VAIBHAV GLOBAL LIMITED

31st ANNUAL REPORT 2019-20

DELIVERING *Joy*

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Vaibhav Global Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Vaibhav Global Limited Annual Report FY 2019-20. The results of FY 2019-20 contain the impact of the COVID-19 pandemic across the last quarter, as a result of which the financial numbers of FY 2019-20 and FY 2018-19 may not be strictly comparable.

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Our Purpose
Delivering Joy

At Vaibhav Global Limited (VGL), we see ourselves as a Company that markets fashion jewellery, accessories, lifestyle and essential products to consumers in two of the most exciting economies of United States and United Kingdom.

Over time, these product categories have evolved; within these categories, the product mix has kept transforming in line with what consumers have wanted to buy.

In a business marked by a large number of variables, one consistent constant is our overarching purpose encapsulated in two words.

Delivering Joy.

The World of Vaibhav Global Limited (VGL)

Where we have successfully combined outstanding product sourcing with TV and online marketing.

Where we have created an extensive value-chain that has demonstrated business sustainability across market cycles.

Where we have created highly engaged teams, evidenced by three of four major VGL units being certified as Great Places to Work.

Where every employee is focused on growing the business while consistently reducing our carbon footprint.

Where every unit sold results in a meal provided to a school going child.

Vaibhav Global Limited (VGL) at a Glance

Vision

Be the Value Leader in Electronic Retailing of jewellery and Lifestyle Products

Mission

Through the delivery of high quality, affordable products, made possible by our low cost direct sourcing, we change the world and touch people's lives one piece at a time!

Core values

- Team Work
- Honesty
- Commitment
- Passion
- Positive Attitude

Who we are

Vaibhav Global Limited (VGL) was established in 1980 by Mr. Sunil Agrawal (the Company was known then as Vaibhav Enterprises). The Company is a global retailer of fashion jewellery, accessories and lifestyle products.

VGL is respected for a superior customer value proposition delivered through deep value, low cost and quality products. These products are marketed through home shopping TV, e-commerce platforms, marketplaces and social media.

VGL is listed on BSE and NSE in India. Our market capitalisation as on 31st March, 2020 stood at ₹2,491 crore. Index - S&P BSE 500; NIFTY 500.

Our Global Presence

● Retail markets ● Sourcing countries ● Manufacturing countries

Retail markets

Shop LC (US)

TJC (UK)

Sourcing countries

India • China • Thailand • Indonesia • Tanzania • Russia • Morocco • Myanmar • Madagascar • Bolivia • Kenya • Brazil • Sri Lanka • US • UK • Mozambique • Germany • Italy • Turkey • Poland • Singapore • UAE

Manufacturing countries

India, China

Our Robust Omni-Channel Network

Making VGL accessible, available and affordable

Our omni-channel sales platforms in US

TV

- Shop LC Proprietary TV channels – 74 mn HH including 13 mn OTA* HH*
- Shop LC live TV stream on shoplc.com, YouTube, Facebook and Amazon Live

Web

- Proprietary web platform - shoplc.com (SAP Hybris web platform)
- Shop LC mobile app for iOS and Android
- OTT* platforms - Smart TV devices (Apple TV, Roku etc.); Linear streaming devices (Xumo, etc.)
- Social retail of targeted products on Facebook and Instagram
- Marketplaces - Amazon (FBA), Google Marketplace, eBay and Walmart
- Pimcore – Digital Experience Platform; Targeted behavioural marketing - IBM Unica platform

Note (*): OTT – Over-the-Top; OTA – Over-the-Air; HH - Households

Our omni-channel sales platforms in UK

TV

- TJC Proprietary TV channels – 25 mn HH including 18.5 mn OTA* HH*
- TJC live TV stream available on tjc.co.uk, YouTube and Facebook

Web

- Proprietary web platform - tjc.co.uk (Salesforce Commerce web platform)
- TJC mobile app for iOS and Android
- OTT* platforms - Roku and Apple TV
- Social retail of targeted products on Facebook and Instagram
- Marketplaces - Amazon and eBay
- Europe delivery available; targeted behavioural marketing - IBM Unica platform

Note (*): OTT – Over-the-Top; OTA – Over-the-Air; HH - Households

VGL. Delivering Joy to Consumers

SHOP LC
DELIVERING JOY

Sukriti Rustic Orange Leather Santa Fe Style Hand Painted Kokopelli and Wolf Shoulder Bag

"Beautiful purses. Because of LC prices I now own a hand painted purse. I have wanted one for years, and my 85 year old aunt loves it so much that I gave her one too. Glad I bought 2. Thank you LC."

Submitted on 10th March, 2020
by Dee O.

Set of 21- Lightweight Non-woven Disposable 3 Ply Face Mask

"Shop LC has a special place in my heart. Now other networks are starting to sell these masks at insane prices. I doubt they donate to hospitals like LC does. Or provide meals to hungry children. I like that they are conveniently packaged in different quantities. I give them away to friends and keep some for myself! Thanks Shop LC."

Submitted on 9th June, 2020
by Sabrina M.

Shungite 11-13 mm Premium Size Beaded Stretch Bracelet

"I was happy to receive it, and it feels so natural. I was not aware of the healing power of shungite, and will wear it every day! I have enjoyed watching your show, and the merchandise you sell is wonderful."

Submitted on 18th June, 2020
by Heather G.

Sunset CBD Body Lotion

"Just received this product. It works well, hydrates my skin. It has a pleasant smell. Another great product at a very reasonable price. Love my LC!"

Submitted on 18th April, 2020
by Carol K.

Popcorn Shed Gourmet Popcorn

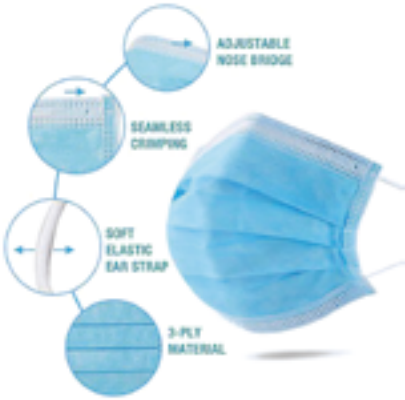
"Best popcorn I have tasted and the storage jar keeps it fresh."

Submitted on 29th October, 2019 by Diane, Liverpool

Anti-bacterial Hand Sanitiser

"Appears to work better than any other sanitiser I have used previously."

Submitted on 16th May, 2020 by Christopher, GB



Lightweight Non-Woven Disposable Protective Mask

"Bought for staff at work, comfortable and cheaper than most."

Submitted on 31st May, 2020 by Rachael, GB

Black Spinel Stacker Bangle

"Very stylish. Good quality. Spinel gems are very sparkly."

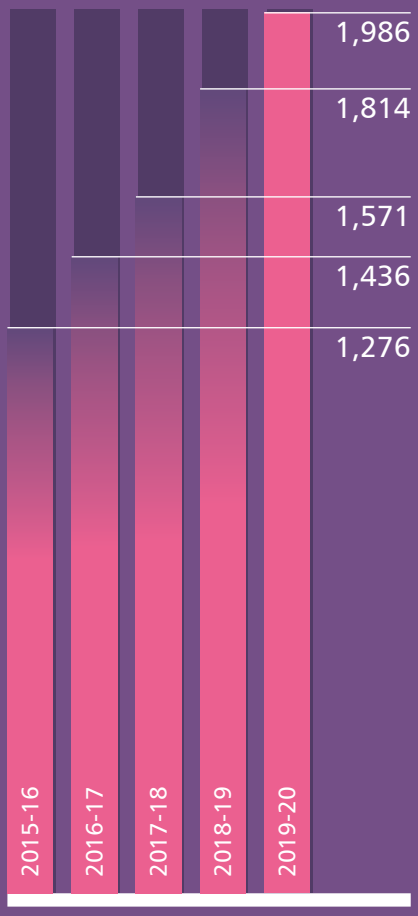
Submitted on 27th February, 2020 by Zuzanna, GB

How we have Grown over the Years

Consolidated Revenues

(₹) crore

+ 172 (₹ crore),
FY 2019-20 over FY 2018-19

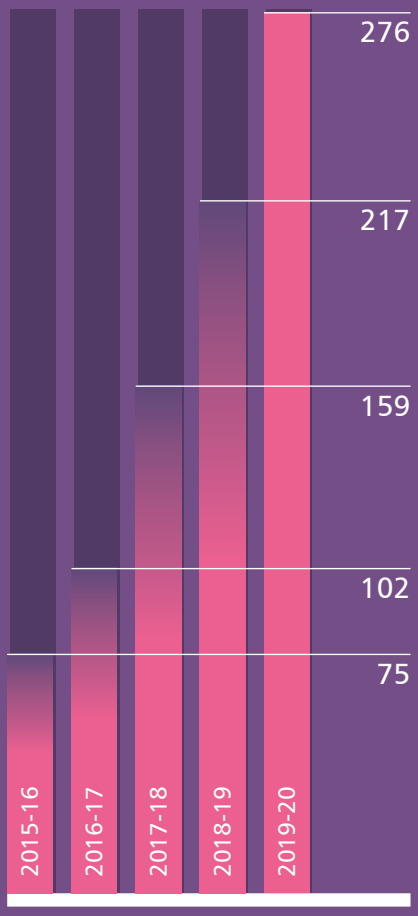


Prudent product mix, growing customer wallet share and loyal consumer relationships catalysed B2C revenue contribution to 97% of our total revenues in FY 2019-20. Strategically the Company reduced the B2B proportion of revenues to focus on the higher margin B2C segment.

Operating Profit (EBITDA)

(₹) crore

+ 59 (₹ crore),
FY 2019-20 over FY 2018-19

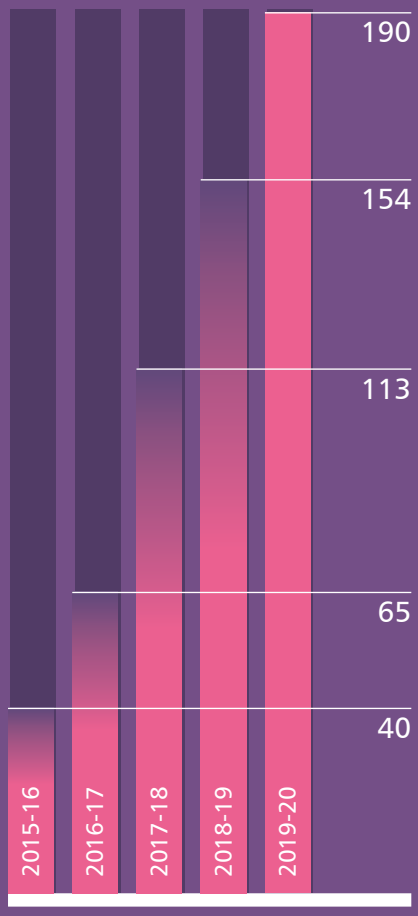


At VGL, the business model has inherent advantages of significant operating leverage. A resilient business model coupled with cost austerity further contributed to the growth in EBITDA over the years.

Profit After Tax (PAT)

(₹) crore

+ 36 (₹ crore),
FY 2019-20 over FY 2018-19



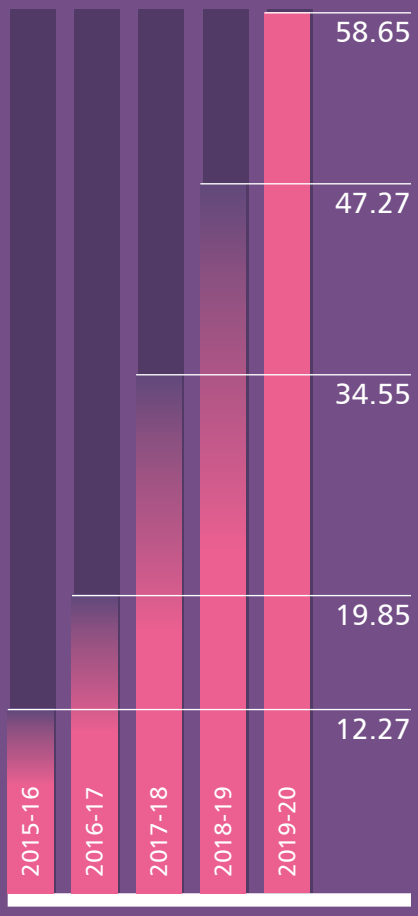
A low debt structure generated a passthrough of the Company's operating leverage to the bottomline. PAT in FY 2019-20 is nearly five times the PAT recorded in FY 2015-16.

All the numbers on pages 10 and 11 are based on Consolidated results

Basic Earnings Per Share

(₹)

+ 11.38 (₹),
FY 2019-20 over FY 2018-19

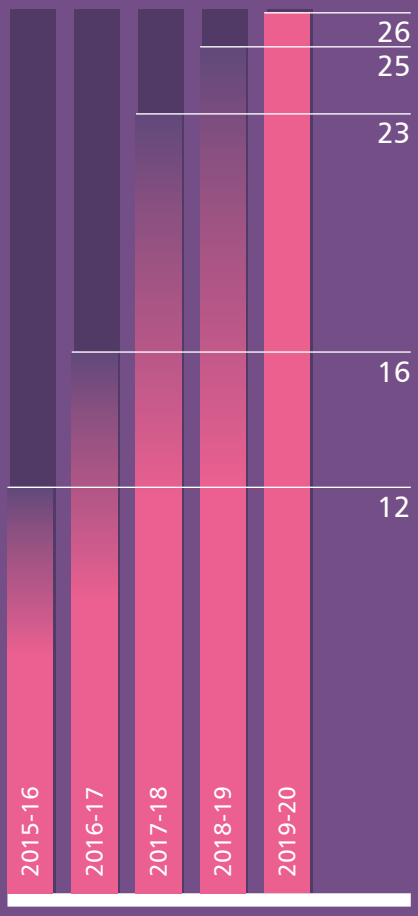


At VGL, our focus on growing shareholder value was reinforced through a largely undiluted equity base, share buyback and profit growth, which has resulted in a consistent increase in earnings per share.

