**VGL Retail Ventures Limited (formerly Genoa Jewelers Limited)**
**Consolidated Balance Sheet as at 31 March 2020**
**(All amount in USD, except share data and as stated otherwise)**

| Particulars | Notes No. | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 4,697,620 | 4,169,538 |
| Right-of-use asset | 4A | 3,536,163 | - |
| Other intangible assets | 5 | 1,516,729 | 2,385,930 |
| Intangible assets under development | 5A | 58,835 | - |
| Financial assets | | | |
| Others | 6 | 716,838 | 731,524 |
| Deferred tax assets (net) | 27 | 1,634,788 | 388,575 |
| Other non-current assets | 7 | 1,190,305 | 819,913 |
| **Total non-current assets** | | **13,351,278** | **8,495,480** |
| **Current assets** | | | |
| Inventories | 8 | 33,186,309 | 27,121,922 |
| Financial assets | | | |
| Investments | 9 | 10,242,368 | - |
| Trade receivables | 10 | 18,028,113 | 16,077,079 |
| Cash and cash equivalents | 11A | 5,323,028 | 966,041 |
| Bank balances other than above | 11B | 5,750,000 | - |
| Loans | 12 | 1,403,818 | 5,300,522 |
| Others | 6 | 1,113,505 | 1,080,944 |
| Other current assets | 13 | 4,813,273 | 14,701,977 |
| **Total current assets** | | **79,860,414** | **65,248,485** |
| **Total assets** | | **93,211,692** | **73,743,965** |
| **EQUITY AND LIABILTIES** | | | |
| **Equity** | | | |
| Equity share capital | 14A | 46,821,633 | 46,821,633 |
| Other equity | 14B | 7,139,051 | 900,052 |
| **Total equity** | | **53,960,684** | **47,721,685** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | 4A | 3,326,449 | - |
| Provisions | 15 | - | 188,207 |
| **Total non-current liabilities** | | **3,326,449** | **188,207** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 150,000 | 150,000 |
| Lease liabilities | 4A | 1,586,372 | - |
| Trade payables | | 22,779,024 | 19,110,684 |
| Other financial liabilities | 17 | 241,000 | 187,978 |
| Other current liabilities | 18 | 6,719,422 | 3,378,595 |
| Provisions | 15 | 2,522,866 | 2,878,390 |
| Current tax liabilities (net) | | 1,925,875 | 128,426 |
| **Total current liabilities** | | **35,924,559** | **25,834,073** |
| **Total liabilities** | | **39,251,008** | **26,022,280** |
| **Total equity and liabilities** | | **93,211,692** | **73,743,965** |
| Significant accounting policies | 3 | | |

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

As per our attached report of even date

*For* **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm registration number: 101248W/W-100022

*For* and on behalf of **VGL Retail Ventures Limited**

**Rajiv Goyal**
*Partner*
Membership No.: 094549

Place: Gurugram
Date: 06 July 2020

**Ghanshyam Agrawal**
*Director*

Place: Jaipur
Date: 06 July 2020

**VGL Retail Ventures Limited (formerly Genoa Jewelers Limited)**
**Consolidated Statement of Profit and Loss for the year ended 31 March 2020**
**(All amount in USD, except share data and as stated otherwise)**

| **Particulars** | **Notes No.** | **Year ended 31 March 2020** | **Year ended 31 March 2019** |
|---|---|---|---|
| Revenue from operations | 19 | 270,644,029 | 238,399,780 |
| Other income | 20 | 1,286,204 | 1,318,485 |
| **Total income** | | **271,930,233** | **239,718,265** |
| | | | |
| **EXPENSES** | | | |
| Purchases of stock-in-trade | 21 | 126,070,026 | 108,839,551 |
| Change in inventories of stock-in-trade | 22 | (6,649,946) | (4,527,805) |
| Employee benefits expense | 23 | 41,280,561 | 37,353,872 |
| Finance costs | 24 | 247,765 | 38,308 |
| Depreciation and amortisation expense | 25 | 3,780,808 | 2,906,264 |
| Other expenses | 26 | 79,260,293 | 77,081,968 |
| **Total expenses** | | **243,989,507** | **221,692,158** |
| | | | |
| **Profit before tax** | | **27,940,726** | **18,026,107** |
| | | | |
| **Tax expense** | 27 | | |
| Current tax | | 6,481,076 | 69,894 |
| Tax pertaining to earlier years | | - | 173,627 |
| Deferred tax | | (880,253) | 3,616,974 |
| **Tax expense** | | **5,600,823** | **3,860,495** |
| | | | |
| **Profit for the year (A)** | | **22,339,903** | **14,165,612** |
| | | | |
| **Other comprehensive income** | | | |
| | | | |
| (i) Items that will be reclassified to profit or loss | | (908,409) | (632,651) |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **Total other comprehensive income for the year, net of tax (B)** | | **(908,409)** | **(632,651)** |
| | | | |
| **Total comprehensive income for the year (A+B)** | | **21,431,494** | **13,532,961** |
| | | | |
| Of the total comprehensive income above | | | |
| - Profit for the year attributable to owners of the parent | | 22,339,903 | 14,165,612 |
| - Other comprehensive income attributable to owners of the parent | | (908,409) | (632,651) |
| | | | |
| **Earnings per equity share** | | | |
| Basic and diluted | 28 | 0.48 | 0.30 |
| | | | |
| Significant accounting policies | 3 | | |

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

*As per our attached report of even date*

*For* **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm registration number: 101248W/W-100022

**Rajiv Goyal**
*Partner*
Membership No.: 094549

Place: Gurugram
Date: 06 July 2020

*For* and on behalf of **VGL Retail Ventures Limited**

**Ghanshyam Agrawal**
*Director*

Place: Jaipur
Date: 06 July 2020

**VGL Retail Ventures Limited (formerly Genoa Jewelers Limited)**
**Consolidated statement of changes in Equity for the year ended 31 March 2020**
**(All amount in USD, except share data and as stated otherwise)**

**A. Equity share capital:**

**Equity shares of USD 1 each issued subscribed and fully paid**

| **Particulars** | **No. of shares** | **Amount** |
|---|---|---|
| Balance as at the 01 April 2018 | 46,821,633 | 46,821,633 |
| Change in equity share capital during the year (refer note 14A) | - | - |
| Balance as at the 31 March 2019 | 46,821,633 | 46,821,633 |
| Change in equity share capital during the year (refer note 14A) | - | - |
| **Balance at the 31 March 2020** | **46,821,633** | **46,821,633** |

**B. Other equity**

**For the year ended 31 March 2020:**

| **Particulars** | **Reserves and surplus** | **Items of OCI** | **Total** |
|---|---|---|---|
| | **Retained earnings** | **Exchange difference on translation of foreign operations** | |
| **Balance as at 01 April 2019** | 1,252,143 | (352,091) | 900,052 |
| Transition impact of Ind AS 116 | (605,440) | - | (605,440) |
| Restated balance as at 01 April 2019 | 646,703 | (352,091) | 294,612 |
| Profit of the year | 22,339,903 | - | 22,339,903 |
| Other comprehensive income (net of tax) | - | (908,409) | (908,409) |
| Interim dividend during the year ended 31 March 2020 | (14,587,055) | - | (14,587,055) |
| **Balance as at 31 March 2020** | **8,399,551** | **(1,260,500)** | **7,139,051** |

