (2019 loss: Rs 86,898). The directors do not recommend the payment of any dividend in respect of the year under review.

**DIRECTORS**

The present membership of the Board is set out on page 2.

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

**AUDITORS**

Messrs Mazars has expressed their willingness to continue to act as auditor of the Company. A resolution for their appointment as auditors in accordance with Section 200(1) of the Mauritius Companies Act 2001, will be proposed at the next annual general meeting.

Authorised for issue by the Board of Directors on ..... 08 AUG 2020  
and signed on its behalf by:

L  
.....  
DIRECTOR

Navin Sharma

.....  
DIRECTOR

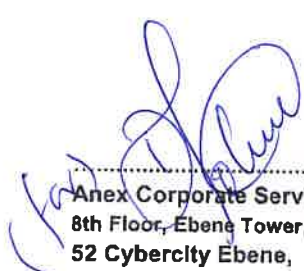
**ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED**

Page 4

**SECRETARY'S CERTIFICATE  
UNDER SECTION 166(d) OF THE COMPANIES ACT 2001**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of Elitecore Technologies (Mauritius) Limited under the Companies Act 2001 during the financial year ended 31 March 2020.



  
.....  
**Anex Corporate Services Ltd**  
8th Floor, Ebene Tower,  
52 Cybercity Ebene,  
Mauritius

Date: 08 AUG 2020

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

*Elitecore Technologies (Mauritius) Limited*

## Report on the Audit of Financial Statements

## Opinion

We have audited the accompanying financial statements of *Elitecore Technologies (Mauritius) Limited* (the "Company") on pages 8 to 21, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 8 to 21 give a true and fair view of the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the Mauritius Companies Act 2001.

## 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 Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Other information

The directors are responsible for the other information. The other information comprises the Directors' report and the Secretary's Certificate as required by the Mauritius Companies Act 2001 which we obtained prior to the date of the audit report. Other information does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### *Elitecore Technologies (Mauritius) Limited*

#### Responsibilities of Directors for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, directors are 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 directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' 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 audit report to the related disclosures in the 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### *Elitecore Technologies Mauritius Limited*

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

#### Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- a) we have no relationship with, or interests in, the Company other than in our capacity as auditors;
- b) we have obtained all the information and explanations we have required; and
- c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

#### Other matter

This report, including the opinion has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**Mazars**



**Udaysingh Taukoordass, FCA**  
Licensed by FRC

Date: 08 AUG 2020

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 Rs	2019 Rs
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	8	4,724,530	4,130,970
Cash and cash equivalents	9	69,132	653,549
<b>TOTAL ASSETS</b>		<b>4,793,662</b>	<b>4,784,519</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	10	760,600	760,600
Retained earnings		2,628,299	1,806,355
<b>Shareholders' interest</b>		<b>3,388,899</b>	<b>2,566,955</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,230,949	2,158,815
Current tax liabilities	7	173,814	58,749
<b>Total liabilities</b>		<b>1,404,763</b>	<b>2,217,564</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,793,662</b>	<b>4,784,519</b>

Authorised for issue by the Board of Directors on 08 AUG 2020  
and signed on its behalf by:

Navin S

}  
}  
}  
}  
}

Navin Sharma

DIRECTORS

Sheilendranath Boodhoo

Sheilendranath Boodhoo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Rs	2019 Rs
Revenue	2.8(b)	6,752,740	4,864,331
Direct expenses	5	<u>(5,347,648)</u>	<u>(3,831,693)</u>
<b>Gross profit</b>		<b>1,405,092</b>	<b>1,032,638</b>
Other losses - net	6	421,965	(125,282)
Other income		5,176	-
		<u>427,141</u>	<u>(125,282)</u>
<b>Operating profit</b>		<b>1,832,233</b>	<b>907,356</b>
Professional and administrative expenses		<u>(803,507)</u>	<u>(935,505)</u>
<b>Profit/(Loss) before taxation</b>		<b>1,028,726</b>	<b>(28,149)</b>
Taxation	7	<u>206,782</u>	<u>58,749</u>
<b>Profit/(Loss) for the year</b>		<b>821,944</b>	<b>(86,898)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/ (loss) for the year</b>		<u><b>821,944</b></u>	<u><b>(86,898)</b></u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020

	Stated capital Rs	Retained earnings Rs	Total Rs
At 31 March 2018	760,600	1,893,253	2,653,853
First time application of IFRS 9 and IFRS 16	-	-	-
Total comprehensive loss for the year	-	(86,898)	(86,898)
At 31 March 2019	<u>760,600</u>	<u>1,806,355</u>	<u>2,566,955</u>
At 01 April 2019	760,000	1,806,355	2,366,955
Total comprehensive profit for the year	-	821,944	821,944
At 31 March 2020	<u>760,000</u>	<u>2,628,299</u>	<u>2,388,899</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Rs	2019 Rs
<b>Cash flow from operating activities</b>			
Profit/ (Loss) before taxation		<u>1,028,726</u>	<u>(28,149)</u>
		1,028,726	(28,149)
<b>Adjustment for:</b>			
Overprovision written off		<u>-</u>	<u>26,647</u>
<b>Operating profit/ (Loss) before working</b>		1,028,726	(1,502)
Increase in trade and other receivables		(593,560)	(441,502)
(Decrease)/Increase in trade and other payables		<u>(927,866)</u>	<u>29,336</u>
<b>Cash used in operating activities</b>		(492,700)	(413,668)
Tax paid		<u>(91,717)</u>	<u>-</u>
<b>Net cash used in operating activities</b>		<u>(584,417)</u>	<u>(413,668)</u>
<b>Net decrease in cash and cash</b>		(584,417)	(413,668)
Cash and cash equivalents at beginning of the year		<u>653,549</u>	<u>1,067,217</u>
<b>Cash and cash equivalents at end of year</b>	9	<u><u>69,132</u></u>	<u><u>653,549</u></u>

The notes on pages 12 to 21 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**1 GENERAL INFORMATION**

Elitecore Technologies (Mauritius) Limited (the "Company") was incorporated on 06 February 2012 as a private company with limited liability under the Mauritius Companies Act 2001 in Mauritius. The registered office of the Company is 9<sup>th</sup> Floor, Ebene Tower, 52, Cybercity Ebene, Mauritius.