Return on Net Worth

(%)

+100 bps,
FY 2019-20 over FY 2018-19

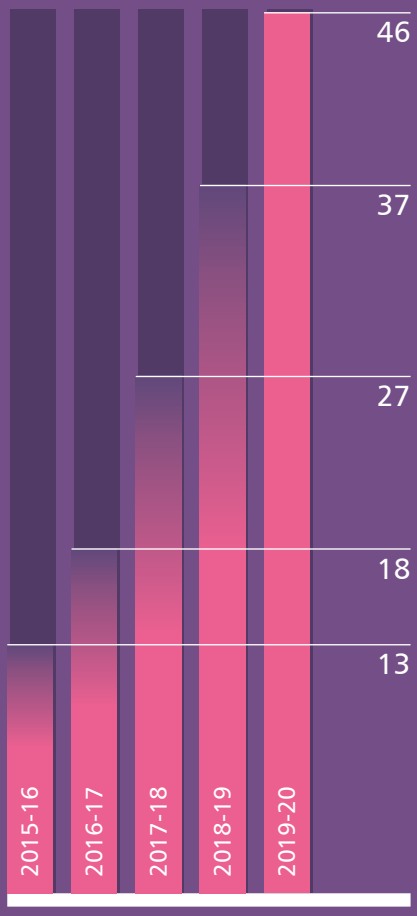


The Company has progressively increased its Return on Net Worth (RoNW), which indicates the Company's ability to sweat higher owned resources (net worth) through a more effective address of the opportunity headroom.

Return on Capital Employed

(%)

+900 bps,
FY 2019-20 over FY 2018-19



The ROCE growth showcases the uniqueness of the Company's capex-light business model coupled with significant operating leverage. In addition, prudent capital allocation, efficient cost management and a low debt structure has generated a high percentage return of the resources invested in the business.

Our Stakeholder Value-Creation Report, FY 2019-20

How we enhanced value in an integrated, inclusive and sustainable way

At VGL, we believe that the prudent interplay of the value generated by each of our stakeholders and our consistent payback ensure business sustainability and the ability to enhance organisational value.

The VGL business model: Woven around financial inclusion

At VGL, we are in business to make a difference. The bigger difference we make in the existence of our stakeholders, the deeper our relevance for that stakeholder and greater the stability of our engagement.

At the core of this engagement lies 'inclusiveness'. The Company is focused on enhancing value for every stakeholder in the value chain. The benefits of stakeholder engagement are directed to enhance wealth, pride, satisfaction, livelihood stability, skills and traditional skills. In turn, the surplus we leave for our stakeholders makes it possible for them to support their respective eco-systems, making it a virtuous cycle of holistic financial inclusion.

Financial inclusion and our stakeholders

	Strategic focus	Vendor focus	Shareholder focus	Customer focus	Employee focus	Community focus	Government focus
Key enablers		**Promoted vendor inclusion through repeated engagement** Procured resources from over 20 countries **Benefits of** our purchases cascaded down to traders and miners of stones (precious and semi-precious) and metals **VGL has** generated a growing appetite for resources and services, a robust platform for vendors with a long-term business focus **The Company** works with a global base of resource providers	**Promoted shareholder inclusion** Remunerated shareholders through dividends **Paid out** ₹26.74 per equity share, successfully completed ₹72 crore buy-back and recommended final dividend of ₹7 per equity share **Reported market** capitalisation of ₹2,491 crore on 31st March, 2020, outperforming key indices (Nifty 50 and Sensex) **Demonstrated** financial discipline; maintained a healthy Balance Sheet **Reported** ₹257 crore of cash & cash equivalents (including current investments) at the close of FY 2019-20	**Promoted consumer inclusion through product affordability** **Widened** the market; enhanced ownership pride **Addressed** customers in two countries (US, UK) **Remained a** product provider of choice through low ASP and right products across fashion jewellery, accessories, lifestyle and essential categories **Omni-channel** presence with Budget Pay (monthly instalments) enhanced inclusion	**Promoted employee inclusion through livelihood stability** **Team strength** of 3,416 individuals **Operations supported** dependents in 6 countries **~33%** employees comprised women **Recognised as** a Great Place To Work in Greater China, India and UK, based on employee surveys **Provided stable** employment, ESOPs, health insurance and education support. **Invested average training** hours per employee at 43 hours for FY 2019-20	**Promoted community inclusion through welfare** **Contributed** ₹4.74 crore towards CSR in FY 2019-20 **Recharged local economies** through attractive remuneration **Trained** community members in traditional crafts **Provided meal** support to less-privileged children through the One for One programme **Invested in** renewable energy, sewage treatment, recycling biodegradable/ plastic/e-waste and ozonator water treatment as a part of its commitment to a cleaner world	**Promoted social inclusion through compliances and taxes paid** **Paid taxes** to fulfil statutory obligations **Proactively adhered to** government guidelines during COVID-19 to support government efforts in containing the pandemic
Material issues addressed		Superior use of cutting-edge technologies leading to differentiated solutions	Creating the basis of long-term viability through prudent management of all stakeholder interests	Enhancing visibility through engaging platforms and widening portfolio of relevant products	Enhancing employee morale, productivity and retention	Enhancing community well-being	Enhancing the government's ability to invest in social schemes

The Chairman's Overview

The Power of the Flywheel Effect

> We believe that business success is derived not from one large heave of the giant flywheel, but from a number of small initiatives, constantly putting one's shoulder to the wheel, often shifting its direction as consumers and the business environment change. We may shift only inches each time, but a time comes when the flywheel begins to acquire an independent momentum.

Harsh Bahadur,
Chairman

REVENUE FROM OPERATIONS
(₹ crore)

1,986

PROFIT AFTER TAX
(₹ crore)

190

Overview

At Vaibhav Global Limited, we believe in the Flywheel Effect.

We believe that business success is derived not from one large heave of the giant flywheel, but from a number of small initiatives, constantly putting one's shoulder to the wheel, often shifting its direction as consumers and the business environment change. We may shift only inches each time, but a time comes when the flywheel begins to acquire an independent momentum.

This is precisely the vision with which we have grown our Company until now. This is how we will continue, investing in all types of capital - Human, Intellectual, and Financial - to ensure sustainable and profitable growth into the long-term.

These little pushes and changes have also characterised our response to the pandemic that has engulfed the world since the beginning of this calendar year.

Performance in FY 2019-20

FY 2019-20 proved to be a record year for our Company with consolidated revenues at ₹1,986 crore and profit after tax at ₹190 crore. This record performance was derived from robust growth in our retail operations across US and UK, with jewellery and non-jewellery products showing momentum. We kept true to our core proposition of being a deep value retailer. We strengthened our customer centricity with good data analytics. We grew across sales platforms, with sales through the web and on marketplaces developing rapidly. All this was made

possible by a strong and growing technology infrastructure.

This record performance translated into an aggregate dividend pay-out of ₹26.74 per equity share, successful completion of a ₹72 core share buy-back and a final dividend recommendation of ₹7 per equity share.

The performance during the year further validated the significant operating leverage in our business model - a revenue growth of 9.5% resulting in an EBITDA expansion of 27%.

Delivering Joy

At VGL, we believe we are in business to deliver joy to all our stakeholders.

This objective defines our existence – across stakeholders, countries and time. To our customers we offer jewellery, lifestyle and essential products that enhance their feeling of well-being, at irresistible prices and make them even more affordable through our Budget Pay provision. To our people we offer career-enhancing livelihoods across countries. We support traditional crafts amongst our suppliers as well as assured payments on time. We enhance welfare of the underprivileged through our One for One programme and other CSR initiatives. To our shareholders we deliver consistently growing financial performance and superior returns. We believe that we have arrived at a sweet spot as a deep value retailer and can make the circle of Joy begin to widen faster.

Two elements

The two elements behind the increasing momentum of the VGL flywheel are inclusion and agility. These attributes were demonstrated and lived through various market cycles of the last decade. Each time the Company encountered a trough, it hung in there, sought a better way, enhanced value for all stakeholders and grew itself out of downtrends.

The fact that VGL has thrived across decades with most of its longstanding employees, vendors and associates still working, indicates that inclusion is the glue that keeps the eco-system together. We believe that no stakeholder is more important than the other; each has a specific role to play in our organisational growth. Enduring business sustainability can only be derived by generating enhanced value for each. In view of this, we do not believe that sustainability is accidental; it is the result of a conscious strategy to take the interests of all stakeholders ahead.

The second enduring attribute of the Company has been its agility. In a world where consumer preferences and market environments transform with speed, there is a premium on the need to match evolving consumer needs with nimbleness of thought, strategy and execution. The evolving portfolio and product mix of the Company are evidence of this fleet-footedness. For a Company that started off as a B2B player, it turned the ship to generate 97% revenues from retail buyers today. This decisive turnaround was achieved through organisational agility, sharpened communication, widened product mix and enhanced consumer delight.

Commitment and alignment

In the overall mix of things, there is no single defining action that sustains the organisational momentum. Success at VGL is the result of dozens of initiatives coming together. The compounded impact of these initiatives, the commitment to do better, the alignment of the organisation with this commitment and a bias for positive change has strengthened our competitiveness.

All that I have explained above is more relevant now than ever. The first half of the current calendar year was marked by the COVID-19 pandemic. Consumer sentiment was affected and it is widely accepted that the global economy will contract most extensively in living memory during the current financial year. We are optimistic that our business model will be validated in these testing times. As consumers spend more time indoors, watch television for entertainment, surf more than ever and follow social distancing norms, they provide an electronic retail company like ours with the opportunity to market a larger number of products.

As an agile organisation, VGL evolved its product mix to include various essential lifestyle products that consumers would otherwise have had to step out and buy. By stepping in with speed to assume the role that would normally have been played by brick and mortar stores, we demonstrated yet again that challenges bring out the best in our Company.

Outlook

At VGL, we look forward with optimism. We believe that a wider catalogue, deepening omni-channel engagement in US and UK, proven order fulfillment capability, reputed logistics partners and specialist call centre operations should result in an expanded customer base and growing revenues.

Amidst all the variables what will remain constant is our deep value proposition to consumers, continued contribution to the community through our flagship One for One programme, an inclusive environment that fosters an inspiring workplace, sustained efforts at reducing our ecological footprint and our commitment to strong value accretion for our investors.

Going forward, we will continue to do what we have always done – if perhaps with more focus, urgency and enthusiasm. We will do so with the conviction that the flywheel will continue to turn faster, moving us closer to the point where it acquires a sustainable momentum of its own.

Acknowledgements

I would like to extend my gratitude to our workforce for their dedication and commitment. I would like to express gratefulness to our loyal customers for their belief in our superior value proposition. I must thank our shareholders for their faith in our management and leadership. I must thank our financiers, bankers, suppliers and communities for their ongoing support. And most importantly the frontline health workers across the globe.

Our Business, FY 2019-20

Performance Review by our Managing Director

Sunil Agrawal,
Managing Director

Principal take-home

The principal take-home from our Company's performance during the year under review is that of inclusion and agility. I would emphasise the word 'inclusion' as the last quarter of the financial year under review was affected by a global pandemic. During this period, the Company demonstrated the ability to enhance value for all stakeholders in exceptionally challenged circumstances.

I would concurrently emphasise the word 'agility' as we refused to be overwhelmed by the unfolding crisis. On the contrary, we responded with a spirit to further improve connection among our team members, customers and communities.

The combination of inclusion and agility encapsulates the essence of VGL.

The health of our business

I am pleased to report that the spirit of our organisation reflected in our outperforming numbers in FY 2019-20. The Company reported profitable growth – retail revenues increased 15%, EBITDA grew 27% and PAT improved by 23% in FY 2019-20. Even in the middle of the pandemic, your Company reported a strong Q4; meanwhile, YoY growth in retail revenues, EBITDA and PAT was 14%, 29% and 22% respectively. We witnessed an even stronger traction across our symbiotic omni-channel sales platform during the first two months of FY 2020-21.

We widened our products offering of fashion jewellery, accessories and lifestyle categories to include the

essential products category in line with evolving customer demand. We deepened our presence in US and UK, the geographies of our retail presence. We continued to complement our discovery-based deep-discounting model with engrossing content and world-class studio production quality.

For FY 2019-20, our gross margins remained stable YoY at around 62% and our EBITDA margin improved 190 bps YoY to 14%; our ROE increased 100 bps YoY to 26% and a low debt structure resulted in ROCE improvement by 900 bps YoY to 46%.

The retail industry has witnessed several disruptions in the past decade, posing existential sectoral challenges. The current disruption brought about by the pandemic has threatened business continuity for traditional retail formats while opening massive home-shopping format opportunities. The post-pandemic retail world will be characteristically different in many ways. This will comprise changing consumption patterns, transition to home-shopping avenues (teleshopping and digital platforms) and the consolidation of retailers, decisively altering the competitive landscape.

For us at VGL, retail operations at Shop LC (US) and TJC (UK) continued throughout without interruption as per regulatory announcements. Over the past year, the tenacity and value of our robust supply chain was put to test several times on account of external exigencies including the US-China trade war and the pandemic. It is creditable that the supply chain consistently delivered with prudent time-to-market and efficient product sourcing.

Now, more than ever, our commitment to all our stake holders remains reinforced. With the well-being of our team at the core, we have taken appropriate precautionary measures to ensure the safety and health of all our employees. Stepping up to the situation, we realigned our business to meet customer needs through uninterrupted supply of over 250 essential products. As an expression of gratitude to frontline healthcare workers, we donated ~127,500 masks to ~200 hospitals, care homes, police stations and grocery stores. Extending support to the government in India, VGL provided ~1.6 mn meals to migrants and people in need through Akshaya Patra in Jaipur. On the overall, through our flagship CSR initiative, One for One, we have provided nearly 37 mn meals to school children across India, US and UK since its inception.