**For the year ended 31 March 2019:**

| **Particulars** | **Reserves and surplus** | **Items of OCI** | **Total** |
|---|---|---|---|
| | **Retained earnings** | **Exchange difference on translation of foreign operations** | |
| **Balance as at 01 April 2018** | (12,913,469) | 280,560 | (12,632,909) |
| Profit of the year | 14,165,612 | - | 14,165,612 |
| Other comprehensive income net of tax | - | (632,651) | (632,651) |
| **Balance as at 31 March 2019** | **1,252,143** | **(352,091)** | **900,052** |

Significant accounting policies 3

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

As per our attached report of even date

*For* **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm registration number: 101248W/W-100022

**Rajiv Goyal**
*Partner*
Membership No.: 094549

Place: Gurugram
Date: 06 July 2020

*For* and on behalf of **VGL Retail Ventures Limited**

**Ghanshyam Agrawal**
*Director*

Place: Jaipur
Date: 06 July 2020

**VGL Retail Ventures Limited (formerly Genoa Jewelers Limited)**
**Consolidated Statement of Cash flow for the year ended 31 March 2020**
**(All amount in USD, except share data and as stated otherwise)**

| | For year ended 31 March 2020 | For year ended 31 March 2019 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit for the year** | **27,940,726** | **18,026,107** |
| **Adjustments for:** | | |
| Depreciation and amortisation | 3,780,808 | 2,906,264 |
| Share based payments to employees | 241,421 | 222,008 |
| Allowances for / write off doubtful debts and advances | 2,263,130 | 3,015,973 |
| (Gain) / loss on sale of property, plant and equipment and broadcasting rights | - | (267,706) |
| Unrealised foreign exchange difference (net) | - | 3,074 |
| Liabilities no longer required written back | - | (94,612) |
| Interest income | (311,418) | (257,913) |
| Finance costs | 247,765 | 38,308 |
| **Operating profit before working capital changes** | **34,162,432** | **23,591,503** |
| ***Working capital adjustments:*** | | |
| (Increase) / decrease in trade receivables | (4,753,378) | (6,231,722) |
| (Increase) / decrease in inventories | (6,649,946) | (4,520,866) |
| (Increase) / decrease in other assets | (2,230,062) | (496,843) |
| Increase / (decrease) in trade payables, provisions, other current liabilities | 19,339,492 | (10,797,214) |
| **Cash generated from / (used in) operating activities** | **39,868,538** | **1,544,858** |
| Income taxes paid | (4,905,076) | (1,331,566) |
| **Net cash generated from / (used in) operating activities** | **34,963,462** | **213,292** |
| **B. Cash flows from investing activities** | | |
| Purchase of fixed assets | (2,462,855) | (2,355,069) |
| Purchase of current investments (net) | (10,242,368) | - |
| Proceeds from sale of property, plant and equipment and broadcasting rights | - | 265,836 |
| Interest received | 311,418 | - |
| Movement in deposit (with original maturities more than three months) | (5,750,000) | 140,670 |
| **Net cash (used in) investing activities (B)** | **(18,143,805)** | **(1,948,563)** |
| **C. Cash flows from financing activities** | | |
| Receipt against loan given to group companies | 3,972,753 | - |
| Dividend paid | (14,166,002) | - |
| Dividend distribution tax | (421,053) | - |
| Payment of lease liabilities | (1,523,876) | - |
| Interest paid | (247,765) | (38,308) |
| **Net cash (used in) financing activities (C)** | **(12,385,943)** | **(38,308)** |
| **D. Impact of movement of exchange rates** | | |
| Exchange difference on translation foreign operations | (76,727) | (21,742) |
| **Net (decrease) / increase in cash and cash equivalents (A+B+C+D)** | **4,356,987** | **(1,795,321)** |
| Opening balance of cash and cash equivalents | 966,041 | 2,761,362 |
| **Closing balance of cash and cash equivalents** | **5,323,028** | **966,041** |
| **Cash and cash equivalent comprises** | | |
| Balance with banks - current accounts | 5,311,105 | 954,120 |
| Cash on hand | 11,923 | 11,921 |
| | **5,323,028** | **966,041** |

**Significant accounting policies** 3.

**VGL Retail Ventures Limited (formerly Genoa Jewelers Limited)**
**Consolidated Statement of Cash flow for the year ended 31 March 2020**
**(All amount in USD, except share data and as stated otherwise)**

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

1 The Cash Flow Statement has been prepared under the 'indirect method' as set out in Ind AS-7 "Statement of Cash Flows", as specified under section 133 of the Companies Act, 2013.

2 Change in financial liabilities arising from financial activities

| **Particulars** | **Year ended 31 March 2020** | **Year ended 31 March 2019** |
|---|---|---|
| **Opening balance of short term borrowings** | 150,000 | 150,000 |
| Movement in short term borrowings | - | - |
| **Closing balance of short term borrowings** | **150,000** | **150,000** |

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm registration number: 101248W/W-100022

**Rajiv Goyal**
*Partner*
Membership No.: 094549

Place: Gurugram
Date: 06 July 2020

*For* and on behalf of **VGL Retail Ventures Limited**

**Ghanshyam Agrawal**
*Director*

Place: Jaipur
Date: 06 July 2020

**VGL Retail Ventures Limited (formerly Genoa Jewelers Limited)**
**Notes to Consolidated Financial Statements for the year ended 31 March 2020**
**(All amount in USD, except share data and as stated otherwise)**

## 4 Property plant and equipment

**Reconcilation of carrying amount**

| Particulars | Leasehold land | Leasehold improvement | Building | Plant and equipment | Furniture and fixtures | Office equipment | Computers | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | | | | | |
| **Balance at 01 April 2018** | - | **1,943,289** | - | **2,375,832** | **851,799** | **365,711** | **1,285,551** | - | **6,822,182** |
| Additions | 35,650 | 196,805 | 292,685 | 475,195 | 62,988 | 54,017 | 382,308 | 19,529 | **1,519,177** |
| Disposals | - | - | - | (1,268) | - | - | - | - | **(1,268)** |
| Exchange differences on translation of foreign operations | - | (42,173) | - | (89,204) | (23,540) | - | (34,014) | - | **(188,931)** |
| **Balance at 31 March 2019** | **35,650** | **2,097,921** | **292,685** | **2,760,555** | **891,247** | **419,728** | **1,633,845** | **19,529** | **8,151,160** |
| Transition impact of Ind AS 116 | **(35,650)** | - | - | - | - | - | - | - | (35,650) |
| **Restated cost as at 1 April 2019** | - | **2,097,921** | **292,685** | **2,760,555** | **891,247** | **419,728** | **1,633,845** | **19,529** | **8,115,510** |
| Additions | - | 643,882 | - | 562,937 | 42,644 | 478,431 | 306,000 | 93,376 | **2,127,270** |
| Disposals | - | - | - | - | 10,112 | 2,743 | 1,167 | - | **14,022** |
| Exchange differences on translation of foreign operations | - | (31,566) | - | (96,649) | (15,632) | - | (26,532) | (975) | **(171,354)** |
| **Balance at 31 March 2020** | - | **2,710,237** | **292,685** | **3,226,843** | **928,371** | **900,902** | **1,914,480** | **111,930** | **10,085,448** |
| **Accumulated depreciation** | | | | | | | | | |
| **Balance at 01 April 2018** | - | **582,319** | - | **891,109** | **460,871** | **114,371** | **700,831** | - | **2,749,501** |
| Depreciation for the year | - | 359,250 | **1,626** | 456,241 | 130,318 | 76,856 | 304,590 | **656** | **1,329,537** |
| Exchange differences on translation of foreign operations | - | (18,768) | - | (40,163) | (13,711) | - | (24,769) | **(5)** | **(97,416)** |
| **Balance at 31 March 2019** | - | **922,801** | **1,626** | **1,307,187** | **577,478** | **191,227** | **980,652** | **651** | **3,981,622** |
| Transition impact of Ind AS 116 | - | - | - | - | - | - | - | - | - |
| **Restated cost as at 1 April 2019** | - | **922,801** | **1,626** | **1,307,187** | **577,478** | **191,227** | **980,652** | **651** | **3,981,622** |
| Depreciation charge for the year | - | 402,946 | 9,756 | 488,655 | 106,136 | 101,422 | 378,330 | 9,981 | **1,497,226** |
| Exchange differences on translation of foreign operations | - | (17,862) | - | (40,992) | (11,815) | - | (20,070) | (281) | **(91,020)** |
| **Balance at 31 March 2020** | - | **1,307,885** | **11,382** | **1,754,850** | **671,799** | **292,649** | **1,338,912** | **10,351** | **5,387,828** |
| **Carrying amount (net)** | | | | | | | | | |
| Balance as at 01 April 2018 | - | 1,360,970 | - | 1,484,723 | 390,928 | 251,340 | 584,720 | - | **4,072,681** |
| Balance as at 31 March 2019 | 35,650 | 1,175,120 | 291,059 | 1,453,368 | 313,769 | 228,501 | 653,193 | 18,878 | **4,169,538** |
| Restated balance as at 01 April 2019 | - | 1,175,120 | 291,059 | 1,453,368 | 313,769 | 228,501 | 653,193 | 18,878 | **4,133,888** |
| Balance as at 31 March 2020 | - | 1,402,352 | 281,303 | 1,471,993 | 256,572 | 608,253 | 575,568 | 101,579 | **4,697,620** |