The principal activity of Elitecore Technologies (Mauritius) Limited (the "Company") is to provide computer engineering services in Mauritius.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") issued by International Standard Board ("IASB") and its related bodies. The financial statements are prepared under the historical cost convention, unless stated otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

**2.2 Changes in accounting policies and disclosures**

*New standards adopted as at 01 June 2019*

**IFRS 16 Leases**

IFRS 16 'Leases' replaces IAS 17 'Leases' with three interpretations (IFRIC 4 'Determining whether an Arrangement contains a lease', SIC 15 'operating leases - Incontinue' and SIC 27 'Evaluating the substance of Transactions involving the Legal form of a Lease').

The application of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemption to not recognise right-of-use assets but to account for the lease expense on a straight-in-line basis over the remaining lease term.

*Standards, amendments and Interpretations to existing Standards that are not effective and have not been adopted early by the*

Up to date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 May 2020 and which have not been adapted in these financial statements.

The Company is in the process of assessing what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. These include the following standards and interpretations that are applicable to the business of the entity that may have an impact on future financial statements:

- IFRS 17 - Insurance contract (effective for accounting period beginning on or after 01 January 2021)
- Amendments to IAS 1 and IAS 8 - Definition of material (effective for accounting period beginning on or after 01 January 2021)
- Amendments to IAS 3 - Definition of a business (effective for accounting period beginning on or after 01 January 2021)
- Amendments to IFRS 7, IFRS 9 and IAS 39 - Interest benchmark reform (effective for accounting period beginning on or after 01 January 2021)

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Financial instruments***(a) Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised

*(b) Classification and measurement of financial assets*

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

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

- (i) amortised cost;
- (ii) Fair Value Through Other Comprehensive Income (FVOCI) and;
- (iii) Fair Value Through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

In the periods presented, the Company does not have any financial assets categories as FVTPL.

The classification is determined by both:

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

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

**Subsequent measurement of financial assets****Financial assets at amortised cost**

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

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

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

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

*(c) Impairment of financial assets*

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Financial instruments (continued)***(c) Impairment of financial assets (continued)*

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience which includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to recovery actions; or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECL are the expected shortfall of the contractual cash flows, taking into account the risk of default at any point in the life of the financial instrument. When estimating the expected credit losses, the Company carries out an assessment of the counterparty risk of its subsidiaries in relation to the loan receivables.

The ECL measurement takes into account the historical experience of the Company such as default events relating to interest payments amongst others. The ECL measurement also considers the economic and market environment in which subsidiaries of the Company operate.

The Company considers that its subsidiaries have low credit risk taking into account the repayment history and an assessment of the financial health of the subsidiaries at the reporting date and over a definite forecast period. Additionally, the Company is exposed to a significantly low Loss Given Default by virtue of the asset backing of its subsidiaries.

The Company therefore estimates that the impact of ECL on the financial year 2020 is not significant.

*(d) Derecognition of financial assets and financial liabilities*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**2.4 Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank and in hand. Cash equivalents are short term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Offsetting**

Financial assets and liabilities are offset and the net amount reported in balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**2.6 Foreign Currencies****(a) Functional and presentation currency**

Items included in the financial statements are measured using the Mauritian Rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian Rupees, which is the Company's functional and presentation currency. The rupee is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions.

**2.7 Taxation**

The tax expense for the year comprises of current tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.8 Revenue recognition**

Revenue arises mainly from the support IT services provided by the Company. To determine whether to recognise revenue. The Company follows a 5-step process:

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

**(a) Revenue Stream**

The Company generated revenue primarily from the provision of IT support services.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Revenue recognition (continued)****(b) Dissaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is dissaggregated by primary geographical market and timing of revenue recognition:

	2020 Rs	2019 Rs
<i>Primary obligations and revenue recognition policies</i>		
IT Support services	<u>6,752,740</u>	<u>4,864,331</u>
	<u>6,752,740</u>	<u>4,864,331</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>6,752,740</u>	<u>4,864,331</u>

**(c) Performance obligations and revenue recognition policies**

Revenue is measured based the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control on a service to a customer. The following table produces information about the nature and timing of the satisfaction of performance obligations on contracts with customers, including significant payment forms and the related revenue recognition policies:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue Recognition policies
Annual Maintenance Contract (Support for IT services)	The Company provides IT support services to its holding company.  Invoices for the above services are issued on quarterly basis and are payable within 1 month.	Revenue is recognised over time on the services are provided.  The stage of completion for determining the amount of revenue to recognise is based on the actual number of hours spend at the end of each quarter.

**2.9 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**2.10 Stated capital**

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

**2.11 Leased Assets**

The Company has elected to account for short term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**3 FINANCIAL RISK MANAGEMENT****Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and on the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below:

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)****Financial risk factors (continued)****(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Currency risk**

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rate. The Company holds financial assets and liabilities denominated in foreign currencies, mainly the United States Dollar ("USD"). Consequently, the Company is exposed to the risk that the exchange rate of Rs relative to the USD may change in a manner which have a material effect on the reported values of the Company's assets and liabilities which are denominated in USD.

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

	Financial assets 2020	Financial liabilities 2020	Financial assets 2019	Financial liabilities 2019
Mauritian Rupee	884,459	1,230,949	634,311	2,158,815
USD	3,840,071	-	3,496,659	-
	<u>4,724,530</u>	<u>1,230,949</u>	<u>4,130,970</u>	<u>2,158,815</u>

The following table depicts the Company's sensitivity to a 5% appreciation or depreciation of United States Dollar against Mauritian Rupee:

	2020 Rs	2019 Rs
Impact on profit for the year	<u>192,004</u>	<u>114,734</u>

**(ii) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial

**(iii) Price risk**

Equity price risk is the risk if unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to equity price risk at year end.