The 4 R's in effective interplay

Our strategic objective comprises the 4 R's – Reach, Registrations, Retention and Repeat purchases.

Reach: We continued to expand Reach through the television format with additional simulcast channels and Over-the-Air (OTA) markets, the Over-the-Top (OTT) segment on streaming platforms, market-places and through social DR. The result was strong retail revenue growth. Nearly 67% of our total retail sales were derived from TV and 33% from the web. Within the web, we are deepening our penetration on mobile platforms (mobile app and mobile web browser), engaging customers through the influencer programme for social media platforms, expending on improved visibility on OTT platforms and incentivising customers on market places for transitioning to proprietary platforms through initiatives like the warranty programme. We are present on every platform that our customer seeks to engage on, strengthening the base for significant omni-channel customer lifetime value.

Registrations: At VGL, we believe that it is not enough to reach customers; success lies in being able to register unique customers through a compelling combination of product, price and content. Over the years, we enriched our product portfolio with designs drawn from different ethnicities, cultures and countries in line with US and UK consumer preferences. These products were not marketed in a usual manner; they were woven around engrossing content presented by familiar hosts translating into a strong consumer pull. Besides this presentation and positioning, a widening bouquet of brands across categories, infrastructure, logistics and operational support resulted in strong registrations. Our new customer registrations stood at about 1,78,000 in FY 2019-20. We continued to increase customer registrations through the course of the

Our business, FY 2019-20

Performance review by our Managing Director

pandemic due to the essential products that we offered, resulting in some of these customers migrating to our main business.

Retention: At the heart of business sustainability lies a retained customer. The longer we retain a customer, the stronger our profitability. A competent call centre support, convenience features like Budget Pay and Easy Returns, value for money, engaging content, omni-channel presence and an expanding product portfolio facilitated customer retention. As a validation, our customer retention grew consistently and reached 50% in FY 2019-20. The Company invested in digitalisation, including investments in Artificial Intelligence. This strengthened our ability to mine consumer preferences, evolve our merchandise, strengthen the pace of offtake and improve our financial efficiency. Several other initiatives deepened our customer engagement across platforms - Shop LC (US) commenced broadcasting on Amazon Live, integration of Pixlee with the Shop LC website and live community forums on proprietary web platforms in the US and UK.

Repeat Purchases: At VGL, we believe that business sustainability is strengthened from customers making repeat purchases. Through the last few years, we strengthened our value proposition and provided convenience features like Easy Returns, thereby incentivising repeat purchases. The average quantity purchased per customer remained stable at 30 pieces in FY 2019-20. We believe that this aspect of our business has acquired

	FY 2018-19	FY 2019-20
Reach - TV households (HH)	Combined (US+UK) – 100 mn HH	Combined (US+UK) – 99 mn HH
New registrations	1.80 lacs	1.78 lacs
Unique customers	3.43 lacs	3.62 lacs
Retention rate	49.6%	50%
Quantity per customer (avg.)	30 pieces	30 pieces
Repeat purchases	19.8 x	18.8 x

a critical mass on account of a larger range of fashion jewellery, accessories, lifestyle and now essential products. The addition of lifestyle products possesses game-changing implications, which can not only drive offtake within the category but also inspire cross-sales across the catalogue. We are attractively placed to build on our existing momentum as a consumer electronic retail Company with deep value pricing in the US and UK markets.

We believe that the relevance of our 4 R's shall only deepen, facilitating sustainable growth in revenues, margins and stakeholder value.

Leveraging an enduring business model

VGL's multi-year business sustainability has been reinforced by its extensive value chain. The Company is a number of 'companies' in one: it is at one level a Company that aggregates precious and semi-precious stones; at another level, the Company is an efficiency-driven processor and fabricator of fashion jewellery leveraging a complement of efficiency-enhancing technologies; at yet another level, the Company is a growing curator of non-jewellery products like scarves, bags, beauty products and home décor items generating a rising proportion of revenues from these lifestyle products. Besides, the Company is an electronic retailer in two of the largest markets, marketing effectively around its desired positioning of a deep value retailer.

The extent of this value chain – possibly the widest within the global electronic retail sector across fashion jewellery and lifestyle products – makes it possible for our Company to widen margins, moderate costs, acquire knowledge, decode trends better, provide customised content and leverage scale-driven economies.

The aggregation of margins across each intermediate step helped the Company report consistently high gross margins at around 60%. We believe that this value chain represents our most potent competitive advantage, translating into prospects of multi-year outperformance.

Optimism

At VGL, we are optimistic of our prospects. The Company is agile and responsive to changes in the marketplace. More than a decade ago, the Company evolved its product mix from a high per unit average sales realisation to deep-discounted value in return for multi-year revenue growth. The Company transformed from wholesale trade with a relatively limited number of gemstone and jewellery buyers to a larger spread of B2C customers. The Company extended with speed to fast fashion jewellery, complemented thereafter by revenues from fashion accessories, lifestyle and essential products. The Company widened its product mix to a larger range of products, deepening its positioning as a trusted partner. I am pleased to report that when consumers now need to turn to a trusted retail brand that provides select products at the lowest price, they inevitably turn to VGL.

Increased relevance

At VGL, we believe that our business model has deepened its relevance following the pandemic. As physical distancing has emerged as the new norm, people are turning to electronic modes of entertainment and commerce. With high street retail yielding to online alternatives, companies like ours enjoy a growing audience.

At VGL, we moved with speed to address this reality. Instead of focusing only on our existing products, we widened the number of categories and increased the number of products within each. As a result, the proportion of non-jewellery products (fashion accessories, lifestyle and essential products) increased during the last financial year. It would be reasonable to assume that we are now at an attractive inflection point.

The way forward

The big question that one has been asked is where we go from here.

At VGL, we believe this is an opportunity to serve our customers better, capitalise on our inherent strengths and leverage our position to achieve more. With a healthy Balance Sheet, robust retail channels and an established market position, we are confident of being able to sustain retail revenue growth, translating into a compounded medium-term impact and enhancing value for every stakeholder.

"

At Vaibhav Global Limited, we believe this is an opportunity to serve our customers better, capitalise on our inherent strengths and leverage our position to achieve more.

Chief Financial Officer's Review of FY 2019-20

Vineet Ganeriwala,
Chief Financial Officer

Financial highlights, FY 2019-20

While FY 2019-20 ended on a challenging note for the global economy, VGL reported profitable growth. Revenues improved by 9.5% to ₹1,986 crore, gross profit expanded by 8% to ₹1,224 crore, EBITDA increased by 27% to ₹276 crore and profit after tax grew by 23% to ₹190 crore. Resultant EPS increased from ₹47.27 in FY 2018-19 to ₹58.65 in FY 2019-20. This growth divergence between the topline and the bottomline indicates a strengthening of our responsiveness, product mix, cost management and value chain. It also validates the inherent operating leverage benefits of the business model. This makes us an extremely competitive electronic discount retailer in US and UK.

Financial overview

Our retail revenues, which constitute 97% of total revenues, grew meaningfully by 15% on the back of strong growth witnessed in the retail geographies of US and UK. The growth in our revenues outperformed growth in the economies of our presence: Shop LC (US) revenues grew 13% and TJC (UK) revenues grew 19% in FY 2019-20 in respective currencies. There was sustained traction in TV viewership. This strengthened TV sales 11% by value during the year; web sales rose 24% by value. Within web, sales on mobile platforms (mobile apps and mobile web browser) constituted around 60% of the total web sales. We believe that the TV and web channels should be viewed as one integrated omni-channel on account of synergies and cross-flows in content viewership and the ability to onboard new customers.

For Q4 FY 2019-20, a period marked by the pandemic, in constant currency terms Shop LC (US) registered a growth of 9% and TJC (UK) registered a growth of 17% over the same period of the previous year. Towards the end of the quarter, we witnessed increased return rates owing to some nervousness in US around the pandemic. By mapping customer feedback with business results, we promptly shifted the product mix to cater to the emerging requirements of our customers. With agility we introduced essentials while exploring future opportunities in this segment along the way. Continuing the momentum into FY 2020-21, we expect to strengthen customer traction on our sales platforms, translating into strong numbers.

In current times, convenience features that we offer in terms of Budget Pay, Easy Returns and Last Mile Delivery will have higher value than in normal times. Budget Pay, a feature introduced in 2016, was extremely well received and today contributes nearly 39% of our total retail revenues. It is worthwhile to note that our trained customer service team, low ASPs and requisite IT structure, facilitate easy recovery on Budget Pay sales and negligible bad debts.

We have strategically reduced our B2B business, which now constitutes ~3%, of total revenues to focus on the high margins B2C business. Going ahead, this business will remain opportunistic and non-core in nature and a relatively insignificant portion of our revenues.

Over the years, VGL created a robust supply chain with manufacturing and sourcing operations across US, Asia and Europe. We have our own manufacturing set-up in addition to the direct sourcing offices that operate without the intervention of external agents. This allows us substantially

high gross margins of around 60%. We maintained such margins over the last several years across an expanding portfolio of products. Gross margins came in at 60% for Q4 FY 2019-20 and 62% for FY 2019-20.

Cost optimisation

The ability to drive successively higher operating margins is derived from our ability to generate higher revenues on a near stable cost structure. The inherent nature of our business model catalyses significant leverage benefits. For FY 2019-20, EBITDA margins increased by 190 bps to 14%. During the year under review, we continued to focus on cost austerity. We re-negotiated or protected major contracts covering affiliates, IT software, HR services, finance and insurance. We strengthened automation and enhanced people productivity. Cost-consciousness remained deep-rooted in the Company's culture. Going ahead, we will continue to rationalise costs across all business functions and geographies.

Our financial health enables us to invest in growth opportunities, strengthening business functions, infrastructure upgrades and environmental sustainability. During the year, we made investments in our customer service function by integrating Five9 software into our IVR system for better customer experience, improved channel positioning, increased broadcasting hours, strengthened management capital, studio upgrades to create a backdrop for expanded products offering, warehouse process improvements, additional land and building to accommodate a growing business, ERP Microsoft Dynamics 365 implementation across the organisation and a solar power plant to increase our reliance on renewable energy sources.

Validation of a value-enhancing business model

Improved profitability on a near-stable asset base helped us report higher return ratios for the year - Return on Net-worth at 26% and Return on Capital Employed at 46%. Likewise, our operating cash flows remained strong at ₹211 crore for the year ended 31st March, 2020. Our capex-light business model helped us report free cash flows of ₹176 crore for the year under review. This helped us pay a dividend of ₹26.74 per equity share, successfully complete a ₹72 crore buyback and recommend a final dividend of ₹7 per equity share. Absence of long-term debt, short-term borrowings at ₹64 crore and strong cash flows resulted in a negative net debt position of ₹194 crore. A healthy Balance Sheet and robust cash flows give us a strong head-start compared to industry players, making it possible to capture market share at a time when the industry is witnessing a giant shift towards digital commerce.

Governance

We are committed to enforcing best practises related to corporate governance as our primary responsibility to all our stakeholders. KPMG was appointed as our Auditor for five years, starting FY 2017-18 and Deloitte was recently appointed as the Internal Auditor of the Company.

Strengthening the business

The Company enhanced efficiency and moderated costs. It invested in a cutting-edge ERP platform that enhanced informed decision-making, strengthened controls and provided a scalable cost-efficient technology foundation. Besides, the Company proposed to increase dependence on proprietary renewable energy sources from 7% to a projected 100% at our manufacturing facilities in Jaipur, India.

We are increasing the role of fashion accessories, lifestyle and essential products in our overall product mix. We are confident that, when complemented with fashion jewellery, this will strengthen our 4R's. By the virtue of fashion accessories, lifestyle and essential products being non-manufactured, our ability to source from micro-markets will circumvent the need to go through intermediaries. This approach will enable us to maintain our target gross margins, while enabling us to sustain lower price points around quicker time-to-market than competition.

Broad-basing our risk profile

The Company broad-based its risk profile by enhancing its exposure to the adjacent product categories and web-derived revenues (over television). A combination of the initiatives accelerated revenues and largely maintained ASP around the desired level. Very recently, the Company demonstrated speed in evolving its product mix in line with transforming marketplace realities. This made it necessary for the Company to change at two levels: widen product segments at one level and evolve the product mix within respective categories at the other. The result is that a continuous churn made it possible to seed new product segments, plug marketplace gaps and address opportunities.

"We believe that our business model is increasingly relevant in the wake of the pandemic, lockdowns and the need for social distancing. We intend to build on this through an increased focus on TV and web-centric marketing, cost renegotiation, deep value positioning and enhanced working capital efficiency."

How we grew in FY 2019-20

Revenues

FY 2018-19: ₹**1,814 crore**			FY 2019-20: ₹**1,986 crore**		
TV Revenues FY 2018-19 **₹1,157 crore**	Web Revenues FY 2018-19 **₹510 crore**	B2B Revenues FY 2018-19 **₹147 crore**	TV Revenues FY 2019-20 **₹1,285 crore**	Web Revenues FY 2019-20 **₹633 crore**	B2B Revenues FY 2019-20 **₹68 crore**

B2C Volumes

FY 2018-19 ('000): **9,797**		FY 2019-20 ('000): **10,183**	
TV volumes ('000): **6,275**	Web volumes ('000): **3,522**	TV volumes ('000): **6,070**	Web volumes ('000): **4,113**

B2C Average Selling Price (ASP)

FY 2018-19 (ASP US$): **24.4**		FY 2019-20 (ASP US$): **26.6**	
TV (ASP US$): **26.4**	Web (ASP US$): **20.7**	TV (ASP US$): **29.9**	Web (ASP US$): **21.7**

Operating Cash Flow: PBT+ Depreciation-(Changes in working capital) + adjustment for non-cash items. Please note Interest charges have been deducted and Interest income has been added while calculating operating cash flow.