## 4A Right-of-use assets and lease liabilities

**Reconciliation of carrying amount:**

| Particulars | Right-of-use assets - land (a) | Right-of-use assets - building (b) | Right-of-use assets (a) + (b) |
|---|---|---|---|
| **Cost or deemed cost** | | | |
| **Balance as at 31 March 2019** | - | - | - |
| Transition impact of Ind AS 116 | 35,650 | 3,506,551 | 3,542,201 |
| **Restated cost as at 01 April 2019** | **35,650** | **3,506,551** | **3,542,201** |
| Additions | - | 1,379,379 | 1,379,379 |
| Exchange differences on translation of foreign operations | - | (106,297) | (106,297) |
| **Balance as at 31 March 2020** | **35,650** | **4,779,633** | **4,815,283** |
| **Accumulated depreciation** | | | |
| **Balance as at 31 March 2019** | - | - | - |
| Transition impact of Ind AS 116 | - | - | - |
| **Restated cost as at 01 April 2019** | **-** | **-** | **-** |
| Depreciation charge for the year | | 1,293,692 | 1,293,692 |
| Exchange differences on translation of foreign operations | | (14,572) | (14,572) |
| **Balance as at 31 March 2020** | **-** | **1,279,120** | **1,279,120** |
| | | | |
| **Carrying amount (net)** | | | |
| **Balance as at 31 March 2019** | **-** | **-** | **-** |
| **Restated balance as at 01 April 2019** | **35,650** | **3,506,551** | **3,542,201** |
| **Balance as at 31 March 2020** | **35,650** | **3,500,513** | **3,536,163** |

The aggregate depreciation expense on Right-of-use assets amounting to USD 1,293,692 is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the movement in lease liabilities during the year ended 31 March 2020:

| **Lease Liability** | **31 March 2020** |
|---|---|
| **Balance as at 31 March 2019** | - |
| Transition impact of Ind AS 116 | 4,649,728 |
| **Restated cost as at 01 April 2019** | **4,649,728** |
| Addition for new leases | 1,907,796 |
| Interest expenses | 232,790 |
| Payment of lease liability | (1,756,666) |
| Exchange differences on translation of foreign operations | (120,827) |
| **Balance as on 31 March 2020** | **4,912,821** |
| | |
| Current | 1,586,372 |
| Non - current | 3,326,449 |

As at Balance sheet date, the Company is not exposed to future cashflows relating to extension / termination options, residual value guarantees and leases not commenced to which lessee is committed.

The total amount of cashflow on account of leases for the year has been disclosed in the consolidated cashflow statement.

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

| **Maturity analysis – contractual undiscounted cash flows** | **31 March 2020** |
|---|---|
| Less than one year | 1,586,372 |
| After one year but not longer than five years | 3,326,449 |
| More than five years | |
| **Total** | **4,912,821** |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

For the transitional impact of Ind AS 116 and accounting policy, refer accounting policy section 3(m).

Rental expense recorded for short-term leases was USD 933,353 for the year ended 31 March 2020.

## 5 Other intangible assets

| Particulars | Softwares (a) | Broadcast rights (b) | Total (a) + (b) |
|---|---|---|---|
| **Cost or valuation** | | | |
| **Balance at 01 April 2018** | **5,753,015** | **2,362,908** | **8,115,923** |
| Additions | 553,437 | - | **553,437** |
| Exchange differences on translation of foreign operations | (102,302) | (187,142) | **(289,444)** |
| **Balance at 31 March 2019** | **6,204,150** | **2,175,766** | **8,379,916** |
| Additions | 175,850 | - | **175,850** |
| Exchange differences on translation of foreign operations | (75,914) | (71,554) | **(147,468)** |
| **Balance at 31 March 2020** | **6,304,086** | **2,104,212** | **8,408,298** |
| | | | |
| **Accumulated amortisation** | | | |
| **Balance at 01 April 2018** | **3,308,683** | **1,278,839** | **4,587,522** |
| Amortisation charge for the year | 1,432,322 | 144,405 | **1,576,727** |
| Exchange differences on translation of foreign operations | (57,816) | (112,447) | **(170,263)** |
| **Balance at 31 March 2019** | **4,683,189** | **1,310,797** | **5,993,986** |
| Amortisation charge for the year | 850,030 | 139,860 | **989,890** |
| Exchange differences on translation of foreign operations | (59,928) | (32,379) | **(92,307)** |
| **Balance at 31 March 2020** | **5,473,291** | **1,418,278** | **6,891,569** |
| | | | |
| **Carrying amount (net)** | | | |
| **Balance as at 31 March 2019** | **1,520,961** | **864,969** | **2,385,930** |
| **Balance as at 31 March 2020** | **830,795** | **685,934** | **1,516,729** |

## 5A Intangible assets under development

| Particulars | Intangible assets under development |
|---|---|
| **Cost or deemed cost** | |
| Balance as at 01 April 2019 | - |
| Additions | 58,835 |
| Capitalisation | - |
| **Balance as at 31 March 2020** | **58,835** |

**6 Financial assets - others**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Security deposits - unsecured, considered good | 716,838 | 731,524 |
| | **716,838** | **731,524** |
| **Current** | | |
| Interest accrued on loan to related parties | 1,113,505 | 1,080,944 |
| | **1,113,505** | **1,080,944** |

**7 Other non- current assets**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Deposits with tax authorities | 809,725 | 540,233 |
| Capital advances | 380,580 | 279,680 |
| | **1,190,305** | **819,913** |

**8 Inventories**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Stock-in-trade | 33,186,309 | 27,121,922 |
| | **33,186,309** | **27,121,922** |

**9 Financial assets - investments**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Current investments** | | |
| **Unquoted investments at FVTPL** | | |
| Wells Fargo Treasury Plus Money Market Fund: 10,242,367.97 units (31 March 2019: Nil units) | 10,242,368 | - |
| **Total current investment at FVTPL** | **10,242,368** | **-** |
| **Note:-** | | |
| Aggregate amount of unquoted investments | 10,242,368 | - |
| Aggregate amount of impairment in value of investments | - | - |