**(b) Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of trade and other receivables (excluding prepayments) and cash and cash equivalents, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. Cash and cash equivalents is maintained with reputable banks. The risk is minimal on the trade and other receivables as it is with related parties. The Company also limits its credit exposure by transacting with related parties.

**(c) Liquidity risk**

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

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)****Financial risk factors (continued)****(c) Liquidity risk (continued)**

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2018 based on contractual undiscounted payments:

	Due within 1 year 2020 Rs	Total 2020 Rs	Due within 1 year 2019 Rs	Total 2019 Rs
Trade and other payables	<u>1,230,949</u>	<u>1,230,949</u>	<u>2,158,815</u>	<u>2,158,815</u>

**(d) Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, or issue new shares.

**(e) Fair values**

The management assessed the fair value of trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables approximate their carrying amounts, largely due to the short-term maturities of these instruments.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the Mauritian Rupee ("Rs").

*Calculation of loss allowance*

When maintaining ECL, the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss existing on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancement.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectations of future conditions.

**5 OPERATING PROFIT**

The following items have been charged in arriving at the operating profit:

	2020 Rs	2019 Rs
Salaries and related expenses (Note 5(a))	5,117,585	3,690,438
Professional fees	<u>182,605</u>	<u>177,801</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

**5 OPERATING PROFIT (CONTINUED)**

## 5(a) Salaries and related expenses

	2020 Rs	2019 Rs
Salaries and other related expenses	5,048,723	3,645,635
NPF, NSF and Levy	68,862	44,803
	<u>5,117,585</u>	<u>3,690,438</u>
	Number	Number
Number of employees at the end of the year	<u>4</u>	<u>2</u>

**6 OTHERS LOSS - NET**

	2020 Rs	2019 Rs
Net foreign exchange gain/ (loss) on operations	<u>421,965</u>	<u>(125,282)</u>

**7 TAXATION**

Reconciliation between the accounting loss and the actual income tax expense is presented below:

	2020 Rs	2019 Rs
(Loss) / Profit before tax	<u>1,028,726</u>	<u>(28,149)</u>
Tax calculated at 15% (2019:15%)	154,309	(4,222)
Expenses not deductible for tax purposes	44,669	62,750
Corporate social responsibility	7,804	221
Tax charge	<u>206,782</u>	<u>58,749</u>
Income tax liability	2020 Rs	2,019 Rs
At beginning of year	58,749	(26,647)
Charge for the year	206,782	58,749
Overprovision for the prior year	1	26,647
Paid during the year	<u>(91,717)</u>	<u>-</u>
At the end of year	<u>173,815</u>	<u>58,749</u>

**8 TRADE AND OTHER RECEIVABLES**

	2020 Rs	2019 Rs
Trade receivables (Note 8(b)/Note 12)	3,979,210	3,635,799
Provision for receivables impairment	<u>(139,139)</u>	<u>(139,139)</u>
Trade receivables- net	3,840,071	3,496,660
Deposits	19,490	43,414
Other receivables	864,969	590,896
	<u>4,724,530</u>	<u>4,130,970</u>

(a) The Company amounts of trade and other receivables approximate their fair values

(b) As at 31 March 2020, trade receivables of **Rs 2,580,195** (2019: Rs 1,775,770) for the Company were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2020 Rs	2019 Rs
61 to 180 days	2,441,056	1,343,480
Over 180 days	139,139	432,290
	<u>2,580,195</u>	<u>1,775,770</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

## 9 CASH AND CASH EQUIVALENTS

	2020 Rs	2019 Rs
Cash at bank	<u>69,132</u>	<u>653,549</u>

## 10 STATED CAPITAL

	2020 Number	2019 Number	2020 Rs	2019 Rs
<i>Issued and fully paid</i>				
Ordinary shares of Rs 100 each	<u>7,606</u>	<u>7,606</u>	<u>760,600</u>	<u>760,600</u>

## 11 TRADE AND OTHER PAYABLES

	2020 Rs	2019 Rs
Amount due to related company (Note 12)	-	1,007,021
Other payables	<u>1,230,949</u>	<u>1,151,794</u>
	<u>1,230,949</u>	<u>2,158,815</u>

The carrying amounts of trade and other payables approximate their fair values.

## 12 RELATED PARTY TRANSACTIONS

Name of Company	Nature of transactions	Volume of transactions		Balances Debit/(Credit)	
		2020 Rs	2019 Rs	2020 Rs	2019 Rs
Sterlite Technologies Limited	Loans	1,007,021	29,639	-	(1,007,021)
Elitecore Technologies Pvt Ltd (Dubai Branch)	Project management	<u>6,752,740</u>	<u>4,864,331</u>	<u>3,787,132</u>	<u>3,295,242</u>

The amounts due to the related companies are unsecured, interest free and repayable in demand.

## 13 LEASED PAYMENTS NOT RECOGNISED AS A LIABILITY

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term (leases with an expected term of 12 months or less). Payments made under each leases are expensed on a straight-line basis.

The expenses relating to payments not included in the measurement of the lease liability is as follows:

	2020 Rs
Short term leases	<u>378,000</u>

At 31 March 2020, the Company was committed to short term leases and the total commitment at that date was Rs 378,000.

## 14 REPORTING CURRENCY

The financial statements are presented in Mauritian rupee (Rs).

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020**

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**15 HOLDING COMPANY**

The ultimate holding company is Sterlite Technologies Limited, a company incorporated in India and listed on the BSE and NSE Stock Exchange in India.

**16 EVENTS AFTER REPORTING DATE**

There were no major events after reporting date that affect the Company financial statements for the year ended 31 May 2020.

Furthermore, management is not aware of any material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The outbreak of Corona Virus Disease ("COVID-19 outbreak") in early 2020 has had significant impact the global market and the domestic economy. The Board of directors will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Company.

This is considered to be a non-adjusting event after the reporting period. The Board of directors will continue to remain alert to the situation and monitor the performance of the Company. In the event that the financial markets and/or the overall economy are impacted for an extended period, the performance of the Company may be materially adversely affected.