Free Cash Flow: Operating Cash Flow – Capital expenditure

Our Core Philosophy

Our Governance Foundation

At VGL, our governance commitment has been deepened through a complement of strategic clarity, competent Board of Directors, promoter-driven professionalism, performance management, role segregation, transparency, compliances and comprehensive risk management.

Overview

The subject of governance is increasingly relevant in every aspect of life. At Vaibhav Global, we believe it is not peripheral to the Company's existence but integral to it, which validates that the 'how' influences the 'what': the process enhances the quality of product and service. This is particularly critical in our business, warranting a high level of strategic discipline, operational streamlining, functional consistency and repeatability.

An enunciated blueprint

At Vaibhav Global, the bedrock of our governance is a strategic blueprint that emphasises our long-term commitment to deep value proposition in the retail sector, presence in two large developed economies with comparable demographics, presence in business segments marked by growing appeal and a commitment to be completely ethical at all times.

Board of Directors

At Vaibhav Global, we believe that the long-term success of our Company is derived from strategic navigation. The Company appointed a competent Board of Directors, comprising individuals with complementary capabilities bringing diverse perspectives to the table. The Directors bring a wealth of industry experience to the Company. Besides, of our nine Board members, two are women and five are Independent Directors.

Performance management

At Vaibhav Global, we believe that outperformance is the outcome of an operating discipline that comprises target setting, empowerment and an ongoing review. The monthly review discipline makes it possible to appraise periodically and proactively course-correct. The effectiveness of this function is that this practice is extensive and is implemented at every level of the organisation structure.

Compliances

At Vaibhav Global, we believe that business continuity is derived from a culture of ongoing compliances – with the laws of the land and listing authorities. At our Company, we instituted a robust commitment to statutory compliances through a team that owns this responsibility. These compliances are reported to respective authorities (where applicable) in terms of various forms/report filings. Over the years, this compliance commitment has been reinforced through a culture of audits. The Company appointed respected global companies as its auditors, strengthening the Company's accounting protocol in line with stringent international best practices. From FY 2017-18, KPMG was appointed as the Auditor for five years; Deloitte was recently appointed as the Internal Auditor.

Risk management

At Vaibhav Global, we instituted a systematic risk management approach. This comprised the creation of a Risk Management team to periodically appraise various changes in the external and internal environment and suggest commensurate counter-measures.
In line with this, the Company's Risk Management Framework is reviewed or modified periodically; we extend our understanding of risks from the strategic and the macro to the micro – right down to the transaction level, strengthening our preparedness.

Pay-out

At Vaibhav Global, we formulated a dividend pay-out policy. Within the parameters stated in the policy, our endeavour will be to maintain a total dividend pay-out ratio in the range of 20% to 30% of the annual consolidated free cash flow of the Company, representing a balance between our need to conserve resources and reward stakeholders.

Taking the governance agenda ahead

- Emphasise that good governance is more than just statutory compliance
- Evaluate the performance of the Board around governance metrics
- Ensure real-time information access to the Board
- Strengthen the governance infrastructure

How VGL Responded with Speed and Sensitivity to the COVID-19 Impact

Overview

The COVID-19 pandemic is the most defining global crisis in living memory. The spread of the virus disrupted the global economy and consumer sentiment starting December 2019. The virus was declared a global pandemic by the World Health Organisation in March 2020.

VGL's responsiveness

VGL moved with proactive speed and sensitivity in protecting and servicing stakeholders. The Company prioritised the protection and preservation of its intellectual capital during this challenging phase. At a time when the risks of infection were extensive, the management's priority was the safety of its people.

The Company articulated this priority across all organisational locations and levels. We emphasised the virtues of staying safe; we highlighted the need to maximise control over all the variables that affected our safety. Besides, our plan was flexible enough to accommodate emerging developments. This deepened our preparedness at a time of uncertainty.

Despite the uncertainties, VGL's retail businesses, Shop LC in US and TJC in UK, remained operational. Based on the announcement by the authorities in Texas, Shop LC operations were classified under the 'Essential Businesses' category and as per the UK government guidance, online retail businesses were encouraged to remain open. Ancillary services like delivery services remained functional all through the pandemic in US and UK. This coincided with the closure of traditional retail in line with social distancing guidelines. Robust global supply chain provided the necessary support to on-going business operations in the retail markets.

Since the Company markets feel-good products in one segment of the business and lifestyle products addressing everyday needs in another, the core business model remained relevant.

Business continuity while protecting stakeholder interests

- Created a 'Borderless workforce' to support business globally with no latency
- Implemented electronic collaboration tools
- Conducted 'All Hands Meet' calls, 'Virtual Happy Hour' sessions and departmental meetings to enhance team morale, address employee concerns and increase business clarity
- Protected livelihoods and remuneration during the crisis

- Sustained retail operations in US & UK; provided respite through engaging broadcasts/content
- Modified the product mix to include over 250 essential items (hand sanitisers, face masks, food supplements etc.)
- Maximised precautions during product delivery
- Operated the call centre without interruptions - facilitated work-from-home for the customer service team; call auto-routing was made to outsourced call centres; integrated Five9 software into the IVR system at Shop LC (US) supported high platform traffic
- Reported zero downtime for critical systems (order management, website, mobile and production); built remote TV production and broadcast solution as a contingency plan
- Delivered system enhancements at a high velocity to support the business to sell essential items that needed special capabilities like quantity cap etc.

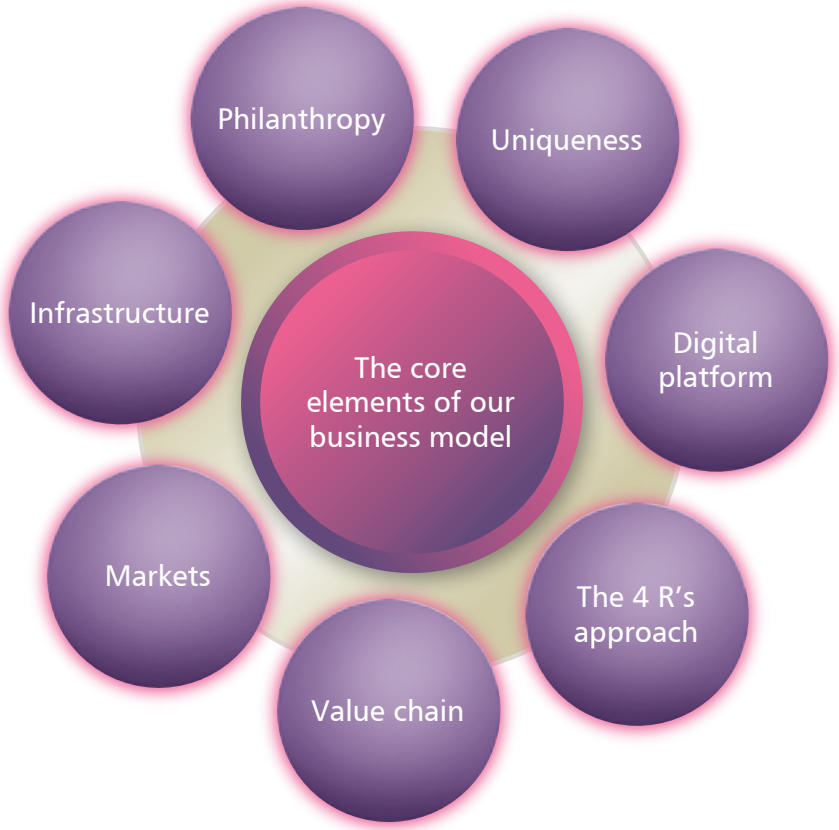
- Sustained focus on a healthy Balance Sheet
- Cash and cash equivalents (including current investments) of ₹257 crore as on 31st March, 2020
- Focused cost rationalisation
- Sustained pay-back in the form of buyback/dividends (₹72 crore buyback; interim dividend of ₹7, special dividend of ₹19.74 and final dividend recommended of ₹7 per equity share)

- Robust global supply chain - wholly owned subsidiaries/operations in key sourcing geographies (India, China, Thailand & Indonesia)
- Temporary shutdown in operations balanced by efficiently managing inventory and leveraging global supply chain
  - o China operations temporarily shut at the start of 2020 (resumed on 2nd March, 2020)
  - o India operations temporarily shut at the end of March 2020 (resumed 27th April, 2020)
- Prudent and timely sourcing made it possible to market essential products
- Processes were launched for virtual buying/sourcing

- Donated ~1,27,500 masks to hospitals/care homes across US, UK and India
- Offered to give away free masks to anyone who could not afford
- Provided ~1.6 mn meals to migrants and people in need (through Akshaya Patra in Jaipur)

Business Analysis

How VGL Created a Unique and Competitive Business Model



Uniqueness: At VGL, we have a highly differentiated business model. We are engaged in the marketing of fashion jewellery, accessories, lifestyle and essential products. We source from global locations, design around US and UK consumer trends and use omni-channels (home shopping TV, e-commerce platforms, market-places and social media) to market products, resulting in attractive geographic cost arbitrage opportunities. At VGL, we believe that customers disproportionately increase purchases around low ASPs. Thus, we have consistently focused on marketing products around the lowest average selling price (counter to most retail companies driven by the highest realisation)

Digital platform: At VGL, we have created a digital platform that could be product-agnostic. This liberates the Company's business model from being completely tied to specific products; on the contrary, the Company is empowered to evolve its product mix in line with emerging consumer preferences. The proportion of revenues through mobile platforms (mobile apps and mobile web browser) constituted 60% of our web revenues in FY 2019-20.

The 4 R's approach: Our business is driven through a 4R's approach – widening Reach through television (Pay TV + OTA households), proprietary web platforms, OTT comprising streaming platforms, market places and through social media platforms; growing new customer Registrations; improving customer Retention; and increasing Repeat purchases.

Value chain: At VGL, we possess arguably the longest value chain in our sector. We select to manufacture fashion jewellery in India and outsource fashion accessories, lifestyle and essential products. VGL is engaged in the sourcing, manufacturing, merchandising, showcasing, content creation, digital and TV platform ownership (even though the Company is also available on other digital marketplaces) and delivery fulfillment responsibility - the complete value-chain for our product offerings.

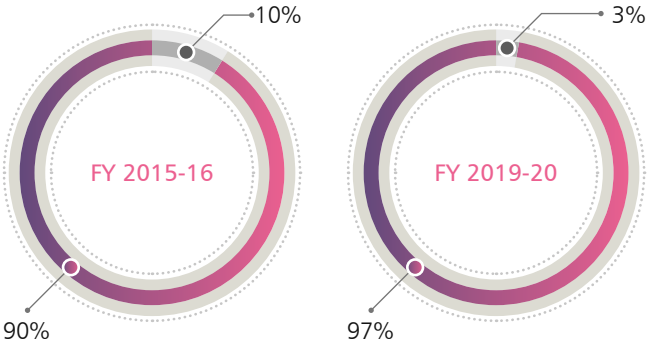
Markets: At VGL, we have selected to market products in US and UK, two of the most sophisticated markets where consumer spending accounts for more than two-thirds of their respective GDPs.

Infrastructure: At VGL, we made timely infrastructure investments in supporting customer interface, production, warehousing facilities, supply chain, CRM and ERP. These investments provide a scalable foundation, necessitating limited capex requirements going ahead. By expensing upfront we have created a foundation for increased profitability.

Philanthropy: At VGL, philanthropy is not a business afterthought; it is integral to the business model. Over the years, the Company linked every sale to a meal benefiting less-privileged children in US, UK and India through the flagship One for One programme.

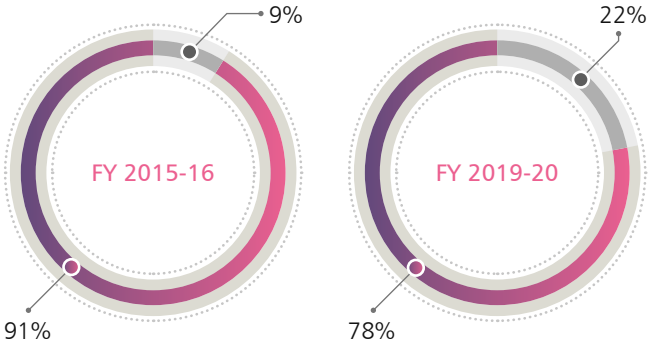
Our value dashboard

Revenues by customer type



- B2C revenues as % of total revenues
- B2B revenues as % of total revenues

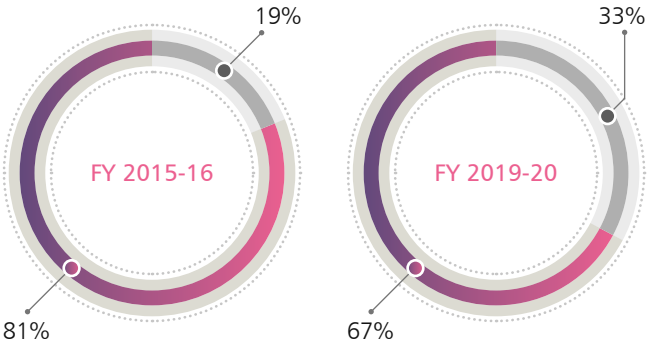
B2C Revenues by product category



- Jewellery revenues as % of B2C revenues
- Non-jewellery revenues as % of B2C revenues

Jewellery revenues: Fashion jewellery
Non-jewellery revenues: Fashion accessories, lifestyle and essential products

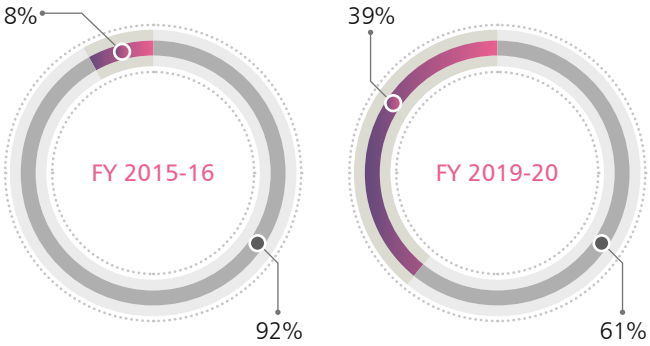
B2C Revenues by format



- TV revenues as % of B2C revenues
- Web revenues as % of B2C revenues

TV revenues: Live shows on all major cable, satellite and DTH platforms
Web revenues: Catalogue sales, rising auction, mobile platforms (including mobile apps + mobile web browser) and live TV streaming on proprietary web platforms; third party marketplaces and social media platforms

Budget Pay penetration of B2C Revenues



- Budget Pay revenues as a % of B2C revenues
- Non-Budget Pay revenues as a % of B2C revenues

Budget Pay revenues refer to products offered on an EMI basis

Geographic Analysis

Our US Business

SHOP LC
DELIVERING JOY

Shop LC

Revenues,
FY 2019-20
US$ 192 mn

13% revenue growth in FY 2019-20

Overview

The United States, one of the Company's major markets, is marked by strong retail consumption.