**10 Financial assets - trade receivables**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Unsecured, cosidered good | 18,028,113 | 16,077,079 |
| Doubtful | - | - |
| | 18,028,113 | 16,077,079 |
| **Loss allowance** | | |
| Unsecured, considered good | 3,379,497 | 303,191 |
| Doubtful | (3,379,497) | (303,191) |
| | - | - |
| | **18,028,113** | **16,077,079** |

**11 Cash and cash equivalent**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **A Cash and cash equivalents** | | |
| (i) Balances with banks: | | |
| Balance with banks - current accounts | 5,311,105 | 954,120 |
| (ii) Cash on hand | 11,923 | 11,921 |
| | **5,323,028** | **966,041** |
| **B. Bank balances other than above** | | |
| Bank deposits- un pledged | 5,750,000 | - |
| | **5,750,000** | **-** |

**12 Financial Assets - loans**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Current** | | |
| Loans to related parties (refer note 33) | 1,218,515 | 5,191,268 |
| Other receivables | 185,303 | 109,254 |
| | **1,403,818** | **5,300,522** |

**13 Other current assets**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| **Advances other than capital advances** | | |
| Advances to suppliers | 1,248,463 | 12,102,715 |
| **Others** | | |
| Prepaid expenses | 2,021,224 | 2,599,262 |
| Other advances | 1,543,586 | - |
| | **4,813,273** | **14,701,977** |

## 14A Equity share capital

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Issued, subscirbed and fully paid up** | | |
| 46,821,633 (31 March 2019: 46,821,633) equity shares of USD 1 each | 46,821,633 | 46,821,633 |
| | **46,821,633** | **46,821,633** |

**Reconciliation of number of shares outstanding at the beginning and at the end of financial year:**

| Equity shares of USD 1 each issued, subscribed and fully paid | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | No of shares | Amount | No of shares | Amount |
| Balance at the beginning of the year | 46,821,633 | 46,821,633 | 46,821,633 | 46,821,633 |
| Shares issued during the year | - | - | - | - |
| Balance at the end of the year | **46,821,633** | **46,821,633** | **46,821,633** | **46,821,633** |

**b) Terms / rights attached to equity shares**

The Company has one class of equity shares having a par value of USD 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Details of shareholding more than 5% shares in the Company:**

| Name of the shareholder | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | % of Holding | No. of shares | % of Holding | No. of shares |
| Vaibhav Global Limited | 100 | 46,821,633 | 100 | 46,821,633 |

**d)** The ultimate holding company is Brett Enterprises Private Limited (previously known as Brett Plastic Private Limited) w.e.f. 29 May 2018

**e)** There are no bonus shares, shares issued for consideration other than cash or shares bought back during the period of five years immediately preceding the reporting date.

## 14B Other equity

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **a) Reserves and surplus** | | |
| **Retained earnings** | | |
| Opening balance | 1,252,143 | (12,913,469) |
| Transition impact of Ind AS 116 | (605,440) | - |
| Net profit for the year | 22,339,903 | 14,165,612 |
| Interim dividend during the year ended 31 March 2020 | (14,166,002) | - |
| Dividend distribution tax | (421,053) | - |
| **Closing balance** | **8,399,551** | **1,252,143** |
| **b) Items of other comprehensive income (net of tax)** | | |
| **Foreign currency translation reserve** | | |
| Opening balance | (352,091) | 280,560 |
| Movement during the year | (908,409) | (632,651) |
| **Closing balance** | **(1,260,500)** | **(352,091)** |
| **Other equity** | **7,139,051** | **900,052** |

## 14C Nature of reserves

**a) Retained earnings**

Retained earnings comprises of prior years undistributed earnings after taxes.

**Dividends**

The following dividends were declared and paid by the Company during the year:

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Interim dividend during the year ended 31 March 2020 | 14,166,002 | - |
| Dividend distribution tax | 421,053 | - |
| | **14,587,055** | **-** |

## 15 Provisions

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **A. Current** | | |
| **Other provision** | | |
| Provision for expected sales returns | 2,522,866 | 2,819,423 |
| Provision for lease equalisation | - | 58,967 |
| **Total other current provisions** | **2,522,866** | **2,878,390** |
| | | |
| **B. Non - current** | | |
| **Other provision** | | |
| Provision for lease equalisation | - | 188,207 |
| **Total other non-current provisions** | **-** | **188,207** |
| | | |
| **Total non current provisions** | **-** | **188,207** |
| | | |
| Current | 2,522,866 | 2,878,390 |
| Non-current | - | 188,207 |

| Particulars | Provision for lease equalisation | |
|---|---|---|
| | **31 March 2020** | **31 March 2019** |
| Opening balance at the beginning of the year | 247,174 | 328,267 |
| Transition impact of Ind AS 116 | (247,174) | - |
| Restated opening balance at the beginning of the year | - | 328,267 |
| Provision made during the year | - | - |
| Provision utilised during the year | - | (81,093) |
| **Closing balance at the end of the year** | **-** | **247,174** |

## 16 Financial liabilities - borrowings

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Loan repayable on demand** | | |
| Loan from related parties (refer note 33) | 150,000 | 150,000 |
| **Net current borrowings** | **150,000** | **150,000** |

## 17 Other financial liabilities - current

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Employee benefit payables | 204,890 | 187,978 |
| Other payables | 36,110 | - |
| **Total other current financial liabilities at amortised cost** | **241,000** | **187,978** |

## 18 Other current liabilities

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Statutory dues payable | 3,011,101 | 2,974,907 |
| Advance from customers | 1,066,831 | 403,688 |
| Other liabilities | 2,641,490 | - |
| **Total other current liabilities** | **6,719,422** | **3,378,595** |

## 19 Revenue from operations:

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Sale of products | 270,644,029 | 238,399,780 |
| **Total** | **270,644,029** | **238,399,780** |

## 20 Other income

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Interest | 311,418 | 257,913 |
| Liabilities no longer required written back | - | 94,612 |
| Gain on sale of broadcasting rights and fixed assets | - | 267,706 |
| Miscellaneous income | 974,786 | 698,254 |
| **Total** | **1,286,204** | **1,318,485** |

## 21 Purchases of stock-in-trade

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Purchases of stock-in-trade | 126,070,026 | 108,839,551 |
| | **126,070,026** | **108,839,551** |

## 22 Change in inventories of stock-in-trade

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Opening stock-in-trade | 27,121,922 | 23,328,752 |
| Closing stock-in-trade | 33,186,309 | 27,121,922 |
| Loss on translation of stock at average rate | (585,559) | (734,635) |
| **Increase in stock-in-trade** | **(6,649,946)** | **(4,527,805)** |

## 23 Employee benefits expense

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Salaries and wages | 34,543,568 | 31,140,124 |
| Contribution to employee benefits funds | 3,190,584 | 2,578,335 |
| Share based payments to employees | 241,421 | 222,008 |
| Staff welfare expenses | 3,304,988 | 3,413,405 |
| | **41,280,561** | **37,353,872** |

## 24 Finance costs

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Other borrowing costs | 247,765 | 38,308 |
| | **247,765** | **38,308** |

## 25 Depreciation and amortisation expense

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Deprecitaion of property, plant and equipment | 1,497,226 | 1,329,537 |
| Depreciation of right-of-use assets | 1,293,692 | - |
| Amortisation of intangible assets | 989,890 | 1,576,727 |
| | **3,780,808** | **2,906,264** |