**Registration No: 201501026891 (1152215 - W)**

**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**31 MARCH 2020**

**GRANT THORNTON MALAYSIA PLT**  
**CHARTERED ACCOUNTANTS**  
Member Firm of Grant Thornton International Ltd

**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)

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**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

**DIRECTORS**

Grace Amondi Odhiambo  
(Appointed on 11 November 2019)  
Radheshyam Soni (Appointed on 27 November 2019)  
Kattunga Srinivasa Rao (Appointed on 9 June 2020)  
Vaibhav Mehta (Resigned on 3 May 2019)  
Khadijah Binti Sood  
(Resigned on 11 November 2019)  
Zaiton Binti Sutor @ Sitor  
(Resigned on 11 November 2019)  
Navin Ashok Kumar Sharma  
(Resigned on 16 December 2019)  
Anshoo Gaur (Appointed on 2 May 2019 and  
resigned on 9 June 2020)

**SECRETARIES**

Fauziah Binti Mohamed  
Zaiton Binti Sutor @ Sitor  
(Resigned on 1 June 2019 and appointed on 1  
November 2019)

**REGISTERED OFFICE**

Level 1, No 11, Jalan PJU 1A/41B  
NZX Commercial Centre  
Ara Jaya, 47301 Petaling Jaya  
Selangor Darul Ehsan

**PRINCIPAL PLACE OF  
BUSINESS**

Block 6, Magnet Corporate Park  
Nr. Sola Flyover, Thaltej  
380059 Ahmedabad, India

**AUDITORS**

Grant Thornton Malaysia PLT  
(Member Firm of Grant Thornton International Ltd)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

**ELITECORE TECHNOLOGIES SDN. BHD.**

(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2020.

**PRINCIPAL ACTIVITY**

The Company is principally engaged in provide global IT products and services by undertaking projects on turnkey basis, providing hardware, software, technology business solutions, infrastructure development, service for system development, installations, maintenance, support, consulting, outsourcing, contracting activities in information technology telecommunication and network security sectors.

There have been no significant changes in the nature of these activities during the financial year.

**FINANCIAL RESULT**

	RM
Profit for the financial year	<u>676,096</u>

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**DIVIDENDS**

There were no dividends proposed, paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend for the current financial year.

**DIRECTORS**

The Directors who held office during the financial year and up to the date of this report are as follows:-

Grace Amondi Odhiambo (Appointed on 11 November 2019)

Radheshyam Soni (Appointed on 27 November 2019)

Kattunga Srinivasa Rao (Appointed on 9 June 2020)

Vaibhav Mehta (Resigned on 3 May 2019)

## **DIRECTORS (CONT'D)**

The Directors who held office during the financial year and up to the date of this report are as follows (cont'd):-

Khadijah Binti Sood (Resigned on 11 November 2019)  
Zaiton Binti Sutor @ Sitor (Resigned on 11 November 2019)  
Navin Ashok Kumar Sharma (Resigned on 16 December 2019)  
Anshoo Gaur (Appointed on 2 May 2019 and resigned on 9 June 2020)

## **DIRECTORS' FEES AND BENEFITS**

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Directors is a member, or with a company in which the Directors has a substantial financial interest.

## **INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

There was no indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year.

## **ISSUE OF SHARE AND DEBENTURES**

There were no changes in the issued and paid-up capital and no debentures were issued during the financial year.

## **DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings, there is no Director who is in office at the end of the financial year held any interest in the shares or debentures of the Company and its related corporations.

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

**OTHER STATUTORY INFORMATION (CONT'D)**

Before the financial statements of the Company were made out, the Directors took reasonable steps (cont'd):-

- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to make provision for doubtful debts or the amount written off for bad debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due;
- (b) the results of operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

**EVENT AFTER REPORTING DATE**

Subsequent event is disclosed in Note 18 to the Financial Statements.

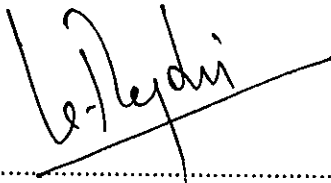


**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 12 to 43 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



RADHESHAM SONI



KATTUNGA SRINIVASA RAO

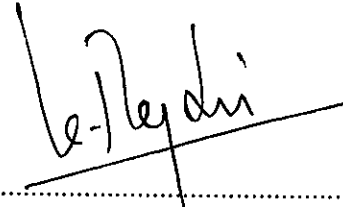
India  
14 August 2020

**STATUTORY DECLARATION**

I, Radhesham Soni, being the Director primarily responsible for the financial management of Elitecore Technologies Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 12 to 43 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, in India.

Subscribed and solemnly declared by  
the abovenamed at India  
14 August 2020

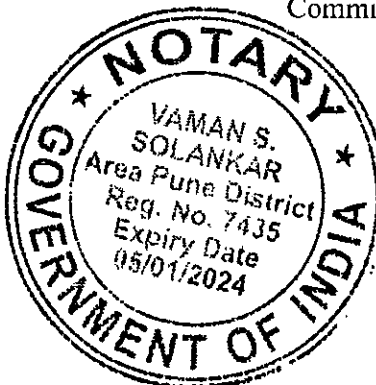
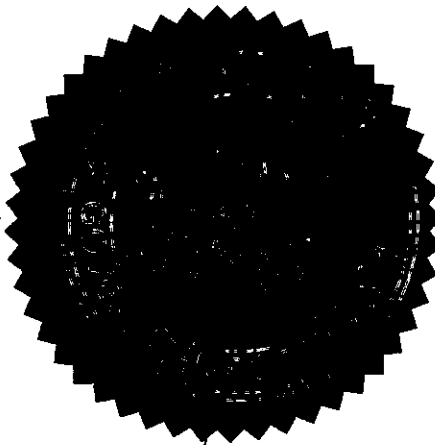
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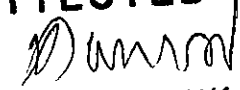
RADHESHAM SONI

Before me:

Commissioner for Oaths



**ATTESTED**

  
**VAMAN S. SOLANKAR**  
NOTARY  
GOVT. OF INDIA  
Reg. No. 7435

8 AUG 2020

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)  
Registration No: 201501026891 (1152215 - W)

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**Grant Thornton Malaysia PLT**  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

**T +603 2692 4022**

**F +603 2691 5229**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Elitecore Technologies Sdn. Bhd. ("the Company"), which comprise the statement of financial position as at 31 March 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* Section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Registration No: 201501026891 (1152215 - W)**

**Report on the Audit of the Financial Statements (cont'd)**

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Registration No: 201501026891 (1152215 - W)**

**Report on the Audit of the Financial Statements (cont'd)**

**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' 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 financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the Directors 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 identified during our audit.

