

**VERIGOLD JEWELLERY
DMCC**

Consolidated Financial Statements

31 March 2021

Registered office:

Unit No: 3W-04-09
Plot No: DMCC-PH2-J&GPlexS
Jewellery & Gemplex 3
PO Box 26884
Dubai, U.A.E.

VERIGOLD JEWELLERY DMCC

Consolidated Financial Statements

31 March 2021

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VERIGOLD JEWELLERY DMCC Manager's Report

The manager submits his report and consolidated financial statements for the year ended 31 March 2021.

Results and dividend

Profit for the year amounted to US \$ 1,609,906/-. To conserve the financial resources of the company the directors did not recommend any dividend for the year ended 31 March 2021.

Review of the business

The company is registered to carry out the activity of trading in crystal products, jewellery, pearls and precious stones, imitation jewellery, watches, clocks and spare parts.

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. The COVID 19 pandemic is an unprecedented challenge for humanity and for the economy globally and at the date of this report, its effect is subject to significant levels of uncertainty. The management has implemented various initiatives and has enough financial resources to mitigate the effect on the business of the company and expects to overcome any future impact on profits and operating cash flows due to effects of the outbreak.

Events since the end of the year

There were no important events, which have occurred since the year end that materially affect the company.

Shareholder and its interest

The sole shareholder, as at 31 March 2021, and its interest, as of that date in the share capital of the company was as follows:

<u>Name of shareholder</u>	<u>Country of Incorporation</u>	<u>No. of shares</u>	<u>AED</u>	<u>Equivalent US \$</u>
Renaissance Global Limited (converted @ 3.67 AED)	India	300	300,000	81,800

Auditors

A resolution to re-appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to the board at the annual general meeting.


Mr. Pratik Praful Shah
Manager



Independent Auditors' Report to the Shareholder/Directors' of VERIGOLD JEWELLERY DMCC

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **VERIGOLD JEWELLERY DMCC**, (the "Company"), which comprise of the consolidated statement of financial position as of 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year and a summary of significant accounting policies and explanatory notes.

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of the company as of 31 March 2021 and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the manager's report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Independent Auditors' Report to the Shareholder/Directors' of
VERIGOLD JEWELLERY DMCC****Report on the Audit of the Consolidated Financial Statements (contd.)****Responsibilities of Management and Those Charged With Governance for the Consolidated
Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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


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

Independent Auditors' Report to the Shareholder/Directors' of VERIGOLD JEWELLERY DMCC

Report on the Audit of the Consolidated Financial Statements (contd.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


For KSI Shah & Associates
Dubai, U.A.E.

Signed by:
Sonal P. Shah (Registration No. 123)

03 May 2021



VERIGOLD JEWELLERY DMCC

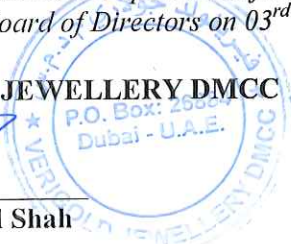
Consolidated Statement of Financial Position
At 31 March 2021

	<i>Notes</i>	2021 US \$	2020 US \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,205,795	1,349,380
Intangible assets	7	34,649	40,854
Investment in shares and debentures	8	19,423,517	16,831,143
Investments in financial assets	9	-	5,747,335
		<u>20,663,961</u>	<u>23,968,712</u>
Current assets			
Inventories	10	2,981,436	3,371,675
Trade and other receivables	11	16,276,517	11,264,100
Cash and cash equivalents	12	10,764,935	1,239,041
		<u>30,022,888</u>	<u>15,874,816</u>
TOTAL ASSETS		<u>50,686,849</u>	<u>39,843,528</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	81,800	81,800
Retained earnings		28,086,345	21,473,384
Fair value reserve		-	(240,382)
Foreign currency translation reserve		(804)	-
Net equity		<u>28,167,341</u>	<u>21,314,802</u>
Non-controlling interest	14	(152,545)	(118,858)
Total equity		<u>28,014,796</u>	<u>21,195,944</u>
Non-current liability			
Staff end of service gratuity		<u>46,030</u>	<u>47,316</u>
Current liabilities			
Bank borrowings	15	1,838,769	1,433,123
Trade and other payables	16	20,787,254	17,167,145
		<u>22,626,023</u>	<u>18,600,268</u>
TOTAL EQUITY AND LIABILITIES		<u>50,686,849</u>	<u>39,843,528</u>