Counter-challenges

The trade war between US and China created a product sourcing disruption for most retailers.
VGL leveraged its global micro-market sourcing and judicious time-to-market strategy to position itself as a competitive electronic retail player.

Customer service is an area that needs constant improvement to stay ahead of the curve.
The Company established a distinction between the sales line and customer service line at Shop LC. It smoothly on-boarded new customers and enhanced existing customer experience through superior service. The Company integrated Five9 software into its IVR system during the year under review, which supported high platform traffic.

The advent of digital retail space proved to be a major reason for cord-cutting among the US population.
The Company caters to an older audience that prefers to surf channels rather than browse. VGL expanded households reach through Over-the-Air (OTA) households and strengthened engagement across other sales platforms including Over-the-Top (OTT), proprietary web, social and market-places.

How we grew this business, FY 2019-20

On a constant currency basis, Shop LC (US) recorded a 13% growth in FY 2019-20.

The Company improved its merchandising through the creation of a common team across the US and UK geographies, generating superior economies.

The Company automated its manually operated warehouses. The installation of new conveyor systems replaced the old ways of packing, sorting, routing to respective couriers and shipping - increasing the dispatch volume capacity per day.

The Company enhanced sales curve stability by strengthening transparency - it provided customers clarity on the number of products sold while the programme was being aired on TV (as opposed to the erstwhile practice of providing a count of pieces left to be sold).

The Company also integrated Pixlee with the Shop LC website. This enabled user-generated content sharing and boosted customer engagement by leveraging our presence on leading social media platforms such as Instagram and Facebook.

The Company deepened its engagement on marketplaces, social media platforms and OTT platforms including smart TV devices (Android TV, Roku, Samsung Smart TV, Apple TV, Amazon Fire TV and LG Smart TV) and linear streaming devices (Xumo, YouTube Live and Facebook Live).

The Company leveraged technologies in strengthening Budget Pay recoveries.

The Company launched live community forums on proprietary websites, resulting in a better understanding of customer needs.

The Company deepened its engagement with Android TV, Roku, Samsung Smart TV, Apple TV, Amazon Fire TV, LG Smart TV, Xumo, YouTube Live and Facebook Live to strengthen its relevance in a technologically transforming world.

Strengths

Voice of customers (VoC): The Company focused on interpreting customer feedback, facilitating process improvement. The low turnaround time to respond to customers enhanced service agility.

Efficient operations: The Company's automated warehouses and optimised packaging solutions, reducing manual errors and increased efficiency.

Strong story content: The Company has a dedicated team to develop engaging content, adding new consumer registrations.

Strong strategies: The Company acquired new customers by growing into adjacent product categories.

Opportunity and outlook

The COVID-19 crisis in the last quarter of the year under review altered the TV viewing landscape, coupled with a growth in e-commerce and web sales. This widened the need for essential items like hand sanitisers, masks, soaps, face towels, tissue rolls, self-care products and kitchen accessories etc. We also witnessed increased demand for products new to us comprising colouring books, board games and the like. While Shop LC quickly introduced the essentials for the short-term, the long-term objective is to transition these customers to the main business. Observing consumer patterns over the last few months and the changing industry landscape compel us to explore and build expertise in product categories that fit into our performance criteria of profitable growth. While doing so, deep value offerings to our customers will remain the key driver of higher projected growth.

Geographic Analysis

Our UK Business

TJC

Revenues,
FY 2019-20
GBP 61 mn

19% growth in
FY 2019-20

Overview

The United Kingdom, one of the Company's two principal markets of presence, remained relevant owing to high consumer spending, high television ownership and growing ease with e-commerce.

Counter-challenges

There is a possibility of UK consumers disconnecting their cable connections, affecting the relevance of the Company's TV-driven reach.
The threat of cord-cutting is relatively low in United Kingdom; a large proportion of the UK population is plugged into free-to-air channels; besides, the Company is increasing its presence across the channel spectrum.

Increasing competition could affect the Company's market share and presence
The Company focused on staying ahead of the curve through a large exposure to lifestyle products, increased brand building and wide delivery footprint.

How we grew this business, FY 2019-20

On a constant currency basis, TJC (UK) recorded a 19% growth in FY 2019-20.

The Company strengthened its omni-channel sales model through the electronic formats of television, web, market places, social and new age digital platforms.

The Company launched a TJC shopping app on the Apple store for iPads. Besides, TJC (UK) HD channel was launched on Freeview TV platforms across UK in addition to the standard definition channel. The launched community forums went live on e-commerce websites in US and UK.

The Company strengthened its B2C presence by widening its portfolio (fashion jewellery, accessories, lifestyle and essential products) strengthening innovation and deepening its presence on prominent marketplaces like Amazon and eBay.

The Company invested in a wider product mix. The strategic agility was reflected in a quick turnaround of product offerings that included essentials towards the end of the financial year to address widening customer needs during the pandemic.

The launch of Innov8 programme resulted in better customer feedback on products and product ideas using Voice of Customer (VoC) with employees engaged in product adaptation.

Strengths

Customer connect: The Company has a strong customer service team focused on accessibility, availability and utility. Concerted initiatives on consistent engagement and market research help identify customer preferences (designs and products) on real times basis, strengthening retention.

Adaptability: Agile operations allowed the Company to tweak the product portfolio incrementally towards essential offerings in line with the pandemic outbreak.

Performance culture: TJC (UK) was recognised as a Great Place to Work. Emphasis on human capital inspires consistent out-performance.

Opportunity and outlook

The COVID-19-induced lockdown appears to be an inflection point for the business; the imminent introduction of 5G could strengthen surfing speeds, catalysing sales through e-commerce platforms, market-places and social media. A decline in outdoor movement has enhanced home-driven spending on essentials and lifestyle products. The business expects to widen its lifestyle portfolio, respond with agility to emerging marketplace needs and strengthen engagement across sales platforms.

The Company strengthened its B2C presence by widening its portfolio (fashion jewellery, accessories, lifestyle and essential products) strengthening innovation and deepening its presence on prominent marketplaces like Amazon and eBay

Our Support Function

Our Human Capital

Partners

VGL introduced the Innov8 programme that encouraged employees to explore ingenious approaches to process and product improvements; the revenue upside of these improvements was shared with employees, making them direct beneficiaries

Overview

In a business that comprises ~3,416 employees across six countries, there is a premium on being able to get the best out of each. Over the years, VGL invested in an overarching environment that celebrates innovation, promotes passion and focuses on outperformance.

Opportunity-responsive

The Company strengthened its positioning as an opportunity-responsive organisation. It had built a long-standing respect for being able to virtually liquidate its entire unsold inventory in the wake of the global meltdown in 2008 through a Liquidation Channel in the US; the speed of liquidation prompted the Company to reinvent itself as a deep value retailer focused on the fashion jewellery segment. This business model was replicated in UK with success, transforming the Company.

Contrarian

The Company transformed its positioning from a conformist addressing the high end of the fine jewellery segment to a contrarian addressing the price-sensitive segments of the fashion jewellery, accessories, lifestyle and essential product spaces. This contrarian fabric resulted in a willingness to dare and outperform.

Facilitating continuous learning

The Company reinforced its commitment to continuous learning by incentivising the onward education of employees, helping many of them acquire formal degrees during their employeeship. The Company provided scholarships to the outperforming children of employees.

Professionalised

The Company was one of the first within India's fashion jewellery segment to recruit management trainees and engineers, infusing technology-led systems within the sector.

Measurement

The Company introduced several practices like the annual measurement of morale. The surveys conducted by Great Place To Work Institute indicated a marked improvement in employee engagement in FY 2019-20 across key operating entities within the group. The Company was recognised as a Great Place To Work in China, UK and India.

Engagement

The Company strengthened employee appraisal and goal-setting; it instituted a formal 'six conversations' platform between managers and employees; its structured performance improvement plan comprised a provision for periodic appraisal.

Training

The Company commissioned a training centre that remunerated attendees with a monthly stipend. Its arrangement with LinkedIn Learning Module enhanced access to online courses. A Learning Module System made it possible to learn anytime and anywhere.

Belonging

The Company strengthened a sense of ownership through the introduction of extra-curricular activities, birthday celebration of each employee and enhanced work-life balance.

Support

The Company did not enforce salary cuts for employees (full-time or contracted) following the pandemic outbreak even as the Company's operations in India and China remained closed for a brief period. The management engaged with employees daily, enhancing morale.

Improvement

VGL, India, reported a sharp improvement in its GPTW score in 2019, prompting the GPTW team to audit its process and completely convince itself that no error had been made in the calculation

Our People Platform

Total employees

31st March, 2019	3,807
31st March, 2020	3,416

Average age of employees (years)

31st March, 2019	34
31st March, 2020	35

Percentage of the Company's employees who worked three years or more with the Company

31st March, 2019	53
31st March, 2020	59

Retention rate (%)

31st March, 2019	81
31st March, 2020	82

Women employees (%)

31st March, 2019	32
31st March, 2020	33

Average training hours per employee

31st March, 2019	31
31st March, 2020	43

How we have grown people at our Company

"I joined VGL as a driver in 2012. I became an HR Executive in 2015. VGL trained me in conversational English speaking and computers. Today, I am in charge of conducting all interviews related to new hires at the worker level. The Company did not just alter my designation; it transformed my destiny."

Pooran Yadav,
HR Executive

"In 2016, I expressed a desire to pursue an MBA; the management provided flexible working hours. I was made Marketing Executive in 2016 with the responsibility to conduct cost analyses and determine the saleable price of products. When I exceeded the pre-set product target by 40%, my manager assigned me to the 'Deal of the day' segment where I exceeded the target by 20-30%. In April 2019, I was promoted to Assistant Manager Merchandising. Whenever I see someone competent, I ask them to join VGL. My last referral count was eight new joinees!"

Manoj Bagda,
Assistant Manager - Merchandising

"Being a B. Tech in Computer Science, I was not doing justice to my role in the bagging department. Today, after two role switches, I develop PHP-based websites and applications, provide support and maintenance for existing applications. Just recently, I was given the task to develop a cross-functional support application so that employees could escalate issues while working from home. It was up and running in two days. It happened because VGL bets on people."

Ramsevak Kumar,
Assistant Manager - IT

"From IIM, Rohtak, I went to VGL and began to work in the merchandising department. Since I had sound analytical and number-crunching skills, I was transferred to the MIS, Finance & Accounts (F&A) department. Thereafter, I got a role in cable analytics, market research and investor relations. Presently I am a Market Research and Affiliate Analysis Manager in the US. My take-home: at VGL, one can add value to one's role in a manner unlike in other companies."

Dhruv Samel,
Manager of Market Research and Affiliate Analysis, Shop LC (US)

"I joined VGL as a Global HR intern for a year, then a year as HR Communications & Process Specialist and now am an Innovation Manager. I have grown tremendously: from business acumen to skills like writing articles for audiences, designing products and negotiating better…I could go on and on! In my current role, I help employees create innovative products for customers. I also use customer feedback (Voice Of Customer) to help deliver products that customers need. It is fun to see ideas move from paper to physical products. The result is that I really want to see the Company succeed in a bigger way and will do my best to help it achieve that goal."

Miranda Ochoa,
Innovation Manager, Shop LC (US)

"I joined the Company in the packing department, moved on to inventory management and now work at the Returns department in the warehouse. I noticed an opening related to the warehouse. I spoke to my warehouse manager, was interviewed and moved into the new position in early 2019. In this new position, I coordinate with the warehouse for the packing, returns, receipt and quality control. Gradually, I learned about each marketplace and worked on their back end. This role widened my understanding of e-commerce. I set long-term goals and believe that I can achieve what I propose for myself. This is one Company that encourages employees to extend beyond their existing positions. That is why I've stayed here ten years."

Tere Rosas,
Marketplace Assistant Manager, Shop LC (US)

"I was a packer in the warehouse as a temporary worker for a year and a half. I was asked to be a floor manager in November 2019. I am developing in this role but since I am an experienced producer so Sales and Production it is! I have watched myself grow as a professional. I am proud of what I am doing at VGL. I just love this Company!"

Holly Hardman,
Sales Manager, TJC (UK)

"This is my dream Company. I started my career as a customer service agent but always wanted to go into production. I asked my customer service manager Maggie for cross-training in the studio. Luckily, there was a producer position available for the night programmes, sat in the gallery in my free time to gain experience, got the job in September 2019 and began producing solo in October 2019. I've developed a totally new skill set and become a better person. I would describe VGL as an extended family with relatives across the world who make the earth a better place."