## 26 Other expense

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **a. Direct expenses** | | |
| Other direct expenses | 1,440,926 | 1,364,205 |
| | **1,440,926** | **1,364,205** |
| **b. Administrative & selling expenses** | | |
| Rent | 933,353 | 2,055,716 |
| Rates and taxes | 923,537 | 444,100 |
| Insurance | 301,183 | 286,655 |
| Travelling and conveyance | 1,046,058 | 891,166 |
| Legal and professional fees (refer note 26A) | 773,047 | 688,289 |
| Postage and telephone | 534,552 | 492,319 |
| Printing and stationery | 160,915 | 154,246 |
| Repairs and maintenance - others | 353,489 | 308,630 |
| Donation | 480,515 | 455,857 |
| Advertising and sales promotion | 2,909,088 | 2,025,204 |
| Security expenses | 759,073 | 690,869 |
| Directors sitting fees | 1,500 | - |
| Allowances for doubtful debts and advances (including written off) | 2,263,130 | 3,015,973 |
| Content and broadcasting | 30,558,610 | 32,548,254 |
| Call handling and collection charges | 11,704,450 | 11,478,357 |
| Packing and distribution charges | 21,496,270 | 17,733,286 |
| Information technology expenses | 1,429,186 | 1,501,763 |
| Miscellaneous expenses | 1,191,411 | 947,079 |
| | **77,819,367** | **75,717,763** |
| **Total** | **79,260,293** | **77,081,968** |

## 26A Payment to auditors

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| As auditor | 3,378 | 2,524 |
| **Total** | **3,378** | **2,524** |

## 27 Tax expenses

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **A Tax expense charged to statement of profit and loss** | | |
| Current tax | 6,481,076 | 69,894 |
| Current tax earlier year | - | 173,627 |
| | **6,481,076** | **243,521** |
| Deferred tax | | |
| Attributable to: | | |
| Original and reversal of temporary differences | (880,253) | 3,616,974 |
| | **(880,253)** | **3,616,974** |
| | **5,600,823** | **3,860,495** |

### B Reconciliation of effective tax rate

| Particulars | Year ended 31 March 2020 | | Year ended 31 March 2019 | |
|---|---|---|---|---|
| | % | Amount | % | Amount |
| **Profit before tax** | | **27,940,726** | | **18,026,107** |
| Tax expense as per statutory income tax rate of Holding Company | 15.00% | 4,191,109 | 0.00% | - |
| Differences in tax rates in foreign jurisdictions | 5.41% | 1,511,489 | 20.05% | 3,614,199 |
| Employee stock compensation cost | 0.17% | 47,617 | 0.24% | 43,693 |
| Income tax adjustment related to earlier year | 0.00% | - | 0.96% | 173,627 |
| Others | -0.53% | (149,392) | 0.16% | 28,976 |
| | **20.05%** | **5,600,823** | **21.42%** | **3,860,495** |

### C Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Property, plant and equipment | (264,125) | (208,297) |
| Provision for employee benefits | (65,610) | (32,805) |
| Other items | 1,964,523 | 629,677 |
| Tax losses carried forward | - | - |
| | **1,634,788** | **388,575** |

### D Movement in temporary differences

| Particulars | Property, plant and equipment | Provision-employee benefits | Other items | Tax losses carried forward | Total |
|---|---|---|---|---|---|
| **Balance as at 01 April 2018** | **165,248** | **-** | **250,850** | **3,670,221** | **4,086,319** |
| Recognised in profit and loss during the year | (373,545) | (32,805) | 378,827 | (3,670,221) | (3,697,744) |
| **Balance as at 31 March 2019** | **(208,297)** | **(32,805)** | **629,677** | **-** | **388,575** |
| Recognised in profit and loss during the year | (55,828) | (32,805) | 1,334,846 | - | 1,246,213 |
| **Balance as at 31 March 2020** | **(264,125)** | **(65,610)** | **1,964,523** | **-** | **1,634,788** |

## 28 Earning per share

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| **Basic and diluted earning per share** | | |
| The calculation of profit attributable to equity shareholders and weighted average numbers of equity shares outstanding for purpose of basic and diluted earning per share calculation are as follows | | |
| i. Profit for the year, attributable to equity holders | 22,339,903 | 14,165,612 |
| ii. Weighted average number of equity shares for basic and diluted EPS | | |
| Opening balance | 46,821,633 | 46,821,633 |
| Effect of share options exercised | - | - |
| **Weighted average number of equity shares** | **46,821,633** | **46,821,633** |
| iii. Basic and diluted earning per share | 0.48 | 0.30 |

## 29. Share-based payments

**a) Vaibhav Global Limited, Employee Stock Options Plan (As amended) - 2006**

Employees of the Group participates in the Vaibhav Global Limited, Employee Stock Option Plan -2006 established by the Immediate Holding Company Company (i.e. Vaibhav Global Limited), whereby employees render services as consideration for equity instruments (equity-settled transactions). The Nomination and Remuneration Committee of the Immediate Holding Company decides upon the eligibility of employees and the number of options to be issued. The exercise price of the share options shall be the market price which would be the latest available closing price of the shares on the stock exchange, which records the highest trading volume of the Immediate Holding Company shares on the date prior to date of meeting of the Nomination and Remuneration Committee at which the options are granted, or otherwise decided by the Committee. Out of stock option granted, 20% stock option will vest at the end of one year from the date of Grant, 30% at the end of the second year and balance 50% at the end of third year. The fair value of the share options is estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest. The exercise period for all the options under various tranches is 7 years from the date of vesting.

The shared based payment expenses is recharged by the Immediate Holding Company and charged to Statement of Profit and Loss of the Group over the vesting period. The Immediate Holding Company has constituted " Vaibhav Global Employee Stock Option Welfare Trust" to administer and implement various ESOP schemes.

**b) Reconciliation of outstanding share options:-**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | **Number** | **WAEP (Rs.)** | **Number** | **WAEP (Rs.)** |
| Outstanding at beginning of the year | 597,967 | 528.17 | 517,116 | 463.10 |
| Granted during the year | 200,350 | 712.28 | 182,250 | 711.70 |
| Forfeited during the year | (110,277) | 643.83 | (76,032) | 608.09 |
| Exercised during the year * | (176,830) | 412.10 | (25,367) | 257.01 |
| **Outstanding at the end of the year** | **511,210** | **615.46** | **597,967** | **528.17** |

The following tables list the inputs to the models used for the three series for the years ended 31 March 2020 and 31 March 2019, respectively:

| **Series** | 31 March 2020 | | | | 31 March 2019 | |
|---|---|---|---|---|---|---|
| | **X** | **Y** | **Z** | **AA** | **U** | **V** |
| Stock price of option as on Grant Date | 768.70 | 866.65 | 816.50 | 999.20 | 711.85 | 682.25 |
| Exercise price of option | 680.40 | 852.84 | 812.94 | 901.06 | 711.85 | 682.25 |
| Risk free rate | 7.82% to 8.00% | 7.82% to 8.00% | 5.76% to 6.41% | 5.41% to 5.80% | 7.74% to 7.94% | 7.78% to 7.98% |
| Volatility | 31.17% to 39.01% | 31.13% to 38.65% | 28.51% to 35.96% | 27.11% to 34.93% | 42.22% to 43.79% | 42.78% to 43.79% |

**c)** The expense recognised for employee services received during the year is shown in the following table:

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Expense arising from equity-settled share-based payment transactions | 241,421 | 222,008 |
| **Total expense arising from share-based payment transactions** | **241,421** | **222,008** |

There were no cancellations or modifications to the awards in 31 March 2020 and 31 March 2019.

**30 Contingent liabilities and commitments**

A) The Group has certain pending litigations and claims filed by various forums / authorities and third parties in the normal course of business. The Group has reviewed all pending litigations and claims files by various forums / authorities and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. In the opinion of management and legal advice obtained, the claims filed by third parties are speculative and frivolous and amount is unquantifiable at this point of time. The Group also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Group.