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.
The Independent Auditors' Report is set forth on page 2 to 4.
Approved by the Board of Directors on 03rd May 2021 and signed on their behalf by:

For VERIGOLD JEWELLERY DMCC


Mr. Pratik Praful Shah
Director



VERIGOLD JEWELLERY DMCC

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>US \$</i>	<i>2020</i> <i>US \$</i>
Revenue	17	128,576,549	173,156,699
Cost of revenue	18	(125,991,486)	(166,034,975)
Gross profits		2,585,063	7,121,724
Expenses	19	(1,347,301)	(2,684,190)
Other income	20	409,804	440,521
Profit from operations		1,647,566	4,878,055
Finance charges paid to bank		(67,651)	(11,980)
Profit for the year		1,579,915	4,866,075
ATTRIBUTABLE TO:			
Equity holders of the parent company		1,609,906	4,874,650
Non-controlling interests		(29,991)	(8,575)
Profit for the year		1,579,915	4,866,075
Other comprehensive income			
<i>Item that may be reclassified subsequently to income statement:</i>			
Realised gain/(loss) on sale of financial instruments measured at FVOCI		5,251,048	(277,892)
Net change in fair value of financial instruments measured at FVOCI	9	-	(240,382)
Total comprehensive income for the year		6,830,963	4,347,801
ATTRIBUTABLE TO:			
Equity holders of the parent company		6,860,954	4,356,376
Non-controlling interest in subsidiary company		(29,991)	(8,575)
Total comprehensive income for the year		6,830,963	4,347,801

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

VERIGOLD JEWELLERY DMCC

Consolidated Statement of Changes in Equity
for the year ended 31 March 2021

	Share capital US \$	Retained earnings US \$	Fair value reserve US \$	Foreign Currency translation reserve US \$	Non- controlling interest US \$	Total US \$
As at 31 March 2019	81,800	15,874,024	994,991	-	(89,592)	16,861,223
Transfer from fair value reserve	-	994,991	(994,991)	-	-	-
Changes during the year	-	7,611	-	-	(20,691)	(13,080)
Transfer from other comprehensive income	-	(277,892)	(240,382)	-	-	(518,274)
Profit/(loss) for the year	-	4,874,650	-	-	(8,575)	4,866,075
As at 31 March 2020	81,800	21,473,384	(240,382)	-	(118,858)	21,195,944
Transfer from fair value reserve	-	(240,382)	240,382	-	-	-
Changes during the year	-	(7,611)	-	(804)	(3,696)	(12,111)
Transfer from other comprehensive income	-	5,251,048	-	-	-	5,251,048
Profit/(loss) for the year	-	1,609,906	-	-	(29,991)	1,579,915
As at 31 March 2021	81,800	28,086,345	-	(804)	(152,545)	28,014,796