Bobby Bhurjee,
Producer, TJC (UK)

"In 2016, I priced a gemstone incorrectly. This resulted in a loss. The management only said one thing: 'Use this as a learning exercise.' What worked was a sense of trust without micro-management. The more one delivered, the bigger was the next responsibility!"

Raghuveer Patnala,
Head Buyer (Lifestyle Products), TJC (UK)

"I joined VGL as a finance executive in 2006. Since I was fascinated by supply chain and ERP-SAP, I shifted to another Company. I re-joined VGL in 2011 as a Deputy Manager with the responsibility to manage finance and accounts activities, along with inventory and analysis for the Gems & Jewellery division in India. Later, I developed the Internal Audit department to evaluate risks and develop effective internal controls at VGL Group. In 2019, the MD asked me to look after operations in the gemstones business - my dream and passion of being involved on the supply chain side of the business came true. The widening of my learning has enriched me as a professional at VGL."

Unnat Gautam,
Deputy General Manager – Gemstones Operations

Our Support Function

Our Supply Chain Capability

Overview

In a business where we source materials and resources from over 20 countries, there is a premium on being able to procure at the right cost and time. At our Company, a combination of economy and timeliness makes it possible to moderate procurement and inventory costs.

Strengths

Footprint: The Company possesses a multi-country presence in sourcing, manufacturing and marketing products. This enhances its ability to seek alternative resource providers on the one hand, manufacture in the lowest cost locations and market products through a range of sales channels within the countries of its retail presence.

Eco-system: The Company possesses a robust eco-system comprising experts (agents and employees), multi-locational warehouses, proprietary manufacturing facilities and engagements with reputed logistic companies.

Value chain: The Company's extensive value chain (sourcing, processing, proprietary manufacturing and marketing) helped aggregate procurement, logistical and marketing economies.

Team: The Company possesses a strong multi-cultural team comprising vertical experts complemented by SOPs and KRAs in moderating procurement costs.

Locations: The Company's key sourcing destinations include specialised locations within low cost countries (Bali in Indonesia, Panyu and Ningbo in China, Bangkok in Thailand and Jaipur / Mumbai in India).

Our achievements, FY 2019-20

The Company maintained its long-standing gross margin of around 60%, resulting from the prudent procurement of merchandise.

The Company strengthened sourcing from jewellery to fashion jewellery in addition to fashion accessories, lifestyle and essential products.

The Company generated a large proportion of purchases from within India, enhancing efficiencies that have validated the Make in India story.

The Company marketed products around content based on the place of origin, enhancing marketing authenticity.

The Company implemented Microsoft Dynamics 365, facilitating a unified view of inventory, warehouse, finance, operations, services and logistics.

The Company leveraged Artificial Intelligence to predict, monitor and track real time data.

Outlook

The Company intends to take this competence ahead. It intends to widen its supplier and service provider network. It intends to make a continuous appraisal of low cost delivery capabilities and backward integration across its manufacturing facilities (into 100% renewable energy). It intends to shrink its supply tail-to-head, increasing flexibility in a COVID-19-driven environment.

Our global supply chain

Manufacturing

- Low-cost operations in India and China; one of the industry's lowest wastage levels
- ISO 9001:2008 facilities in Jaipur, India
- Fully-integrated building at SEZ, Jaipur, India - IGBC certified
- Diamond jewellery manufacturing and sourcing unit in Mumbai, India

Sourcing

- Sourcing from over 20 countries (Asia, Europe and US)
- Focus on the best price to the customer through a bottom price discovery
- Robust vendor evaluation process
- Assess value perception – design / fashion trend / price in target markets

Our Support Function

How we Created a Robust IT Foundation

Overview

The VGL of today is a technology-driven organisation where IT is not just an organisational support but embedded into the business process. Besides, VGL's IT investment has evolved: from documentation keeping to digital-interfacing comprising modern-day technology interventions (data analytics, customer centricity and supply chain). In an important development during FY 2019-20, the Company rolled out ERP Microsoft Dynamics 365.

Challenges and counter-challenges

There was an ongoing premium on the ability to forecast consumer preferences.
The Company invested in the Artificial Intelligence, advanced IT systems and integration technologies to discern emerging sectoral trends with reasonable estimation. The Company aligned technology with business strategy and financial goals.

There was a constant challenge related to cost moderation.
The Company strengthened its automation and implemented ERP that made it possible to source materials competitively across multiple locations. The enhanced use of automation strengthened human productivity. The Company instituted controls to track and address project schedules, costs and scope variances.

At a time of growing competition, there was a need to widen market presence.
Besides TV, OTT platforms and smart TV interfaces, the Company invested in digital-driven spaces comprising web, mobile apps, social and third-party marketplaces.

Customer service standards kept rising in the face of growing customer expectations.
The Company invested in modern enterprise and CRM software, enhancing customer engagement and fulfillment.

Strengths

Commitment: VGL's IT framework is largely digital, comprising Artificial Intelligence and other cutting-edge technologies, evolving the Company into an agile market-responsive organisation.

Team: VGL possesses an experienced and qualified management bandwidth reinforced by talent recruitment across the globe and training and development.

Robustness: The robustness of the Company's IT framework is reflected in a high uptime.

Automation: The Company invested in an automated warehouse management system, reinforced by shipping products quicker across the last mile.

Our achievements, FY 2019-20

The Company's systems processed higher volume.

The Company upgraded its skillset of resources, translating into enhanced agility accomplishing continuous delivery.

The Company implemented ERP Microsoft Dynamics 365, supporting informed decision-making based on real-time changes in external realities.

The effectiveness of the IT backbone was manifested in superior sales throughput and profitable growth.

The Company reported the following upsides: multi-quantity purchase through the IVR (automated ordering system) for TJC resulted in a pick-up in units sold on IVR; integrating Five9 software into the IVR system at Shop LC supported high traffic, Shop LC payment processor selection enabled new payment (Amazon Pay, Google Pay, Apple Pay) and loss prevention methods.

The Company's IT team supported operations through the pandemic, strengthening business continuity.

Outlook

The Company intends to accelerate its transformation from a TV-based retailer to a digital-first organisation. It intends to integrate AI into corporate strategy, optimise costs, increase efficiency, enhance accountability, enlist vendors better, strengthen investment in IT-enabled services and increase omni-channel access to a wider consumption audience.

VGL. Making the World a Better Place

At VGL, we are focused on making the world a better place.

Overview

What makes our CSR commitment different is that our investment in community benefit is not necessarily appropriated out of our bottomline; it is linked to every sale, making community investment an extension of revenue accretion. At VGL, the community is as much a partner in our business sustainability as the other stakeholders.

Selection of causes

At VGL, we believe that every cause that makes the world less unequal and less unjust is worth backing. However, due to limited resources, we have selected to focus on the following:

- Education catalyst
- Health care
- Poverty alleviation
- Others (support for abused women, high school students, geriatric citizens, babies through diaper availability, service personnel etc.)

What makes this commitment to philanthropy distinctive is that it has sustained, achieved scale, widened benefits beyond meals and drawn the engagement of employees. This has widened the engagement from cheque writing to hands-on involvement.

At VGL, our flagship One for One programme provides a meal to school going children for every product sold at VGL's retail channels. This pass-through of commercial interests with that of the community has made it possible for financial sustainability to be extended to community sustainability.

The Company engaged employees to be a part of this programme, enhancing their pride of association in philanthropy. Besides, the Company empowered employees to allocate two hours a month to philanthropy.

The Company's subsidiaries (TJC in UK and Shop LC in US) also engaged in respective charitable engagements based on their terrain needs, resulting in appreciation and recognition.

One for One meal partners

Akshaya Patra Foundation, India
Runs arguably the largest mid-day meal programme in the world. Serves 1.8 mn children across 19,039 schools across 12 Indian States and 2 Union Territories of India.

No Kid Hungry, US
Addresses hunger and poverty in America, creating a powerful movement to connect kids to effective nutrition programmes like school breakfast and summer meals.

Magic Breakfast, UK
Ensures that no child in its partner schools is too hungry to learn - works with over 480 schools and provides breakfast to more than 48,000 children.

37

Mn, number of meals provided by the Company to less privileged children until FY 2019-20

11

Mn, number of meals provided by the Company to less privileged children in FY 2019-20

35,000

Number of meals provided to less privileged students in Jaipur by the Company every school day

VGL and Environmental Sustainability

At VGL, we are committed to make the world greener and cleaner.

The Company is committed to the interplay of reduction, replacement, renewable, recycling and restoration.

Over the years, the Company has deepened these initiatives across its eco-system with the objective to moderate its carbon footprint.

Renewable energy

At VGL, we believe that the mark of a responsible Company is the moderation of energy derived from fossil fuel sources. The Company embarked on a decisive initiative to replace its grid energy access with renewable energy alternatives. During the year under review, the Company's installed 385 KW rooftop solar panels in Jaipur, serviced nearly 7% of the Company's consolidated electricity appetite at its Jaipur manufacturing facility. The Company plans to embark work on a 1.3 MW power project in Bikaner, which, when commissioned, along with the existing solar facility, will address around 45% of the Company's power requirements at its Jaipur manufacturing facility. The Company intends to invest in solar energy to cover its entire electricity consumption at the Jaipur manufacturing facility. The decision of the Company to invest in renewable energy will moderate costs and generate an attractive payback; more than that, the initiative will empower the Company to be further aligned with consumer sensibilities that the fast fashion jewellery products were manufactured using clean energy sources, enhancing their pride.

Replacement

At VGL, we believe that water is an increasingly precious resource. This conviction is brought to us virtually every day, considering that our manufacturing operations and corporate headquarters are located in a desert-like arid environment. The Company's installed structures facilitated rainwater harvesting of ~52 lac litres covering ~95,000 sq ft during the year under review.

Restoration

At VGL, we believe that environmental preservation begins with something as basic as planting a tree. In view of this, VGL planted 1,500 trees through the year under review.

Recycling

At VGL, we believe that reuse represents one of the most effective environment management initiatives. The sewage treatment plant processed 43KL per day, translating to ~15,000KL on a yearly basis; 850 kg compost was generated from biodegradable waste; 2,000 kg of residual casting powder was provided to brick and tile manufacturer(s). The Company's ozonator water treatment plant facilitated removal of dirt, inorganic chemical impurities and odour from water, eliminating/reducing the risk of ground water contamination with the capacity to generate 10 grams of oxygen per hour to disinfect water.

Reduction

At VGL, we believe that moderated consumption conserves finite resources for the benefit of succeeding generations. This priority was reflected in the Indian manufacturing operations as well as the Company's global subsidiaries, who took a number of measures to reduce carbon footprint and enhanced business sustainability.

~52

Lac litres of rainwater harvested, FY 2019-20

1,500

Number of trees planted, FY 2019-20

1.3

MW, Proposed renewable power capacity

Board of Directors

Our Board is well positioned and fully committed to the highest standards of governance and accountability as well as the sustenance of an ethical culture, good performance and effective control.

Mr. Harsh Bahadur

Non-Executive Chairman

Date of Board appointment: 26th September, 2015

Background: Mr. Harsh Bahadur holds a Masters degree in History from St. Stephen's College, Delhi, and an MBA from Boston University, US. He has a rich experience of over three decades in varied sectors such as retail, branded FMCG, music, sportswear, business services and the jewellery. He is currently on the Board of Indian Terrain Fashions Ltd and a senior advisor at Pricewaterhouse Coopers (PWC). Mr. Bahadur also advises Private Equity Funds and has evaluated companies in the automobile servicing, branded food and e-commerce sectors.

Key skills: Business acumen and leadership

Mr. Sunil Agrawal

Managing Director

Date of Board appointment: 8th May, 1989

Background: Mr. Sunil Agrawal is a Commerce Graduate with an MBA from Columbia University, New York (US). A first generation entrepreneur, he established Vaibhav Enterprises in 1980 with the objective to formalise and bring international-grade professionalism to the gems and jewellery trade of the country. He has traveled widely and garnered immense knowledge of gemstones and jewellery. He has brought this expertise to bear on the success of the Company.

Key skills: Strategy, leadership, innovation and liaison

Mr. Nirmal Kumar Bardiya

Director

Date of Board appointment: 10th July, 2001

Background: Mr. Nirmal Kumar Bardiya is a Commerce Graduate and is one of the most renowned jewelers of Jaipur having a rich experience of four decades in manufacturing coloured gemstones. He has been associated with VGL for the last 18 years. He is highly specialised in gemstones and beads.

Key skills: Gemstone (coloured) manufacturing and business acumen

Mrs. Sheela Agarwal

Director

Date of Board appointment: 10th November, 2008

Background: Mrs. Sheela Agarwal is a philanthropist and an active social worker. She possesses business acumen and a deep understanding of the sector.

Key skills: Business acumen and community liaison

Mr. Pulak Chandan Prasad

Director

Date of Board appointment: 29th October, 2013

Background: Mr. Pulak Chandan Prasad holds an engineering degree from IIT Delhi and has completed post-graduation from IIM Ahmedabad. He is the founder of Nalanda Capital that holds large and long-term stakes in small to mid- cap listed companies in India on behalf of the US and European institutional investors (primarily endowments and foundations).

Key Skills: Strategy, finance and leadership

Mr. Santiago Roces

Director

Date of Board appointment: 28th July, 2015

Background: Mr. Santiago Roces is a Law Graduate from Oviedo University School of Law, Spain and an MBA Graduate from Madrid Business School, University of Houston. He has an extensive turnaround strategy and start-up experience with Walmart, SUPERVALU / Save-A-Lot, Yum! Brands and Carrefour. He achieved revenue and profit objectives that required innovative strategic planning and sales/ merchandising tactical programmes in highly complex organisational structures.