B)

The Holding Company and its various subsidiaries are required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The Group appoints independent consultants annually for conducting transfer pricing studies to determine whether transactions with associate enterprises undertaken during the financial year, are on an arm’s length basis. Adjustments, if any, arising from the transfer pricing studies in the respective jurisdictions will be accounted for when the study is completed for the current financial year. The management is of the opinion that its transactions with associates are at arm’s length so that the outcome of the studies to corroborate compliance with legislation will not have any material adverse impact on the financial statements.

**31 Segment reporting**

As per Ind AS 108 ‘Operating Segments’, the Group has disclosed the segment information only as part of the consolidated financial statements of Vaibhav Global Limited .

**32 Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The board of directors of the holding Company seeks to maintain a balance between the higher returns that might be possible with the higher level of borrowings and the advantages and security afforded by a sound capital position. The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as short term borrowing less cash and cash equivalents. Adjusted equity comprises of all components of equity. The Group's adjusted net debt to equity ratio as at 31 March 2020 is as follows:

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Net debt (refer note 16) | 150,000 | 150,000 |
| Cash and cash equivalents (refer note 11A) | (5,323,028) | (966,041) |
| Bank balances other than above (refer note 11B) | (5,750,000) | - |
| **Net debt** | **(10,923,028)** | **(816,041)** |
| | | |
| Equity share capital (refer note 14A) | 46,821,633 | 46,821,633 |
| Other equity (refer note 14B) | 7,139,051 | 900,052 |
| **Total equity** | **53,960,684** | **47,721,685** |
| | | |
| **Net debt to equity ratio** | **(0.20)** | **(0.02)** |

## 33 Related party transactions

### i) List of related parties :

**A. Ultimate holding company**

Brett Enterprises Private Limited (previously known as Brett Plastics Private Limited) w.e.f. 29 May 2018

**B. Immediate holding Company**

Vaibhav Global Limited

**C. Fellow subsidiary companies**

1. STS Jewels Inc. USA
2. STS Gems Japan Limited, Japan
3. STS Gems Limited, Hong Kong
4. PT STS Bali, Indonesia
5. STS Gems Thai Limited, Thailand
6. STS (Guangzhou) Trading Limited, China

**D. Director:**

1 Mr. Harsh Bahadur (w.e.f 01 April 2019)
2 Mr. Sital Tolaram (w.e.f 30 September 2019)
3 Mrs. Deepti Agarwal (w.e.f 30 September 2019)
4 Bibi Shamima Mallam-Hassam (w.e.f 30 September 2019)
5 Mr. Ghanshyan Agrawal (w.e.f 30 September 2019)
6 Mr. Sunil Agrawal (upto 30 September 2019)
7 Mr. Rahimullah (upto 30 September 2019)

**ii) (a) Details of related party transactions:**

| Type of transaction | Vaibhav Global Limited, India | STS Jewels Inc. USA | STS Gems Japan Limited, | STS Gems Limited, Hong Kong | STS (Guangzhou) Trading Limited Company | PT STS Bali | STS Gems Thai Limited | Total |
|---|---|---|---|---|---|---|---|---|
| **Transactions during the year ending 31 March 2020:** | | | | | | | | |
| Sale of goods | 815,337 | 51,387 | - | 65,273 | - | 8,965 | - | 940,963 |
| Purchase of goods | 53,446,907 | 4,753,548 | - | 27,173,109 | 2,460,477 | 4,783,303 | 6,258,004 | 98,875,348 |
| Receipt against loan given to group compani | - | - | - | 3,973,373 | - | - | - | 3,973,373 |
| Interest expenses | - | - | - | - | - | - | 7,500 | 7,500 |
| Interest income | - | 21,900 | - | 36,344 | - | - | - | 58,244 |

| Type of transaction | Vaibhav Global Limited | STS Jewels Inc. USA | STS Gems Japan Limited | STS Gems Limited, Hong Kong | STS (Guangzhou) Trading Limited Company | PT STS Bali | STS Gems Thai Limited | Total |
|---|---|---|---|---|---|---|---|---|
| **Transactions during the year ending 31 March 2019:** | | | | | | | | |
| Sale of goods | 212,268 | 35,629 | - | 50,933 | - | - | - | 298,830 |
| Purchase of goods | 49,247,994 | 3,624,373 | - | 30,039,124 | 84,189 | 2,961,673 | 5,574,694 | 91,532,047 |
| Interest income | - | 21,900 | - | 234,089 | - | - | - | 255,989 |

**(b) Details of balances with related party:**

| Type of transaction | Vaibhav Global Limited | STS Jewels Inc. USA | STS Gems Japan Limited | STS Gems Limited, Hong Kong | STS (Guangzhou) Trading Limited Company | PT STS Bali | STS Gems Thai Limited | Total |
|---|---|---|---|---|---|---|---|---|
| **Balances as at 31 March 2020:** | | | | | | | | |
| Amount receivable | 499,207 | 747,770 | - | 231,202 | 329,355 | 62,902 | 3,057 | 1,873,493 |
| Amount payable | 5,096,645 | 235,992 | - | 4,977,983 | 14,544 | 590,386 | 984,093 | 11,899,644 |
| Loan receivable | - | 730,000 | 3,330 | 485,185 | - | - | - | 1,218,515 |
| Loan payable | - | - | - | - | - | - | 150,000 | 150,000 |

| Type of transaction | Vaibhav Global Limited | STS Jewels Inc. USA | STS Gems Japan Limited | STS Gems Limited, Hong Kong | STS (Guangzhou) Trading Limited Company | PT STS Bali | STS Gems Thai Limited | Total |
|---|---|---|---|---|---|---|---|---|
| **Balances as at 31 March 2019:** | | | | | | | | |
| Amount receivable | 143,122 | 2,756,293 | - | 207,356 | - | - | - | 3,106,771 |
| Amount payable | 1,488,814 | 815,978 | - | 5,320,510 | 61,329 | 492,586 | 525,938 | 8,705,155 |
| Advances to suppliers | 11,497,493 | - | - | - | - | - | - | 11,497,493 |
| Loan receivable | - | 730,000 | 2,710 | 4,458,558 | - | - | - | 5,191,268 |
| Loan payable | - | - | - | - | - | - | 150,000 | 150,000 |

**(c) Details of related party transactions with key management personnel (including relative):**

| Type of transaction | Mr. Sunil Agrawal | Other directors |
|---|---|---|
| **Transaction during the year ending :** | | |
| Remuneration | | |
| - 31 March 2020 | 315,578 | - |
| - 31 March 2019 | 372,829 | - |
| Director sitting fees | | |
| - 31 March 2020 | - | 1500 |
| - 31 March 2019 | - | - |

## 34 Fair value measurements

### (i) Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts are set out below:

| As on 31 March 2020 | Note No. | FVTPL | FVTOCI | Amortised Cost | Total Carrying Value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 11A | - | - | 5,323,028 | 5,323,028 |
| Bank balance other than above | 11B | - | - | 5,750,000 | 5,750,000 |
| Loans- current | 12 | - | - | 1,403,818 | 1,403,818 |
| Trade receivables | 10 | - | - | 18,028,113 | 18,028,113 |
| Other non current financial asset | 6 | - | - | 716,838 | 716,838 |
| | | - | - | **31,221,797** | **31,221,797** |
| **Financial liabilities** | | | | | |
| Borrowings | 16 | - | - | 150,000 | 150,000 |
| Trade payables | | - | - | 22,779,024 | 22,779,024 |
| Other current financials liabilities | 17 | - | - | 241,000 | 241,000 |
| | | - | - | **22,929,024** | **22,929,024** |

| As on 31 March 2019 | Note No. | FVTPL | FVTOCI | Amortised Cost | Total Carrying Value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 11A | - | - | 966,041 | 966,041 |
| Bank balance other than above | 11B | - | - | - | - |
| Loans- current | 12 | - | - | 5,300,522 | 5,300,522 |
| Trade receivables | 10 | - | - | 16,077,079 | 16,077,079 |
| Other non current financial asset | 6 | - | - | 731,524 | 731,524 |
| | | - | - | **23,075,166** | **23,075,166** |
| **Financial liabilities** | | | | | |
| Borrowings | 16 | - | - | 150,000 | 150,000 |
| Trade payables | | - | - | 19,110,684 | 19,110,684 |
| Other current financials liabilities | 17 | - | - | 187,978 | 187,978 |
| | | - | - | **19,448,662** | **19,448,662** |

### (ii) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

**a) Level 1:**

Level 1 hierarchy includes financial instrument measured using quoted prices. This includes listed equity instruments that have a quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period end.