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

VERIGOLD JEWELLERY DMCC

Consolidated Statement of Cash Flows
for the year ended 31 March 2021

	<i>Note</i>	2021 <i>US \$</i>	2020 <i>US \$</i>
<u>Cash flows from operating activities</u>			
Profit for the year		1,609,906	4,874,650
Adjustments for:			
Depreciation		158,093	161,027
Amortization of intangible assets		6,205	6,206
Provision for gratuity		(1,286)	10,456
Provision (reversal) for inventories		(35,998)	(160,993)
Provision (reversal)/created for trade receivables		(279,458)	167,674
Dividend received		(4,458)	(299)
Operating profit before working capital changes		1,453,004	5,058,721
Changes in inventories		426,237	2,782,461
Changes in trade and other receivables		(4,732,961)	9,888,108
Changes in trade and other payables		3,620,109	(11,272,534)
Net cash from operating activities		766,389	6,456,756
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(14,506)	(25,100)
Investments in related parties		(2,592,374)	(724,139)
Purchase of investments in financial assets		10,998,383	(7,487,432)
Proceeds from sales of investments		-	1,221,823
Dividend received		4,458	299
Net cash from/ (used in) investing activities		8,395,961	(7,014,549)
<u>Cash flows from financing activities</u>			
Changes in Foreign currency translation reserve		(804)	-
Changes in bank borrowings		405,646	1,433,123
Changes in non- controlling interest		(41,298)	(21,655)
Net cash from financing activities		363,544	1,411,468
Net changes in cash and cash equivalents		9,525,894	853,675
Cash and cash equivalents at beginning of the year		1,239,041	385,366
Cash and cash equivalents at the end of the year	12	10,764,935	1,239,041

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

VERIGOLD JEWELLERY DMCC

(Incorporated in the Dubai Multi Commodities Centre, U.A.E.)
(Registration No. DMCC 20531)

Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

1. Legal status and business activity

- a) **VERIGOLD JEWELLERY DMCC** ("The Company") is a free zone company with limited liability registered on 14 December 2014 with the Dubai Multi Commodities Centre under trade license number DMCC-086073.
- b) The company is registered to carry out the activity of trading in crystal products, jewellery, pearls and precious stones, imitation jewellery, watches, clocks and spare parts.
- c) These consolidated financial statements of **VERIGOLD JEWELLERY DMCC** includes the following:

<i>Name of the subsidiary companies</i>	<i>Country of incorporation</i>	<i>Registered activity</i>	<i>Percentage of ownership</i>
VERIGOLD DMCC ("Parent company")	U.A.E Registered under trade license no. DMCC-086073 issued on 14 December 2014	Trading in crystal products, jewellery, pearls and precious stones, imitation jewellery, watches, clocks and spare parts.	100%
Renaissance Jewellery DMCC	U.A.E Registered under industrial license no. DMCC-246941 issued on 18 April 2017	Gold and precious metal products manufacturing, precious jewellery manufacturing, precious stones cutting and polishing, silversmith and goldsmith.	65%
Verigold Jewellery LLC ^a	U.A.E Registered under commercial license no. 807819 issued on 23 May 2018	Trading in jewellery, pearls & precious stones, watches, clocks & spare parts, crystal products and imitation jewellery	49%
Verigold Jewellery (Shanghai) Trading Company Limited	China Registered under trading license no. 91310115MA1K4BEK1P	Wholesale and online trading of Jewellery, metal products and art ware and import and export business and other related support services	100%

These consolidated financial statements are prepared from the audited financial statements of the parent company and the subsidiary companies made up to 31 March 2021 for Renaissance Jewellery DMCC and Verigold Jewellery LLC and management accounts for Verigold Jewellery (Shanghai) Trading Company Limited.

^a The Company is a 100 % beneficial owner of the subsidiary and exercises complete control on basis of the contractual understanding with the other shareholder, holding 51% shares.

VERIGOLD JEWELLERY DMCC

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2020 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are being measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c) Functional and presentation currency

The functional currency of the group is U.A.E. Dirhams. These consolidated financial statements are presented in United States Dollars (US \$), which in the opinion of the management is the most appropriate presentation currency in view of the global presence of the company. U.A.E. Dirham is currently pegged to US \$ and there are no differences on translation from functional to presentation currency.

d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and subsidiary controlled by the company (its subsidiary).

The control is based on whether,

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) It has the ability to use its power to affect the amount of the returns.

VERIGOLD JEWELLERY DMCC

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Basis of consolidation (contd.)

The results of subsidiary acquired or disposed off during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Mr. Ali Salem Rashed Alkhader is a local sponsor in Verigold Jewellery LLC. As per the written agreement, he has agreed to give full executive powers and control of the above mentioned entity to the Company in all respects including all managerial, financial and commercial matters.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the company.