Registration No: 201501026891 (1152215 - W)

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur  
21 August 2020



KISHAN NARENDRA JASANI  
(NO: 3223/12/2021(J))  
CHARTERED ACCOUNTANT

**ELITECORE TECHNOLOGIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
<b>Non-current asset</b>			
Deferred tax assets	5	13,000	17,831
Total non-current asset		13,000	17,831
<b>Current assets</b>			
Trade receivables	6	1,847,706	1,807,903
Other receivables	7	45,859	101,617
Tax recoverable		14,451	90,772
Cash and bank balances		2,014,674	1,655,906
Total current assets		3,922,690	3,656,198
<b>TOTAL ASSETS</b>		<b>3,935,690</b>	<b>3,674,029</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8	100	100
Retained earnings		1,815,320	1,139,224
Total equity		1,815,420	1,139,324
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	9	1,252,708	1,215,000
Other payables	10	248,189	266,041
Amount due to holding company	11	619,373	1,053,664
Total current liabilities/Total liabilities		2,120,270	2,534,705
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,935,690</b>	<b>3,674,029</b>

The accompanying notes form an integral part of the financial statements.

**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
Revenue	12	5,848,228	4,553,171
Cost of sales		<u>(4,621,733)</u>	<u>(4,207,367)</u>
Gross profit		1,226,495	345,804
Administration expenses		<u>(287,274)</u>	<u>(507,773)</u>
Profit/(Loss) before tax	13	939,221	(161,969)
Tax expense	14	<u>(263,125)</u>	<u>(26,721)</u>
Net profit/(loss) for the financial year		676,096	(188,690)
Other comprehensive income/(loss) for the financial year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the financial year		<u><u>676,096</u></u>	<u><u>(188,690)</u></u>

The accompanying notes form an integral part of the financial statements.

**ELITECORE TECHNOLOGIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Share <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance at 1 April 2019	100	1,327,914	1,328,014
Total comprehensive loss for the financial year	<u>-</u>	<u>(188,690)</u>	<u>(188,690)</u>
Balance at 31 March 2019	100	1,139,224	1,139,324
Total comprehensive income for the financial year	<u>-</u>	<u>676,096</u>	<u>676,096</u>
Balance at 31 March 2020	<u>100</u>	<u>1,815,320</u>	<u>1,815,420</u>

The accompanying notes form an integral part of the financial statements.

**ELITECORE TECHNOLOGIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	<u>2020</u> RM	<u>2019</u> RM
<b>OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	939,221	(161,969)
<b>Adjustment for:-</b>		
Unrealised loss on foreign exchange	<u>18,970</u>	<u>1,054</u>
Operating profit before working capital changes	958,191	(160,915)
Changes in working capital:-		
Receivables	15,955	2,042,721
Payables	19,856	(1,078,216)
Amount due to holding company	<u>(453,261)</u>	<u>(327,996)</u>
Cash generated from operations	540,741	475,594
Tax refunded	102,977	-
Tax paid	<u>(284,950)</u>	<u>(196,524)</u>
Net cash from operating activities	<u><u>358,768</u></u>	<u><u>279,070</u></u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	358,768	279,070
Brought forward	<u>1,655,906</u>	<u>1,376,836</u>
Carried forward	<u><u>2,014,674</u></u>	<u><u>1,655,906</u></u>

The accompanying notes form an integral part of the financial statements.

**ELITECORE TECHNOLOGIES SDN. BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2020**

**1. GENERAL INFORMATION**

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 1, No 11, Jalan PJU 1A/41B, NZZ Commercial Centre, Ara Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Block 6, Magnet Corporate Park, Nr. Sola Flyover, Thaltej, 380059 Ahmedabad, India.

The Directors regard Sterlite Technologies Limited, a company incorporated in India and listed on the National Stock Exchange of India, as the ultimate holding company.

The Company is principally engaged in provide global IT products and services by undertaking projects on turnkey basis, providing hardware, software, technology business solutions, infrastructure development, service for system development, installations, maintenance, support, consulting, outsourcing, contracting activities in information technology telecommunication and network security sectors.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 August 2020.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

**2.2 Basis of measurement**

The financial statements of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## **2. BASIS OF PREPARATION (CONT'D)**

### **2.3 Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (“RM”) which is the Company’s functional currency and all financial information is presented in RM unless otherwise stated.

### **2.4 MFRSs**

#### **2.4.1 Adoption of new or revised MFRSs**

The accounting policies adopted by the Company are consistent with those of the prior financial year except for the new and revised MFRSs and IC Interpretations approved by Malaysian Accounting Standards Board (“MASB”) and applicable for current financial year. Application of the new and revised MFRSs and interpretations has no material impact on financial statements of the Company, except as those explanations as disclosed in Note 4 to the Financial Statements.

#### **2.4.2 Standards issued but not yet effective**

At the date of authorisation of these financial statements, MASB has approved certain new standards, amendments and interpretations to existing standards which but are not yet effective and has not been early adopted by the Company.

The management anticipates that all of the relevant pronouncement will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement.

The initial application of new standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Company.

### **2.5 Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company’s accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

#### **2.5.1 Estimation uncertainty**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

2. **BASIS OF PREPARATION (CONT'D)**

2.5 **Significant accounting estimates and judgements (cont'd)**

2.5.1 **Estimation uncertainty (cont'd)**

**Key sources of estimation uncertainty**

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

**Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits generated from operations.

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Company's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of deductible temporary differences, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

**Provision for expected credit losses ("ECL") of receivables**

Credit losses are the differences between all contractual cash flows of the Company is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

**2. BASIS OF PREPARATION (CONT'D)**

**2.5 Significant accounting estimates and judgements (cont'd)**

**2.5.1 Estimation uncertainty (cont'd)**

**Provision for expected credit losses (“ECL”) of receivables (cont'd)**

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future.