**b) Level 2:**
If inputs required to fair value an instrument other than quoted prices included within Level 1 are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), the instruments are included in Level 2.

**c) Level 3:**
If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3.

**Financial assets and liabilities measured at fair value- recurring fair value measurements**

| Financial Instruments | As at 31 March 2020 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | |
| Investments (unquoted) | - | 10,242,368 | - |
| **Total** | - | **10,242,368** | - |

| Financial Instruments | As at 31 March 2019 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | |
| Investments (unquoted) | | - | - |
| **Total** | - | - | - |

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with income approach, unless the carrying value is considered to approximate to fair value.
- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

**35 Employee benefitt obligations**

**(A) Defined Contribution Plan**

The Group has contributed USD 3,190,584 (31 March 2018: USD 2,578,335) towards defined contribution plans of subsidiaries companies.

**36 Financial risk management objective and policies**

This section gives an overview of the significance of financial instruments for the Group and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in respective notes.

**Risk management framework**

The Group being driven by the market forces, its businesses are subject to several risks and uncertainties including financial risks. The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to, in the course of their daily operations.

The risk management policies cover areas around all identified business risks including commodity price risk, foreign exchange risk etc., Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Group has in place risk management processes in line with the Group's policy. Each significant risk has an owner, who coordinates the Risk Management Process.

The risk management framework aims to:

- Better understand our risk profile;
- Understand and better manage the uncertainties which impact our performance;
- Contribute to safeguarding Group value and interest of various stakeholders;
- Ensure that sound business opportunities are identified and pursued without exposing the business to an unacceptable level of risk;
- Improve compliance with good corporate governance guidelines and practices as well as laws and regulations, and
- Improve financial returns

**Treasury management**

The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury operates as per the delegation of authority from the Board. Day-to-day treasury operations are managed by Group's finance team. Long-term fund raising including strategic treasury initiatives are handled by a Treasury team. A monthly reporting system exists to inform senior management of investments, debt, currency. The Group has a strong system of internal control which enables effective monitoring of adherence to Group's policies.

**Financial Risk**

The Group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimise interest through proven financial instruments.

**(a) Liquidity**

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Group remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening balance sheet. The maturity profile of the Group's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group.

| | As on 31 March 2020 | | | |
|---|---|---|---|---|
| | **< 1 Year** | **1 - 3 Year** | **>3 Year** | **Total** |
| Current borrowings | 150,000 | - | - | 150,000 |
| Trade and other payables | 22,779,024 | - | - | 22,779,024 |
| **Total** | **22,929,024** | **-** | **-** | **22,929,024** |

| | As on 31 March 2019 | | | |
|---|---|---|---|---|
| | **< 1 Year** | **1 - 3 Year** | **>3 Year** | **Total** |
| Current borrowings | 150,000 | - | - | 150,000 |
| Trade and other payables | 19,110,684 | - | - | 19,110,684 |
| **Total** | **19,448,662** | **-** | **-** | **19,448,662** |

**(b) Foreign exchange risk**

The Group is exposed to foreign exchange risk arising primarily from US Dollar and EURO. The Group is subject to the risk that changes in foreign currency values impact the Group purchases from overseas suppliers in foreign currency and foreign currency denominated borrowings.
The exchange rate between USD and GBP has impact on results of the Group's operations. Consequently, the results of the Group's operations get affected as the GBP appreciates/ deprecites against USD.

The exchange rate risk is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the statements of profit or loss and statements of comprehensive income.

**The summary of exposure of financial assets and liablities to the currency risk is as follows:**

| | Financial assets | |
|---|---|---|
| | **31 March 2020** | **31 March 2019** |
| GBP to USD | 36,765 | - |

| | Financial liabilities | |
|---|---|---|
| | **31 March 2020** | **31 March 2019** |
| GBP to USD | - | 191,438 |

**Foreign currency sensitivity**

The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 5% against the functional currency of the Group.

A 5% appreciation / depreciation of the respective foreign currencies with respect to the functional currency would result in net increase / decrease in the Group's profit and equity for the fiscal year 2020 and 2019 by USD 329,506 and USD 241,371 respectively.

**(c) Counterparty and concentration of credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables), deposits with banks, short-term investments, foreign exchange transactions and other financial assets. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Trade rceviables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are wholesale or end-user customer, their geographic location, trade history with the Group. An impairment analysis is performed quarterly and collectively for large number of end-user customers. The calculation is based on historical experience/ current facts available in relation to default and delays in collection thereof.

The management historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets. Refer note 11 for exposure to trade receviables.

**37** During the current year, the Company has sold its 100% investment in its wholly owned subsidiary Shop LC Global Inc, USA to its wholly owned subsidiary Shop TJC Limited, UK (formerly The Jewellery Channel Limited, UK). This has resulted into Shop LC Global Inc, USA becoming subsidiary of Shop TJC Limited, UK.

**38** Considering business convenience and operational advantages, the Company changed it's domicile from British Virgin Island (BVI) to Mauritius. Accordingly during the year, the company was de-registered in British Virgin Island and registered in Mauritius. The property, rights or obligations of the continuing company will not be affected nor will any proceedings by or against the continuing company.

**39** The Group retail's businesses i.e. Shop LC in US and TJC in UK, continue to operate as usual . Based on the latest announcement by the authorities in Texas, Shop LC operations are a part of the 'Essential Businesses' category and as per the UK government guidance, online retail businesses are encouraged to remain open. Hence, business activities and revenue continues in usual course in US and UK and Group is taking necessary precautions for the safety of its employees, partners and customers. We haven't witnessed any material disruption in local sourcing in US and UK.

The Group has made detailed assessments of its liquidity position and of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, investments, receivables and other current assets as at the balance sheet date and on the basis of evaluation based on the current estimates has concluded that no material adjustments is required in these financial statements. Given the uncertainties associated with nature, condition and duration of COVID- 19, the impact assessment on the Group's financial statements will be continuously made and provided for as required.

As per our attached report of even date

*For* **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

**Rajiv Goyal**
*Partner*
Membership No.: 094549

Place: Gurugram
Date: 06 July 2020

*For* and on behalf of **VGL Retail Ventures Limited**

**Ghanshyam Agrawal**
*Director*

Place: Jaipur
Date: 06 July 2020

## 1. Reporting entity

VGL Retail Ventures Limited, Mauritius (hereinafter referred to as 'the Company') was incorporated in the British Virgin Island ("BVI") on 02 June 2004 as an International Business Company and had its registered office at Commonwealth Trust Limited, Drake Chambers, Tortola, British Virgin Island. The Company was initially known as Nominworth Ltd and later changed its name to Genoa Jewelers Ltd on 14 July 2005.