All intra company transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) It has the ability to use its power to affect the amount of the returns.

Subsidiary is consolidated from the date that control is transferred to the company and is no longer consolidated from the date that control ceased.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

3. Use of estimates and judgment

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, 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 recognized in the period in which the estimates are revised and in any future periods affected.

VERIGOLD JEWELLERY DMCC

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

As a result of the COVID-19 and the resulting disruptions to the social and economic activities, the Company continues to assess regularly the impact of COVID-19 on its business, in particular the reduction of sales, the erosion in value of its investments, inventories and collectability of receivables. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations and the ability of the organization to cope with the lock-down situation. The COVID 19 pandemic is an unprecedented challenge for humanity and for the economy globally and at the date of this report, its effect are subject to significant levels of uncertainty. The management has implemented various initiatives and has enough financial resources to mitigate the effect on the business of the company and expects to overcome any future impact on profits and operating cash flows due to effects of the outbreak.

Revenue from contracts with customers

■ Timing for transfer of control of goods

In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the company has a present right to payment and retains none of the significant risks and rewards of the goods.

■ Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year from the due date. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Impairment

At each reporting date, management conducts an assessment of fixed assets, investments, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortized cost. In judging whether investments in securities are classified as at fair value or amortized cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

VERIGOLD JEWELLERY DMCC**Notes to the Consolidated Financial Statements**
*for the year ended 31 March 2021****Financial assets at fair value through other comprehensive income***

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

The company has elected to classify its investments as financial assets at fair value through other comprehensive income (FVOCI).

Classification of investment as a subsidiary

The company has classified its 49% investment in Verigold Jewellery LLC, a company with limited liability, as its' subsidiary, considering all relevant circumstances, the management is of the opinion that it controls the investee company.

Key sources of estimation uncertainty and assumptions

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

Estimated useful life of property, plant and equipment

Management determines the estimated useful lives and depreciation charge for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

Residual value of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Carrying value of intangible assets

Carrying values of the intangible assets are assessed for premiums as commanded by the market forces on a periodic basis. Based on such assessments the premiums are reduced to their estimated market valuation.

VERIGOLD JEWELLERY DMCC

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Valuation of polished diamonds, diamond Jewellery and colour stones

Management undertakes periodic review of all inventories, of polished diamonds, diamond Jewellery and colour stones. The management ensures that the inventories of polished diamonds, diamond Jewellery and colour stones are correctly valued with respect to their quantity, quality, rate and value of different grades of polished diamonds and diamond jewellery.

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Provision for expected credit losses of trade receivables

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

Impairment of non-financial assets

Assessments of net recoverable amounts of fixed assets, investments and loans are based on assumptions regarding future cash flows expected to be received from the related assets.

Fair value measurements and valuation processes

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The directors ensure that the appropriate valuation techniques are employed to measure fair value and these are regularly reviewed to understand the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 9.

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

VERIGOLD JEWELLERY DMCC

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Revenue from contracts with customers

Sale of goods

i. Determining the transaction price

The Company's revenue is from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the company, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.

ii. Allocating the transaction prices

There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the Company is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

iii. Provision of rights to return goods, volume rebates and other similar obligations

The Company reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

4. Adoption of new and revised International Financial Reporting Standards

a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards (IFRSs), amendments and interpretations issued by IASB that became effective for the current reporting period:

- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 3 - Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform;
- Amendments to References to Conceptual Framework in IFRS standards;

During the current year, the management has adopted the above amendments to the extent applicable to them from their effective dates.

The company has also elected to adopt the following amendments early:

- Amendments to IFRS 16 Leases- COVID-19-Related Rent Concessions.

These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

VERIGOLD JEWELLERY DMCC

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

b) International Financial Reporting Standards issued but not effective

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform-phase 2. The effective date of the amendments is set for annual periods beginning on or after 1 January 2021.