Key skills: Strategic planning, business acumen, sales/ merchandising and tactical programmes

Mr. James Patrick Clarke

Director

Date of Board appointment: 7th February, 2017

Background: Mr. James Patrick Clarke holds a Bachelor of Science degree from United States Military Academy, West Point, New York and an MBA from Harvard University Graduate School of Business Administration, Boston.

He has previously worked at Guardsmark Inc., Omni Computer Products, Ya Ya Interactive Media, etc. Also worked at QVC, a global video and e-com retailer of fashion, jewellery and home products, as CEO, QVC, China

Key skills: E-commerce and retail, business development, product lifecycle planning and market analysis

Mr. Sunil Goyal

Director

Date of Board appointment: 8th March, 2017

Background: Mr. Sunil Goyal is a Postgraduate in Commerce and Arts, Graduate in Law, Post Graduate Diploma in Taxation and in Labour Laws. He is a member of ICAI, ICSI, ICWAI and Ex-President of ICAI (2004-05). He has vast experience in the fields of Finance, Internal Control, Risk Assessment and Risk Management, Corporate Governance, Accounting Standards, Assurance, Banking and Insurance as well as Judicial process by virtue of being a member of various disciplinary committees. He has been deeply involved with the formulation and implementation of 'Accounting and Auditing Standards' in India.

Key skills: Finance and accounting, taxation, labour laws and risk management

Ms. Monica Justice

Director

Date of board appointment: 6th September, 2019

Background: Ms. Monica Justice holds a Bachelor's degree in Fashion Merchandising from Philadelphia University, Philadelphia. She has expertise in corporate planning, portfolio and programme management, including mergers, acquisitions and implementing transformation programmes for multi-billion retail and digital commerce leaders. She has consistently delivering high quality output and market results.

Key skills: Corporate planning, project management and risk management

Core Management Team

Our core team heads day-to-day functions at VGL in a judicious way. This team has been guiding the Company with responsibility and dedication.

Mr. Puru Aggarwal

Group President (Strategy & Business Development)

Proficiency: Mr. Puru Aggarwal is a qualified Chartered Accountant, Cost & Management Accountant, and Company Secretary. While serving in Teva Pharmaceuticals as the country CFO he was identified for a potential global leadership role and was provided 18 months of training via Teva's 'Global Advance Leadership Programme'. Mr. Aggarwal has also attended several advanced management courses including 'Authentic Leader Development' programme at Harvard Business School.

Mr. Aggarwal has a rich experience of 28 years in business modelling, financial strategy & planning, business development, procurement, supply chain & distribution, budgeting, cost optimisation, corporate laws and taxation. Mr. Aggarwal is a strategic finance leader with an all-round business exposure, an ability to strategise and impact finance and operations to achieve higher revenue and bottomline.

Mr. Vineet Ganeriwala

Group CFO

Proficiency: Mr. Vineet Ganeriwala is a qualified Chartered Accountant and has done Executive Programme in Business Management from IIM Kolkata and International Programme on Development of Management Perspectives from IIM Kolkata.

Mr. Ganeriwala is a finance leader with 21 years of experience across diverse industries and multiple geographies. He has worked with Vodafone Group as Country Finance Controller for Italy and Germany. He has also served as Finance Controller at Astra Zeneca Pharma India Ltd. (listed company) and Head of finance for Rajasthan circle at Aircel Ltd. He has successfully led various transformation initiatives resulting in process improvements, cost efficiencies and improved margins, leading to sustainable growth.

Mr. Jay Chandran

Group CTO

Proficiency: Mr. Jay Chandran holds Masters degrees from Annamalai University and University of Tasmania, Australia.

Mr. Jay previously served as CTO at Advantage Rent A Car. Prior to 'Advantage Rent A Car' he worked with a US based Electronic retailer HSN where he served for 11 years where his last assignment was as the Operating Vice President of Information Technology for 6 years. Prior to joining HSN, he worked for 4 years at IAC as a Senior Manager of IT where he primarily supported Home shopping Network system transformation, application development, enterprise architecture and process improvement.

Mr. Amit Agarwal

President, Shop LC (US)

Proficiency: Mr. Amit Agarwal is a Commerce Graduate with an MBA. He draws on his passion for jewellery, gemstones and lifestyle products sourcing to get ahead of the curve in planning for both TV and e-commerce platforms.

He started his career with BSL Ltd. where he worked for three years and later moved to Jain Marble Exports for two years. He then joined VGL group 15 years ago and has been an asset in driving the organisation towards growth and success. In 2016, he became the Commercial Director for TJC (UK), and served in that role till March 2018. He was then appointed Managing Director at TJC (UK) where he led the team to achieve significant improvement in customer experience and retention, resulting in superior performance at the channel.

Mr. Srikant Jha

Managing Director, TJC (UK)

Proficiency: Mr. Srikant Jha joined VGL Group straight out of his MBA school in 2007. After spending two years as a Management trainee, learning the manufacturing and sourcing side of the business, Srikant spent the last 10 years at Shop LC (Austin, Texas) and has been instrumental in the Company's growth since then.

In his role as VP of Sales and Marketing at Shop LC, Mr. Jha was managing major business areas including marketing, sales, e-commerce, content, planning, etc. and has built a strong team to drive the business forward. Moving ahead in his journey at VGL, in July 2019, he was appointed Managing Director, Shop TJC (UK).

Mr. Raj Singh

Vice President, Supply Chain, VGL Group

Proficiency: Mr. Raj Singh is a Graduate in Chemistry and trained in Mechanical Maintenance. In his career spanning over 25 years, he has demonstrated strong ability for operational and financial success.

He has been Instrumental in the development of VGL's SEZ 'Green Building' facility in Jaipur. Mr. Singh is also credited with several path-breaking initiatives in the jewellery manufacturing space, including gems-studded stainless steel jewellery, ion plating, etc. In addition, he has pioneered multiple automation drives resulting in significant cost and production efficiencies.

Mr. Pushpendra Singh

Vice President, HR, VGL Group

Proficiency: Mr. Pushpendra Singh, Graduate In Law started his career with NTPC as a Management Trainee immediately after completing post-graduation in Management.

He joined VGL Group in 2011 and is credited with restructuring and re-visioning HR to be an effective Business Partner. Currently, he is dedicated to making VGL a 'Great Place to Work'. His efforts have led to accelerated employee engagement for productivity gains at VGL. He was awarded '20 Most Talented HR Leaders in Industry' by World HRD Congress in 2013.

Mr. Vivek Jain

Senior Director - Finance, VGL Group

Proficiency: Mr. Vivek Jain holds a Bachelor of Commerce degree from University of Rajasthan and is a qualified Chartered Accountant. During his journey with Vaibhav Global Limited, he has held important positions like Manager of Corporate Finance, STS Gems Ltd. Hong Kong & China and Finance Controller of STS Gems Thai Limited, Bangkok.

Mr. Jain played an important role as a Finance Director of TJC (UK) until his promotion to Senior Director of Finance, VGL group, and was responsible for both the finance function and a number of operational functions such as Content Distribution, Customer Solutions and Fulfilment. He has played a key role in establishing effective financial policies, procedures, controls and reporting systems.

Corporate Information

Board of Directors

Harsh Bahadur *(Chairman)*

Sunil Agrawal *(Managing Director)*

Nirmal Kumar Bardiya

Sheela Agarwal

Pulak Chandan Prasad

Santiago Roces

James Patrick Clarke

Sunil Goyal

Monica Justice

Chief Financial Officer

Vineet Ganeriwala

Company Secretary

Sushil Sharma

Statutory Auditors

M/s B S R & Co. LLP

Secretarial Auditor

M/s B.K. Sharma & Associates, Jaipur

Registered Office

K- 6B, Fateh Tiba, Adarsh Nagar, Jaipur - 302004
Tel: +91-141-2601020,
Fax: +91-141-2605077

Corporate Office

E-69, EPIP, Sitapura, Jaipur - 302022
Tel: +91-141-2770648,
+91-141-2771975

Investor Help Desk

investor_relations@vaibhavglobal.com
Tel: +91-141-2770648,
+91-141-2771975

Principal Bankers

Punjab National Bank, Jaipur
State Bank of India, Jaipur
HDFC Bank Ltd., Jaipur
Yes Bank Ltd., Jaipur

Registrar & Share Transfer Agent

M/s KFin Technologies Pvt. Ltd.
(Unit: Vaibhav Global Limited)
Selenium Tower B, Plot 31-32,
Gachibowli Financial District, Nanakramguda,
Serlingampally, Hyderabad - 500 032
Tel: +91-040-67162222,
Fax: +91-040-23001153

Stock Exchanges where Company's Securities are listed

BSE Limited
National Stock Exchange of India Limited

Corporate Identity Number

L36911RJ1989PLC004945

Website

www.vaibhavglobal.com

STATUTORY SECTION

VAIBHAV GLOBAL LIMITED

CIN: L36911RJ1989PLC004945
Registered Office: K-6B, Fateh Tiba, Adarsh Nagar, Jaipur – 302004
Tele No.: 91-141-2601020 • **Fax No.:** 91-141-2605077
Email: investor_relations@vaibhavglobal.com • **Website:** www.vaibhavglobal.com

NOTICE

Notice is hereby given that the 31st Annual General Meeting (AGM) of the Members of VAIBHAV GLOBAL LIMITED will be held on Thursday, 30th July, 2020 at 9.00 A.M. (IST) through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) to transact the following business:

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon.

2. Re-appointment of Mrs. Sheela Agarwal as a Director, liable to retire by rotation

To appoint a Director in place of Mrs. Sheela Agarwal (DIN: 00178548), who retires by rotation at this Annual General Meeting and, being eligible, offers herself for re-appointment.

3. Declaration of dividend

To declare a final dividend of ₹7.00 per equity share for the year ended 31st March, 2020 and to confirm interim dividend of ₹7.00 per equity share and special interim dividend of ₹19.74 per equity share, already paid during the year 2019-20.

Special Business:

4. Appointment of Ms. Monica Justice as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ***Ordinary Resolution:***

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 17 of SEBI (LODR) Regulation 2015 and other laws, rules and regulations as may be applicable from time to time and pursuant to the recommendation of Nomination, Remuneration and Compensation Committee and the Board of Directors ("the Board"), the consent of the members be and is hereby accorded for the appointment of Ms. Monica Justice (DIN: 08469874), who was appointed as an additional director w.e.f. 6th September, 2019 pursuant to the provision of Section 161(1) of the Act, as a Non Executive Independent Woman Director of the Company, to hold office for a term of two years commencing from 6th September, 2019 to 5th September, 2021, whose office shall not be liable to retire by rotation, on such terms and conditions including remuneration determined/ to be determined by the Board."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable in this regard."

5. Re-appointment of Mr. Sunil Goyal as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a ***Special Resolution:***

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other laws, rules and regulations as may be applicable from time to time and pursuant to the recommendation of Nomination, Remuneration and Compensation Committee and the Board of Directors ("the Board"), the consent of the members be and is hereby accorded for the re-appointment of Mr. Sunil Goyal (DIN: 00110601) as an Independent Director of the Company, to hold office for a second term of five years commencing from 8th March, 2020 to 7th March, 2025, whose office shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable in this regard."

Registered Office:
K-6B, Fateh Tiba,
Adarsh Nagar,
Jaipur – 302004
CIN: L36911RJ1989PLC004945

By Order of the Board of Directors
For Vaibhav Global Limited

Sushil Sharma
Company Secretary
(Membership No. FCS -6535)

Place: Jaipur
Date: 27th May, 2020

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') in respect of item number 4 to 5 and the information required pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations'), read with secretarial standards 2 issued by ICSI, regarding the Directors seeking appointment/re-appointment in the Annual General Meeting are annexed hereto and both forms part of the Notice.

2. The 31st Annual General Meeting (AGM) is convened through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") pursuant to General Circular numbers 14/2020, 17/2020 and 20/2020, dated 08.04.2020, 13.04.2020 and 05.05.2020 respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12.05.2020 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as 'Circulars'), which allow the companies to hold AGM through VC/OAVM, which does not require physical presence of members at a common venue. The deemed venue for the 31st AGM shall be the Corporate Office of the Company i.e. E-69, EPIP, Sitapura, Jaipur-302022 (Rajasthan).

3. The Company has availed the services of KFin Technologies Private Limited (KFintech), Registrar and Transfer Agent (RTA) of the Company, as the authorised agency for conducting the AGM through VC/OAVM and providing e-voting facility.

4. In compliance with the aforesaid Circulars, the Notice of 31st AGM along with the Annual Report for the financial year 2019-20 is sent only through electronic mode to those Members whose E-mail addresses are registered with the Company / Depositories / RTA as on 30th June, 2020. The AGM notice and Annual Report of the Company are made available on the Company's website at www.vaibhavglobal.com and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited - www.bseindia.com and National Stock Exchange of India Limited - www.nseindia.com.

5. Though a Member entitled to attend and vote at the meeting, is entitled to appoint one or more proxies (proxy need not be a member of the Company to attend and vote instead of himself / herself), the facility of appointment of Proxies is not available as the AGM is convened through VC / OAVM.

6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. In case of joint holders only such joint holder who is higher in the order of names will be entitled to vote during the meeting.

8. The Register of Members and the Share Transfer Books of the Company will remain closed on 23rd July, 2020 ('Book Closure date') for the purpose of AGM and payment of dividend. The dividend, as recommended by the Board of Directors of the Company, if declared at the AGM, will be paid within 30 days from the date of AGM to those Members, whose names stand registered as on book closure date in the record of the Company/RTA/Depositories.

9. Effective from 1st April, 2020, dividend income is taxable in the hands of shareholders. Hence the Company is required to deduct tax at source [TDS] from the amount of dividend paid to shareholders at the prescribed rates. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com on/before 23rd July, 2020. Further no tax shall be deducted on the dividend payable to a resident individual shareholder if the total amount of dividend to be received from the Company during the financial year 2020-21 does not exceed ₹5,000/-. Shareholders may note that in case PAN is not updated with the Depository Participant/RTA, the tax will be deducted at a higher rate of 20%.