The Company was redomiciled in Mauritius and registered as a Private Company limited by shares under the laws of Mauritius and governed by the Mauritius Companies Act, 2001 on 10 December 2019 and licensed under the Financial Services Commission to operate as a Global Business Company on 16 January 2020. On 06 March 2020, the Board approved the change of name of the Company from Genoa Jewelers Ltd to VGL Retail Ventures Ltd. The name change was approved by the Registrar of Companies on 14 April 2020.

The principal activity of the Company is to act as an investment holding company. The Company has been re-domiciled from BVI to support its sole shareholder, Vaibhav Global Limited, a listed Company in India and having registered office address at K-6 B Fateh Tiba, Adarsh Nagar, Jaipur 302004, India by sourcing jewellery and lifestyle products from various countries, support existing overseas operations and exploring other growth avenues for the Company and its affiliates. Additionally, the Company would take advantage of the strategic geographical location of Mauritius for the purpose of trading activities.

## 2. Basis of preparation

### a. Statement of compliance

These special purpose Ind AS Consolidated Financial Statements (hereinafter referred to as "consolidated financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) of the Companies Act, 2013, as applicable to the consolidated financial statements. These consolidated financial statements (hereinafter referred to as "consolidated financial statements") have been prepared on the request of the Holding Company to comply with the financial reporting requirement in India.

As the Company is not domiciled in India and hence not registered under Companies Act, 2013, these consolidated financial statements have not been prepared to fully comply with the Companies Act, 2013, and so they do not reflect disclosure requirements of the Act.

Details of the Group's accounting policies are included in Note 3.

### b. Functional and presentation currency

The consolidated financial statements are presented in United States Dollar (USD) which is also the Company's functional currency.

### c. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities | Fair value |
| Liabilities for equity - settled share based payment arrangements | Fair value |

**d. Use of estimates and judgements**

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Assumption and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 27 – recognition of deferred tax assets;
- Note 30 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 34 – impairment of financial and non - financial assets;

**e. Measurement of fair value**

The Group records certain financial assets and liabilities at fair value on a recurring basis **-**
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

c) Cost approach – Replacement cost method.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29 – share-based payment; and
- Note 34 – financial instruments;

### f. Current and non-current classification

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

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

All other assets are classified as non-current.

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

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

## 3. Significant accounting policies

### a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2020, which are as follows:

| Name of the Subsidiaries | Country of incorporation | % holding as at 31 March 2020 | % holding as at 31 March 2019 |
|---|---|---|---|
| Shop TJC Limited (formerly The Jewellery Channel Limited),UK | United Kingdom | 100% | 100% |
| Shop LC Global Inc., USA* | USA | - | 100% |

* Refer note 37 of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the subsidiaries in the Group are added on a line-by-line basis and intercompany balances and transactions including unrealized gain/ loss from such transactions are eliminated upon consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the company, i.e. year ended on 31 March.

**b. Foreign currency**

**i. Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the statement of profit and loss.

**ii. Foreign operation**

The translation of foreign operations from respective functional currency into USD (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate average exchange rate for the respective periods. The exchange differences arising on translation for consolidation are reported as a component of 'other comprehensive income (loss)'.

**c. Financial Instruments**

**i. Recognition and initial measurement**

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), 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;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group 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.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group'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 Group 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 Group considers

− contingent events that would change the amount or timing of cash flows;
− terms that may adjust the contractual coupon rate, including variable interest rate features;
− prepayment and extension features; and
− terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on de-recognition is recognised in statement of profit and loss. |

| | |
|---|---|
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss. |

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on de-recognition is also recognised in statement of profit and loss.

**iii. De-recognition**

**Financial assets**

The Group 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 group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

### iv. Offsetting

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

## d. Property, plant and equipment

### i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| **Asset** | **Estimated useful life (in years)** |
|---|---|
| Building | 30 |
| Plant and equipment | 15 |
| Electric installation | 10 |
| Furniture and fixtures | 10 |
| Office equipment | 5 |

| | |
|---|---|
| Computers | 3 |
| Vehicles | 8 |
| Lease hold improvement | Over the lease period or useful life of the asset, whichever is lower |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**iv. Leased assets**

Leasehold improvements are amortised over their useful life or the lease period, whichever is lower.
Leasehold lands are amortized over the period of lease. Building constructed on leasehold land are depreciated based on the useful life as stated above, where the lease period of land is beyond the life of the building.
In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

**e. Intangible assets**

Intangible assets includes computer software and broadcasting rights. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**i. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

**Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

| **Asset** | **Estimated useful life (in years)** |
|---|---|
| Software | 4 |
| Broadcast rights | 10 |

Gains or losses arising from de-recognition 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 and loss when the asset is derecognised.

**f. Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item-by-item basis.

### g. Impairment

#### i. Impairment of financial instruments

Financial instruments that potentially subject the Group to concentration of credit risk consist principally of cash and bank balances, short term deposits with banks, trade receivables and investment securities. The cash resources of the Group are invested banks and liquid funds after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Group are primarily the retail customers based in the United States of America and United Kingdom and accordingly, trade receivables are concentrated in the respective countries. The Group periodically assesses historical bad debts and ageing of accounts receivable.

In accordance with Ind-AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The group follows ‘simplified approach’. The application of simplified approach does not require the group 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. 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 in a separate line in the Statement of Profit and Loss as an impairment gain or loss. In balance sheet 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.

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 Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

#### ii. Impairment of non-financial assets

The Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### h. Employee benefits

#### i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

#### ii. Share based payment transactions

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments of the immediate holding company (equity-settled transactions).

The cost of transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding credit to immediate holding company, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there is also service conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

#### iii. Defined contribution plan

A defined contribution plan is a plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions administered fund/scheme. Such contributions are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### j. Provision

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 and loss net of any reimbursement.

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

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**Provisions for returns**

Company records adjustments and allowances for sales returns and uncollectible receivables. Each of these adjustments is estimated based on historical experience. Sales returns are calculated as a percent of sales and are netted against revenue in the consolidated statement of operations.

### k. Revenue

**Sale of products**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net revenue in the consolidated statements of profit and loss.

The Group general policy is to allow customers to return goods for up to thirty days after the date of delivery. An allowance for returned goods is provided at the time revenue is recorded as a percentage of sales based on historical experience.

**l. Recognition of dividend income, interest income or expense**

Dividend income is recognised in the statement of profit or loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**m. Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**Transition to Ind AS 116**

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning 01 April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (01 April 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 01 April 2019.

Refer note 3(m) – Significant accounting policies –for the year ended 31 March 2019, for the policy as per Ind AS 17.
**Group as a lessee**

**Operating leases**

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease but discounted using the lessee's incremental borrowing rate as at 01 April 2019. Accordingly, a right-of-use asset of USD 3,506,551 and lease liability of USD 4,649,728 have been recognised. The cumulative effect on transition in retained earnings net of taxes is USD 605,440. The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 4.78% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

**Finance lease**

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of USD 35,650 have been reclassified from property, plant and equipment to right-of-use assets.

**n. Tax Expense**

Tax Expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it operates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii. Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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.

### o. Sales / Value Added Taxes (VAT)

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### p. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### q. Cash and short-term deposits

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

### r. Dividend

Final dividends proposed by the Board of Directors are recognised upon approval by the shareholders who have the rights to decrease but not increase the amount of dividend recommended by the Board of Directors. Interim dividends are recognised on declarations by the Board of Directors.

### s. Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.