Amendments to IAS 16-Property, Plant and Equipment: Proceeds before Intended Use The effective date of the amendments is set for annual periods beginning on or after 1 January 2022

Amendments to IAS 37-Onerous Contracts – Cost of Fulfilling a Contract (The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

References to the Conceptual Framework (Amendments to IFRS 3) - The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture. The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

IFRS17 -Insurance Contracts- The effective date of the standard is set for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between and investor and its Associate or Joint Venture. The effective date of these amendments is deferred indefinitely.

The company has not early adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

5. Significant accounting policies

a) Depreciation of property, plant and equipment

The cost of fixed assets is depreciated by equal annual installments over their estimated useful lives as under:

Factory building	25 years
Plant and machinery	4 years
Furniture and office equipment	4 years
Vehicle	4 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

b) Intangible asset

Intangible assets are carried at cost less accumulated amortisation. Costs include the purchase of computer software and directly attributable costs that are capitalized as part of the software such as employee costs and an appropriate portion of relevant overheads. Intangible assets are amortised from the point at which the asset is ready for use over the useful life of 10 years using the straight line method of amortization.

c) Investments in unquoted shares and debentures

Investments in unquoted shares and debentures are valued at cost less impairment, if any. Dividend income and interest income are recognised in the consolidated statement of comprehensive income as and when the dividend is declared or interest is received.

d) Financial instruments

Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortised cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, other financial assets and cash and cash equivalents.

Due to the short term nature of financial assets; their carrying amounts are considered to be the same as their fair value.

Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)

Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognised in the statement of profit and loss.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Classification and subsequent measurement of financial liabilities (contd.)

The company's financial liabilities include trade and other payables and short term bank borrowings. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

Financial assets are de-recognised when, and only when,

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Impairment of financial assets (contd.)

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Inventories

Inventories are valued as under

Precious metals

Gold and gold forming part of gold jewellery is valued at lower of cost and net realisable value.

Making charges on physical inventory of gold jewellery is valued at lower of cost using the weighted average method and net realisable value.

Diamonds and diamond jewellery

Inventories of polished and certified diamonds, colour stones and diamond jewellery are valued at lower of cost and net realizable value using specific identification method.

Cost comprise of invoice value plus attributable direct expenses.

Other inventories

Other inventory items are valued at lower of cost and net realisable value. Cost includes purchase value and all the expenses incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all cost expected to be incurred for completion and/or disposal.

f) Margin paid / received against unfixed gold taken / given

As per practice prevalent in the gold jewellery business, margin represents amounts paid to the seller (lender) of gold when gold is obtained on an unfixed basis and vice versa. The margin acts as a security for the seller of the gold. When the buyer (borrower) fixes the price of gold, the amount paid as margin is adjusted against the amount payable for the price of gold purchased

g) Loans and borrowings

Investment loan is initially recognized at the fair value of the consideration received less directly attributable transaction costs.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

h) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

If the effect of the time value of money is material, estimate for the 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 recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the statement of comprehensive income.

j) Staff end-of-service gratuity

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

k) Value Added Tax (contd.)

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Value Added Tax (contd.)

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

l) Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases of office premise (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

m) Revenue recognition

The Group is engaged in trading gold and diamond jewellery items. It manufactures gold jewellery items and earns revenue through making charges.

Sales of goods

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer or the company has objective evidence that all criteria for acceptance have been satisfied.

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers.

Sale of services- making charges

Revenue from jewellery making charges is recognized in the statement of comprehensive income when the jewellery is sold either on fixed gold rate basis or on unfixed gold rate basis.

Other Income

Other income comprises of interest income and dividend from investments and profits on redemption/sale of investments.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Other Income (contd.)

Interest income from a financial asset at FVPL is included in the net fair value gains or loss on these assets. Interest income on financial assets at amortized cost and at FVOCI calculated using the effective interest method is recognized in statement of profit or loss as other income.

Interest income is presented as financial income where it is earned from financial asset that are held for cash management purposes.

- Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).
- Profit on redemption/sale of investment is recognized by upon exercise of power by the company to redeem the investment held in any particular security/instrument (non-current as well as current investment).
- Income other than mentioned above is recognized only when it is reasonably certain that the ultimate collection will be made.

n) Borrowing costs

Finance expense comprises of interest expense on bank borrowings and is recognised in the consolidated statement of comprehensive income.

o) Foreign currency transactions

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the reporting date. Resulting gain or loss is taken to the statement of comprehensive income.

p) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

q) Dividend

Dividend is paid out of retained earnings, when declared.

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Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

6. Property, plant and equipment	Factory building ^a	Plant and machinery	Furniture and office equipment	Vehicles	Total
	US \$	US \$	US \$	US \$	US \$
Cost					
As at 01.04.2020	878,474	726,692	123,832	57,635	1,786,633
Additions during the year	-	13,738	768	-	14,506
As at 31.03.2021	<u>878,474</u>	<u>740,430</u>	<u>124,600</u>	<u>57,635</u>	<u>1,801,139</u>
Depreciation					
As at 01.04.2020	120,058	208,251	74,039	34,905	437,253
Charge for the year	35,139	91,310	17,235	14,409	158,093
As at 31.03.2021	<u>155,197</u>	<u>299,561</u>	<u>91,274</u>	<u>49,314</u>	<u>595,346</u>
Net book value					
As at 31.03.2021	<u>723,277</u>	<u>440,869</u>	<u>33,326</u>	<u>8,321</u>	<u>1,205,793</u>
As at 31.03.2020	<u>758,416</u>	<u>518,441</u>	<u>49,793</u>	<u>22,730</u>	<u>1,349,380</u>

^a The factory building is situated at B3-04-33, 3W-04-01, 3W-04-03, 3W-04-05 and 3W-04-07 Jewellery and Gemplex 3, Dubai, U.A.E.

	2021 US \$	2020 US \$
7. Intangible assets		
Copyrights, designs and trademarks etc. ^a	A	62,058
Amortization		
As on 01.04.2019		21,204
Amortization for the year		6,205
As at 31.03.2021	B	27,409
	A – B	34,649
		40,854

^a The above mentioned intangible assets acquired are amortized over a period of 10 years.

8. Investment in shares and debentures

% holding

Equity investment measured at cost:

A. Renaissance Jewellery N.Y Inc., USA^{a b}			
80 shares of par value US \$ 100/- each	47.91%	17,989,554	15,397,180
B. Compulsorily Convertible Debentures ('CCDs')^c			
10 Debentures @ INR 10,000,000/- each			
(previous year 5 Debentures @ INR 10,000,000/- each)		1,433,963	1,433,963
		<u>19,848,351</u>	<u>16,831,143</u>

^a Renaissance Jewellery N.Y Inc., USA ("RJNY") is a subsidiary of Renaissance Global Limited ('RGL'), India, the parent of the company and the financial statements of RJNY are consolidated by RGL.

^b The shares were issued at premium; premium for 50 shares @ US \$ 198,241/- each, 30 shares @ US \$ 182,571/- each, 3 shares @ US \$ 214,803/- each and 9 shares @ US \$ 214,903/- each.

^c Investment in CCDs of a related party of the company, Verigold Jewellery India Pvt. Ltd ('VJIPL') vide debenture subscription agreement was subsequently redeemed on 5th April, 2021.

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Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