The carrying amount of the Company's receivables at the end of the reporting date are disclosed in Notes 6 and 7 to the Financial Statements.

**Income taxes**

Significant estimation is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

**2.5.2 Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

**Determining the lease term of contracts with renewal and termination options - Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2. **BASIS OF PREPARATION (CONT'D)**

2.5 **Significant accounting estimates and judgements (cont'd)**

2.5.2 **Significant management judgements (cont'd)**

**Determining the lease term of contracts with renewal and termination options - Company as lessee (cont'd)**

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of building with shorter non-cancellable period (i.e., three to five years). The Company typically exercises the option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

**Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying value of deferred tax assets of the Company at the reporting date was RM13,000 (2019: RM17,831) as disclosed in Note 5 to the Financial Statements. If the taxable profits differ by 1% due to the change in estimated future results from operating activities, the Company's deferred tax assets will vary by RM1,300 (2019: RM1,783).

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied to financial statements for the period presented, unless otherwise stated.

#### **3.1 Leases**

##### **3.1.1 Leased assets under MFRS 117**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

##### **Operating lease**

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they are incurred.

##### **3.1.2 Leased assets under MFRS 16**

##### **The Company as lessee**

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:-

The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.

The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Leases (cont'd)

##### 3.1.2 Leased assets under MFRS 16 (cont'd)

###### The Company as lessee (cont'd)

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether (cont'd):-

The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

###### **Measurement and recognition of leases as a lessee**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Leases (cont'd)

##### 3.1.2 Leased assets under MFRS 16 (cont'd)

###### **Measurement and recognition of leases as a lessee (cont'd)**

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### 3.2 Financial instruments

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

##### 3.2.1 Financial assets

###### 3.2.1.1 Initial recognition and categorisation

At initial recognition, financial assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

At the reporting date, the Company has not designated any financial assets at FVTOCI and FVTPL. The Company carries only financial assets measured at amortised cost on its statement of financial position.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Financial instruments (cont'd)

##### 3.2.1 Financial assets (cont'd)

##### 3.2.1.1 Initial recognition and categorisation (cont'd)

###### Financial assets at amortised cost

Financial assets measures at amortised cost if both of the conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset give rise to cash flows that are SPPI on specified dates.

Financial assets at amortised cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivables, most of the other receivables and cash and cash equivalents.

##### 3.2.2 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit loss ("ECL") for all debt instrument not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Company is exposed to credit risk.

ECL is measured on either of the following bases:-

- 12-months ECL: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- Lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the terms, irrespective of the timing of the default to which ECL model applies.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Financial instruments (cont'd)**

**3.2.2 Impairment of financial assets (cont'd)**

For all other financial instruments, the Company recognises a loss allowance equal to 12-months ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

ECL are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off.

**3.2.3 Financial liabilities**

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

At the reporting date, the Company has not designated any financial liabilities at fair value through profit or loss. The Company carries only other financial liabilities measured at amortised cost on its statement of financial position.

**Other financial liabilities measured at amortised cost**

The Company's other financial liabilities include amount due to holding company and trade and most of the other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 3.2 **Financial instruments (cont'd)**

##### 3.2.4 **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset have expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred assets, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Company derecognises a financial liability when their contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### 3.2.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

Cash and cash equivalents comprise of bank balances, which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### 3.4 **Equity and reserves**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current profit and prior financial year losses.

All transactions with owners of the Company are recorded separately within equity.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.6 Revenue recognition

##### Revenue from contracts with customers

The Company recognises revenue from contracts with customers for goods or services based on the five-step model as set out below:-

- i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- iii. Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocates transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Revenue recognition (cont'd)

##### Revenue from contracts with customers (cont'd)

The Company recognises revenue from contracts with customers for goods or services based on the five-step model as set out below (cont'd):-

- v. Recognise revenue when (or as) the Company satisfies a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Company satisfies a performance obligation and recognise revenue over time if the Company's performance:-

- i. Does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to-date; or
- ii. Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii. Provides benefits that the customer simultaneously receives and consumes as the Company performs.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this give rise to a contract liability.

Revenue is measured at fair value of consideration received or receivable. The followings describe the performance obligation in contracts with customers:-

##### 3.6.1 Sales of goods and rendering of services

The Company provides global IT products and services. Revenue from providing services is recognised at over time, which is typically on services rendered. The revenue is recognised net of any related rebates, discounts and tax. The Company shall disaggregate revenue recognised from contracts with customer into categories that depict how the nature, amounting, timing and uncertainty of revenue and cash flows are effected by economic factors.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Employee benefits**

**3.7.1 Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

**3.7.2 Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Company makes such contributions to the Employee Provident Fund ("EPF").

**3.8 Tax expense**

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**3.8.1 Current tax**

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax for current and prior periods is recognised in the statement of financial position as liability (or asset) to the extent that it is unpaid (or refundable).

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.8 Tax expense (cont'd)**

**3.8.2 Deferred tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**3.9 Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.10 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity.
- (b) An entity is related to the reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group.
  - (ii) One entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
  - (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### 4. CHANGES IN ACCOUNTING POLICIES

#### 4.1 MFRS 16 Leases

The Company has adopted MFRS 16 on 1 April 2019 using the modified retrospective method which the comparative information was not restated.

##### 4.1.1 Effect of initial application

No effect of initial application to the Company as the lease of the Company is falls under short term lease exemption.

**5. DEFERRED TAX ASSETS**

	<u>2020</u> RM	<u>2019</u> RM
Brought forward	17,831	17,831
Recognised in profit or loss (Note 14)	<u>(4,831)</u>	<u>-</u>
Carried forward	<u>13,000</u>	<u>17,831</u>

Deferred tax assets are made up of temporary differences arising from:-

	<u>2020</u> RM	<u>2019</u> RM
Unutilised tax losses	-	1,000
Allowance for impairment loss on trade receivables	2,000	-
Others	<u>11,000</u>	<u>16,831</u>
	<u>13,000</u>	<u>17,831</u>

**6. TRADE RECEIVABLES**

	<u>2020</u> RM	<u>2019</u> RM
Trade receivables	1,855,320	1,515,517
Contract assets	-	300,000
Less: Allowances for impairment losses	<u>(7,614)</u>	<u>(7,614)</u>
	<u>1,847,706</u>	<u>1,807,903</u>

- 6.1 Trade receivables are unsecured, non-interest bearing and the normal trade credit terms ranged from 30 to 60 (2019: 30 to 60) days are granted for certain customers, of which short-term credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amount which represent their fair values on initial recognition. Information on financial risk of trade receivables is disclosed in Note 16 to the Financial Statements.
- 6.2 An impairment analysis performed at each reporting date using a provision of matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, and other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

6. **TRADE RECEIVABLES (CONT'D)**

6.2 Cont'd

The following table provides information about the credit risk exposure on the Company's trade receivables using a provision of matrix:-

	← Days past due →				Total RM
	Current RM	< 31 to 60 days RM	61 to 90 days RM	> 91 days RM	
<u>2020</u>					
Expected credit loss rate	Nil	Nil	Nil	Nil	
Gross carrying amount	1,287,900	-	259,806	307,614	1,855,320
Gross carrying amount (excluding individual impaired)	1,287,900	-	259,806	300,000	1,847,706
Expected credit loss (individual)	-	-	-	7,614	7,614
<u>2019</u>					
Expected credit loss rate	Nil	Nil	Nil	Nil	
Gross carrying amount	1,507,874	-	-	7,643	1,515,517
Gross carrying amount (excluding individual impaired)	1,507,874	-	-	29	1,507,903
Expected credit loss (individual)	-	-	-	7,614	7,614

The provision rates are Nil for collective impairment because there are no historical credit losses for the past financial years and there has not been a significant change in credit quality, the amounts past due are still considered recoverable.

7. **OTHER RECEIVABLES**

	<u>2020</u> RM	<u>2019</u> RM
Prepayments	4,506	30,159
Deposits	39,197	44,697
Non-trade receivables	2,156	26,581
Good and Services Tax receivable	-	180
	<u>45,859</u>	<u>101,617</u>

8. **SHARE CAPITAL**

	Number of ordinary <u>shares</u> Unit	<u>Amount</u> RM
<b>Issued and fully paid-up:-</b>		
At 31.3.2019/31.3.2020	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and ranks equally with regard to the Company's residual assets.

9. **TRADE PAYABLES**

	<u>2020</u> RM	<u>2019</u> RM
Contract liabilities	<u>1,252,708</u>	<u>1,215,000</u>
	<u>2020</u> RM	<u>2019</u> RM
At 1 April	1,215,000	1,215,000
Deferred during the financial year	1,460,100	4,860,000
Recognised as revenue during the financial year	<u>(1,422,392)</u>	<u>(4,860,000)</u>
At 31 March	<u>1,252,708</u>	<u>1,215,000</u>

10. **OTHER PAYABLES**

	<u>2020</u> RM	<u>2019</u> RM
Non-trade payables	127,989	159,041
Accruals	<u>120,200</u>	<u>107,000</u>
	<u>248,189</u>	<u>266,041</u>

11. **AMOUNT DUE TO HOLDING COMPANY**

The amount due to holding company is trade in-nature, unsecured, non-interest bearing and repayable on demand.

12. **REVENUE**

Revenue comprises the value of services rendered.

The Company's revenue disaggregated by pattern of revenue recognition is as follows:-

	<u>2020</u> RM	<u>2019</u> RM
Services rendered at over time	<u>5,848,228</u>	<u>4,553,171</u>

13. **PROFIT/(LOSS) BEFORE TAX**

Profit/(Loss) before tax has been determined after charging, amongst other items, the following:-

	<u>2020</u> RM	<u>2019</u> RM
Short-term lease expenses	122,350	-
Rental expenses	-	161,395
Unrealised loss on foreign exchange	18,970	1,054
Realised loss on foreign exchange	<u>27,969</u>	<u>81,427</u>

14. **TAX EXPENSE**

	<u>2020</u> RM	<u>2019</u> RM
Income tax		
- current financial year	263,294	5,000
- under provision in prior financial year	(5,000)	21,721
Deferred tax assets (Note 5)		
- under provision in prior financial year	<u>4,831</u>	<u>-</u>
	<u>263,125</u>	<u>26,721</u>

14. **TAX EXPENSE (CONT'D)**

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory tax rate to tax expense at the effective tax rate of the Company are as follow:-

	<u>2020</u> RM	<u>2019</u> RM
Profit/(Loss) before tax	<u>939,221</u>	<u>(161,969)</u>
Tax at Malaysian statutory tax rate of 24%	225,413	(38,873)
Tax effects in respect of:-		
Expenses not deductible for tax purposes	37,881	43,873
Under provision of deferred tax in prior financial year	4,831	-
(Over)/Under provision of tax expense in prior financial year	<u>(5,000)</u>	<u>21,721</u>
	<u>263,125</u>	<u>26,721</u>

15. **RELATED PARTY**

(a) Related party transactions

The significant related party transactions are as follow:-

	<u>2020</u> RM	<u>2019</u> RM
Operating expenses recharged by holding company	<u>815,547</u>	<u>833,912</u>

(b) Related party balances

The outstanding balances arising from related party transactions are disclosed in Note 11 to the Financial Statements.

(c) Compensation of key management personnel

Key management personnel are defined as the person having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The Company has no other members of key management personnel other than the Board of Directors.

16. FINANCIAL INSTRUMENTS

**Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Financial assets measured at amortised cost ("FA"); and  
(b) Other financial liabilities measured at amortised cost ("OFL").