	2021 <u>US \$</u>	2020 <u>US \$</u>
9. Investments in financial assets		
At Fair Value through Other Comprehensive Income		
Investment in portfolio securities	-	5,987,717
Net changes in fair value	-	<u>(240,382)</u>
	-	<u>5,747,335</u>
10. Inventories		
Polished diamonds, colour stones and studded Jewellery ^a	553,907	1,289,535
Provision	<u>(50,607)</u>	<u>(91,963)</u>
A	<u>503,300</u>	<u>1,197,572</u>
Gold and gold Jewellery ^b	2,484,192	2,204,011
Consumables	43,317	14,107
Provision	<u>(49,373)</u>	<u>(44,015)</u>
B	<u>2,478,136</u>	<u>2,174,103</u>
A + B	<u>2,981,436</u>	<u>3,371,675</u>
^a Includes inventories value of US\$ 507,336/- (previous year US \$ 1,274,864 /-) given on consignment to manufacturers outside U.A.E and customers within U.A.E. and are physically checked, valued and certified by the management.		
^b Closing inventories of gold and gold jewellery is valued at US\$ 54.37/gram at prevailing rates as at 31 March 2021.		
	2021 <u>US \$</u>	2020 <u>US \$</u>
11. Trade and other receivables		
Trade receivables (refer note 21)	15,366,253	10,860,599
Provision for doubtful debts	<u>(150,865)</u>	<u>(430,323)</u>
	<u>15,215,388</u>	<u>10,430,276</u>
Deposits	51,863	105,010
Prepayments	85,231	91,349
Other receivables and advances	69,499	29,250
Balance with broker	740,635	577,711
Margin paid against gold received	<u>113,898</u>	<u>30,504</u>
	<u>16,276,514</u>	<u>11,264,100</u>
12. Cash and cash equivalents		
Cash on hand	59,084	78,244
Bank balances in:		
Current accounts	<u>10,705,851</u>	<u>1,160,797</u>
	<u>10,764,935</u>	<u>1,239,041</u>

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Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

	<i>2021</i> <u>US \$</u>	<i>2020</i> <u>US \$</u>
13. Share capital		
Authorized, issued and subscribed capital 300 shares of AED 1,000 each (Converted @ AED 3.667/ US \$)	<u>81,800</u>	<u>81,800</u>
14. Non-controlling interest		
This represents 35% share of the minority shareholder invested on 10 October 2016 in the subsidiary company Renaissance Jewellery DMCC, U.A.E. as below:		
	<i>2021</i> <u>US \$</u>	<i>2020</i> <u>US \$</u>
Share capital	19,074	19,074
Share in retained earnings	(56,543)	(34,164)
Current account balance	<u>(115,076)</u>	<u>(103,768)</u>
	<u>(152,545)</u>	<u>(118,858)</u>
15. Bank borrowing		
Bank overdraft ^a	<u>1,838,769</u>	<u>1,433,123</u>
^a Represents loan from Bank of Singapore secured against the current account balance amounting to US \$ 3,102,795/-.		
16. Trade and other payables		
Trade payables (refer note 21)	20,625,635	17,020,084
Accrual and other payables	<u>161,619</u>	<u>147,061</u>
	<u>20,787,254</u>	<u>17,167,145</u>
17. Revenue ^a		
Gold Jewellery	60,505,406	89,963,322
Polished diamonds and studded jewellery (refer note 21)	66,781,416	81,206,528
Making charges	<u>1,289,727</u>	<u>1,986,849</u>
	<u>128,576,549</u>	<u>173,156,699</u>
^a The sales are net of discounts and returns.		
18. Cost of revenue		
Opening stock	3,507,653	6,290,114
Purchase and direct expenses (refer note 21)	125,565,249	163,252,514
Closing stock	<u>(3,081,416)</u>	<u>(3,507,653)</u>
	<u>125,991,486</u>	<u>166,034,975</u>

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Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

	2021 <u>US \$</u>	2020 <u>US \$</u>
19. Expenses		
Director's remuneration (refer note 21)	567,912	604,636
Salaries and benefits	177,884	1,022,070
Rent	52,459	71,166
Provision for trade receivables	-	167,674
Other administration expenses	513,872	775,320
Amortisation of intangible assets	6,206	6,206
Depreciation	28,968	37,118
	<u>1,347,301</u>	<u>2,684,190</u>
Total depreciation	158,093	161,027
Included in cost of revenue (refer note 18)	(129,125)	(123,909)
Included in expenses (per above)	<u>28,968</u>	<u>37,118</u>
20. Other income		
Sale of gold dust	89,645	215,362
Dividend from investments	4,459	299
Provision reversal	315,456	160,993
Other income	244	63,867
	<u>409,804</u>	<u>440,521</u>