	<b>Carrying amount</b> RM	<b>FA</b> RM	<b>OFL</b> RM
<b><u>2020</u></b>			
<b>Financial assets</b>			
Trade receivables	1,847,706	1,847,706	-
Other receivables	41,353	41,353	-
Cash and bank balances	<u>2,014,674</u>	<u>2,014,674</u>	<u>-</u>
	<u>3,903,733</u>	<u>3,903,733</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade payables	1,252,708	-	1,252,708
Other payables	248,189	-	248,189
Amount due to holding company	<u>619,373</u>	<u>-</u>	<u>619,373</u>
	<u>2,120,270</u>	<u>-</u>	<u>2,120,270</u>
<b><u>2019</u></b>			
<b>Financial assets</b>			
Trade receivables	1,807,903	1,807,903	-
Other receivables	71,278	71,278	-
Cash and bank balances	<u>1,655,906</u>	<u>1,655,906</u>	<u>-</u>
	<u>3,535,087</u>	<u>3,535,087</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade payables	1,215,000	-	1,215,000
Other payables	266,041	-	266,041
Amount due to holding company	<u>1,053,664</u>	<u>-</u>	<u>1,053,664</u>
	<u>2,534,705</u>	<u>-</u>	<u>2,534,705</u>

16. **FINANCIAL INSTRUMENTS (CONT'D)**

**Financial risk management objectives and policies**

**Financial risks**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Company. The Company adopts the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Company adopts the policy of dealing with reputable institutions.

Exposure to credit risk

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

	<u>2020</u> RM	<u>2019</u> RM
<b>Classes of financial assets:-</b>		
Trade receivables	1,847,706	1,807,903
Other receivables	41,353	71,278
Cash and bank balances	<u>2,014,674</u>	<u>1,655,906</u>
Carrying amount	<u>3,903,733</u>	<u>3,535,087</u>

The credit risk for bank balances are considered negligible, since the counterparties are reputable licensed financial institutions with high quality external credit ratings.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

16. **FINANCIAL INSTRUMENTS (CONT'D)**

**Financial risk management objectives and policies (cont'd)**

**Financial risks (cont'd)**

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

**(a) Credit risk (cont'd)**

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements and none of the carrying amount of financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

**Receivables**

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics except for 100% (2019: 100%) of total Company's trade receivables were due from one (2019: one) major customer.

In respect of other receivables, the Company is not subjected to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics.

The net carrying amount of receivables is considered a reasonable approximate of its fair value. The maximum exposure to credit risk is the carrying value of each class of receivables as disclosed in Notes 6 and 7 to the Financial Statements.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company does not offer credit terms without the approval of the head of credit control.

16. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Concentration of credit risk (cont'd)

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables and amount due to holding company, the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Company aims at maintaining a balance of sufficient cash and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as below:-

	Current Less than <u>1 year</u> RM	← Non-current →		Total contractual <u>cash flow</u> RM
		2-5 <u>years</u> RM	More than <u>5 years</u> RM	
<u>2020</u>				
<b>Non-derivative financial liabilities</b>				
Trade payables	1,252,708	-	-	1,252,708
Other payables	248,189	-	-	248,189
Amount due to holding company	619,373	-	-	619,373
Total undiscounted financial liabilities	<u>2,120,270</u>	<u>-</u>	<u>-</u>	<u>2,120,270</u>

# 16. FINANCIAL INSTRUMENTS (CONT'D)

## Financial risk management objectives and policies (cont'd)

### Financial risks (cont'd)

#### (b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as below:-

	Current Less than 1 year RM	← Non-current →		Total contractual cash flow RM
		2-5 years RM	More than 5 years RM	
<u>2020</u>				
<b>Non-derivative financial liabilities</b>				
Trade payables	1,215,000	-	-	1,215,000
Other payables	266,041	-	-	266,041
Amount due to holding company	<u>1,053,664</u>	<u>-</u>	<u>-</u>	<u>1,053,664</u>
Total undiscounted financial liabilities	<u>2,534,705</u>	<u>-</u>	<u>-</u>	<u>2,534,705</u>

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

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on amount due to holding company that are denominated in a currency other than the Company's functional currency. The currency giving rise to this risk is primarily USD.

Carrying amounts of the Company's exposure to foreign currency risk are as follows:-

	USD RM
<u>2020</u>	
Amount due to holding company	<u>619,373</u>
Net exposure	<u>619,373</u>
<u>2019</u>	
Amount due to holding company	<u>1,053,664</u>
Net exposure	<u>1,053,664</u>

16. **FINANCIAL INSTRUMENTS (CONT'D)**

**Financial risk management objectives and policies (cont'd)**

**Financial risks (cont'd)**

(c) **Foreign currency risk (cont'd)**

**Foreign currency sensitivity analysis**

The following table illustrates the sensitivity of the Company's profit to a reasonable possible change in RM/USD exchange rate which 'all other things being equal'.

It assumes a +/- 1% (2019: 1%) change of the RM/USD exchange rate for the financial year is deemed possible. The percentage has been determined based on average market volatility in exchange rates in previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instrument held at each reporting date.

If the RM had strengthened against the USD, then the impact would be as follows:-

	<u>2020</u> RM	<u>2019</u> RM
Effect on profit for the financial year - USD	<u>6,194</u>	<u>10,537</u>

If RM had weakened against the USD, then the impact to profit for the financial year would be the opposite effect.

Exposures to foreign exchange rate vary during the financial year depending on the amount outstanding. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

**Fair value hierarchy**

No fair value hierarchy has been disclosed as the Company does not have any financial instruments measured at fair value.

**17. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Company's approach to capital management during the financial years ended 31 March 2020 and 31 March 2019.

**18. EVENT AFTER THE REPORTING DATE**

The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 December 2020. Consequently, these restrictions are expected to have material adverse effects on the Malaysia's economy for 2020.

The COVID-19 did not have any material impact on the Company's financial statements for the financial year ended 31 March 2020. As the outbreak is expected to remain uncertainty in foreseeable future, the management of the Company will continue to monitor the development of COVID-19 closely and is in the process of assessing the future financial impact of COVID-19.