21. Related party transactions

For the purpose of these consolidated financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making that party's financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The nature and amount of significant transactions during the year are as under:

	<i>Parent company</i> 2021 <u>US \$</u>	<i>Entities under common control</i> 2021 <u>US \$</u>	<i>Total</i> 2021 <u>US \$</u>	<i>Total</i> 2020 <u>US \$</u>
Sales	172,868	56,407,819	56,580,687	69,959,446
Purchases	56,065,502	39,152	56,104,654	63,698,777
Investments	-	-	-	724,139

Managerial remuneration for the year ended 31st March 2021 to director US \$ 567,912/- (previous year US \$ 604,636/-).

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Related party transactions (contd.)

At the reporting date, balances with related parties were as follows:

	<i>Parent company 2021 US \$</i>	<i>Entities under common control 2021 US \$</i>	<i>Total 2021 US \$</i>	<i>Total 2020 US \$</i>
Non-current assets:				
Investments	-	19,423,517	19,423,517	16,831,143
Current assets:				
Trade and other receivables	-	9,331,667	9,331,667	2,254,130
Current liabilities:				
Trade and other payables	19,848,351	41,652	19,890,003	16,583,226

22. Financial instruments

The company has exposure to the following risks from its financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balances, trade and other receivables, loan given to subsidiary and investment in related parties.

The Company's management has been closely monitoring the possible impact of COVID-19 including the default risk of the industry and the country in which the customer operates to ensure the adequacy of allowance for expected credit loss towards trade and other receivables.

Trade and other receivables

As at 31 March 2021, the company's exposure on significant concentration of credit risk from the receivables other than related parties situated outside UAE amounted to US\$ 2,300,701/- due from a customer (*previous year US\$ 5,780,905/- due from three customers*).

There is no significant concentration of credit risk from trade receivables within U.A.E. and outside the industry in which the company operates.

Bank balances

The company's bank balances in current accounts are placed with high credit quality financial institutions.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include investments in financial assets and bank borrowing. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The bank borrowing is at fixed rate of interest generally obtained in U.A.E.

Exchange rate risk

There is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which US Dollar is fixed.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

Global stress in the markets brought by the COVID-19 crisis is being felt globally through lack of liquidity. In this environment, the Company has already taken measures to manage its liquidity carefully until the crisis is over. The company's management has been closely monitoring the cash flows and forecasts on a weekly basis to maintain a reasonably healthy balance sheet during this time and beyond.

23. Financial instruments: Fair value

The fair value of the company's financial assets comprising of cash and bank balances, trade and other receivables and financial liabilities comprising of trade and other payables and bank borrowings approximate to their carrying values.

The following table analyses the company's financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

As on 31 March 2021	Level 1 US \$	Level 2 US \$	Level 3 US \$	Total US \$
<i>Financial assets at fair value through other comprehensive income</i>				
Investment in unquoted shares and debentures	-	-	19,423,517	19,423,517
- Investments in financial assets (FVOCI)	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>19,423,517</u>	<u>19,423,517</u>

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Notes to the Consolidated Financial Statements
for the year ended 31 March 2021

Financial instruments: Fair value (contd.)

As on 31 March 2020	Level 1 US \$	Level 2 US \$	Level 3 US \$	Total US \$
<i>Financial assets at fair value through other comprehensive income</i>				
Investment in unquoted shares and debentures	-	-	16,831,143	16,831,143
- Investments in financial assets (FVOCI)	<u>5,747,335</u>	<u>-</u>	<u>-</u>	<u>5,747,335</u>
Total	<u>5,747,335</u>	<u>-</u>	<u>16,831,143</u>	<u>22,578,478</u>

There were no transfers between the levels for fair value measurements during the year.

Notes: Fair value hierarchy

The categorization of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and significance of the inputs to the fair value measurement.

24. Contingent liability

There was no contingent liability of a significant amount outstanding as at the reporting date.

25. Comparative figures

Previous year figures have been regrouped/ reclassified wherever necessary to confirm to the presentation adopted in the current year.