   Non-resident shareholders can avail beneficial tax rates under Double Tax Avoidance Agreement [DTAA] i.e. tax treaty between India and their country of residence. Non-resident shareholders are required to provide details on applicability of beneficial tax rates and provide following documents:

   - Copy of PAN card copy, if any, allotted by Indian Income Tax Authorities duly self-attested by the member.
   - Copy of Tax Residency Certificate [TRC] for the FY 2020-21 obtained from the revenue authorities of country of tax residence duly attested by the member.
   - Self Declaration in Form 10-F.
   - No-PE [permanent establishment] certificate.
   - Self-declaration of beneficial ownership by the non-resident shareholder.
   - Lower withholding Tax certificate, if any, obtained from the Indian Tax Authorities.

   The members/shareholders are required to provide above documents/declarations by sending an E-mail to einward.ris@kfintech.com on/before 23rd July, 2020. The aforesaid documents are subject to verification by the Company and in case of ambiguity, the Company reserves its right to deduct the TDS as per the rates mentioned in the Income Tax Act, 1961. In case of Foreign Institutional Investors / Foreign Portfolio Investors tax will be deducted under Section 196D of the Income Tax Act @20% plus applicable surcharge and cess.

10. Members wish to claim dividends that remained unclaimed are requested to correspond with the RTA/Company Secretary. Members are requested to note that dividends that are not claimed within 7 years from the date of transfer to the Company's unpaid dividend account, will as per section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which

dividends remain unclaimed for seven consecutive years will be transferred to the IEPF as per section 124 of the Act and the applicable rules.

11. Members are requested to note that, in order to avoid any loss/ interception in postal transit and also to get prompt credit of dividend through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) they should submit their NECS / ECS details to the Company's RTA. The requisite NECS /ECS application form can be obtained from the Company's RTA. Alternatively, Members may provide details of their bank account quoting their folio numbers, to the Company's RTA to enable them to print such details on the dividend warrants.
12. As a part of the green initiatives, the Members who have not yet registered their E-mail addresses are requested to register their E-mail addresses with their DPs in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form. Upon such Registration, all communication from the Company/ RTA will be sent to the registered E-mail address.
13. Members are requested to intimate, indicating their folio number, the changes, if any, in their registered address, either to the Company's Registrar and Share Transfer Agents or to their respective Depository Participant ("DP") in case the shares are held in dematerialised form.
14. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's RTA. In respect of shares held in demat form, the nomination form may be filed with the respective DP.
15. As per Regulation 40 of SEBI (LODR) Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. Hence, the Members holding shares in physical form are requested to consider converting their holdings in the dematerialised form. The Members who are desirous to convert their physical holdings into dematerialised form, may contract the Depository Participant of their choice.
16. The Register of Directors and KMP and their shareholding and Register of contracts or arrangements in which Directors are interested maintained under Sections 170 and 189 of the Companies Act, 2013 respectively will be available electronically for inspection by the members at the AGM.

    All documents referred in the accompanying Notice and Statement setting out material facts will be available for electronic inspection for Members on all working days (except Holiday) between 11.00 A.M. and 1.00 P.M. (IST) up to date of 31st AGM. Members seeking to inspect such documents can send an E-mail to investor_relations@vaibhavglobal.com
17. Updation of Members' details: The format of the Register of Members prescribed by the MCA under the Act requires the Company/RTA to record additional details of Members, including their PAN details, E-mail address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to furnish the above details to the Company or RTA. Members holding shares in electronic form are requested to furnish the details to their respective DP.
18. The members / investors may send their complaints/ queries, if any to the Company's RTA at einward.ris@kfintech.com or to the Company at investor_relations@vaibhavglobal.com
19. Since the AGM being held through VC/OAVM, the Route Map, Attendance Slip and proxy form are not attached to this Notice.
20. **Instructions for attending the AGM through VC / OAVM and viewing webcast of AGM:**
    i. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at https://emeetings.kfintech.com / by using their remote e-voting login credentials.
    ii. After logging, click on camera icon appearing against AGM event of Vaibhav Global Limited.
    iii. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.
    iv. Facility of joining the AGM through VC/OAVM shall open 45 minutes before the time scheduled for the AGM and will be available for Members on first-come-first-served basis. Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM.
    v. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to https://emeetings.kfintech.com and clicking on the 'Speaker Registration' tab available on the screen after log in. The speaker registration will be open during 27th July, 2020 to 28th July, 2020. Only those members who are registered will be allowed to express their views or ask questions. Alternatively, members may also write to Company at investor_relations@vaibhavglobal.com before 5.00 PM on 28th July, 2020. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
    vi. Facility of joining the AGM through VC/OAVM shall be available for 1000 members on first come first served basis. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination, Remuneration & Compensation Committee and Auditors are not restricted on first come first served basis.
    vii. Members of the Company under the category of Institutional Investors are encouraged to attend

the AGM and vote at the AGM, if not already voted remotely.

viii. Members who need assistance before or during the AGM may contact Ms. C Shobha Anand, Deputy General Manager, KFin Technologies Private Limited, Tel: +91 40 6716 2222 or Toll Free No.: 1800-345-4001; or send an E-mail request to shobha.anand@kfintech.com or evoting@kfintech.com

21. E-voting

(1) In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by KFintech on all resolutions set forth in the Notice of 31st AGM.

(2) The remote e-voting period will commence on Sunday, 26th July, 2020 at 10.00 A.M. (IST) and ends on Wednesday, 29th July, 2020 at 5.00 P.M. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e., Thursday, 23rd July, 2020, may cast their vote electronically in the manner and process set out hereinabove. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

(3) Instructions for Remote E-voting are as under:

i. Launch internet browser by typing the URL: https://evoting.karvy.com

ii. Enter the login credentials (i.e., User ID and password as mentioned in email). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with KFintech for remote e-voting, you can use your existing user ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, E-mail ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., Vaibhav Global Limited.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., to attend the AGM through VC/OAVM and vote on its behalf together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at E-mail bksharma162@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "Vaibhav Global Limited 31st AGM".

(4) Instructions for Members for e-voting during the AGM:

i. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC / OAVM.

ii. The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM.

iii. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same. The Members shall be guided on the process during the AGM.

iv. Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

22. Procedure for registering the E-mail addresses and obtaining the AGM Notice, Annual Report and e-voting user ID and password by the members whose E-mail addresses are not registered with the Depositories (in case of Members holding shares in Demat form) or with RTA (in case of Members holding shares in physical form):

    i. Those Members who have not yet registered their E-mail addresses are requested to get their E-mail addresses registered by following the procedure given below:

    a) Members holding shares in demat form can get their E-mail ID registered by contacting their respective Depository Participant.

    b) Members holding shares in physical form may register their E-mail address and mobile number with Company's RTA by sending an E-mail request at einward.ris@kfintech.com along with signed scanned copy of the request letter providing the E-mail address, mobile number, self-attested copy of the PAN card and copy of the Share Certificate.

    ii. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangements with KFintech for registration of E-mail addresses of the Members in terms of the MCA Circulars. Eligible members who have not submitted their E-mail address to the Depository Participant or KFintech are required to provide their E-mail address to KFintech, on/before 5:00 P.M. (IST) on 23rd July, 2020.

        a) Visit the link: https://ris.kfintech.com/email_registration/

        b) Select the Company name viz. Vaibhav Global Limited

        c) Enter the DP ID & Client ID / Physical Folio Number

        d) Enter the PAN details

        e) Enter your E-mail address and Mobile Number

        f) The system will then confirm the E-mail address for receiving this AGM Notice.

    iii. After successful registration of E-mail address, KFintech will send by E-mail, the AGM Notice, Annual Report and e-voting user ID and password to the Members.

23. **Procedure to be followed by the Members updation of bank account mandate for receipt of dividend:**

    i. Send a request to KFintech at einward.ris@kfintech.com by providing the following details:

    a) Folio No., Name of the Member/s;

    b) Name and Branch of the Bank in which you wish to receive the dividend;

    c) the Bank Account type;

    d) Bank Account Number allotted by their bank after implementation of Core Banking Solutions;

    e) 9 digit MICR Code Number; and

    f) 11 digit IFSC Code

    ii. Along with the request, attach the scanned copy of Share Certificate (front and back), PAN (self-attested scanned copy of PAN card), scanned copy of cancelled cheque bearing the name of the first Shareholder.

24. **Other Instructions:**

    i. In case of any queries, you may refer Help & FAQ section of https://evoting.karvy.com or call KFintech on 040-67162222 and Toll Free No. 1800 3454 001.

    ii. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date, i.e. Thursday, 23rd July, 2020 may obtain the login ID and password by sending a request at evoting@kfintech.com.

    iii. However, if you are already registered with KFintech for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on https://evoting.karvy.com or call KFintech on 1800 3454 001 / 040-67162222.

    iv. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, 23rd July, 2020.

    v. The Board of Directors has appointed Mr. B K Sharma, Practicing Company Secretary as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

    vi. The scrutinizer shall immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting and votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding 48 hours from the conclusion of the meeting, submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by the Chairman in writing for counter signature.

    vii. The results shall be declared either by the Chairman or the person authorised by the Chairman in writing and the resolutions will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour thereof.

    viii. Promptly after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website at www.vaibhavglobal.com and on the KFintech's website at https://evoting.karvy.com and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.

    ix. A person who is not a member as on the cut-off date, should treat this Notice for information purpose only.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Pursuant to the recommendation of the Nomination, Remuneration and Compensation (NRC) Committee in its meeting held on 21st May, 2019, the Board of Directors ("the Board"), in its meeting held on 30th July, 2019 appointed Ms. Monica Justice as an Additional Director in the category of Non-Executive Independent woman Director w.e.f 6th September, 2019 under Sections 161 and 149 of the Companies Act, 2013 ("the Act") read with regulation 17 of SEBI (LODR) Regulation, 2015. In terms of Section 161(1) of the Act, an Additional Director shall hold office upto the date of next Annual General Meeting.

Considering her knowledge, skills and experience, the Board of Directors, has recommended/approved the appointment of Ms. Monica Justice as an Independent Director of the Company for a term of two years from 6th September, 2019 to 5th September, 2021 on such terms and conditions including remuneration by way of profit related commission determined/to be determined by the Board, within the limits as previously approved by the shareholders regarding payment of remuneration to non-executive directors. The Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing her candidature for the appointment as an Independent Director of the Company.

The Company has received consent in writing from her to act as Director of the Company and a declaration that she is not disqualified to act as Director under Section 164(2) of the Act and meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015. In the opinion of the Board, Ms. Monica Justice fulfils the conditions specified in the Act/Regulations and she is independent of the management. The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for the approval of the members.

The brief profile, specific areas of her expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice. The terms and conditions of appointment of Director would be available for electronic inspection between 11.00 A.M. and 1.00 P.M. (IST) on all working day of the Company, except holiday, upto the date of 31st Annual General Meeting. Members seeking to inspect such document can send an E-mail to investor_relations@vaibhavglobal.com

No Director, Key Managerial Personnel and their relatives, except appointee herself, is in any way, concerned or interested in the resolution.

Item No. 5

Mr. Sunil Goyal is an Independent Director of the Company and his first term has been completed on 7th March, 2020. As per Section 149(10) of Companies Act, 2013 ("the Act") an Independent Director shall hold office for a term of upto five years on the Board of a Company, but shall be eligible for re-appointment for further term upto five years on passing a special resolution by the Company.

The Nomination, Remuneration and Compensation (NRC) Committee evaluated the performance of Mr. Sunil Goyal and keeping in view of his knowledge, skills, vast experience, continued valuable guidance to the management and effective participation & contribution recommended his re-appointment for a second term of five years. Accordingly, on the recommendation of NRC Committee, the Board of Directors ("the Board"), at its meeting held on 29th January, 2020 has approved/recommended the re-appointment of Mr. Sunil Goyal as an Independent Director of the Company for a second term of five years commencing from 8th March, 2020 to 7th March, 2025, subject to the approval of shareholders.

The Company has received a notice in writing pursuant to Section 160 of the Act from a Member proposing his candidature for the re-appointment as an Independent Director of the Company.

The Company has received the consent in writing from him to act as Director of the Company and a declaration that he is not disqualified to act as Director under Section 164(2) of the Act and meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015. In the opinion of the Board, Mr. Sunil Goyal fulfils the conditions specified in the Act/Regulations and he is independent of the management. The Board recommends the Special Resolution set out at Item No. 5 of the Notice for the approval of the members.

The brief profile, specific areas of his expertise and other information as required under SEBI (LODR) Regulations, 2015, is provided at the end of the notice. The terms and conditions of re-appointment of Director would be available for electronic inspection between 11.00 A.M. and 1.00 P.M. (IST) on all working day of the Company, except holiday, upto the date of 31st Annual General Meeting. Members seeking to inspect such document can send an E-mail to investor_relations@vaibhavglobal.com

No Director, Key Managerial Personnel and their relatives, except appointee himself, is in any way, concerned or interested in the resolution.

Details of Directors seeking appointment/re-appointment at 31st Annual General Meeting

Name of Director	Mrs. Sheela Agarwal	Ms. Monica Justice	Mr. Sunil Goyal
DIN	00178548	08469874	00110601
Date of Birth	12/12/1942	04/09/1969	23/09/1957
Date of first appointment on the Board	10/11/2008	06/09/2019	08/03/2017
Date of re-appointment	07/09/2017	NA	08/03/2020
Brief Profile / Expertise in Specific field/ Qualification	Mrs. Sheela Agarwal a philanthropist and an active social worker. She possesses business acumen and a deep understanding of the sector.	Ms. Monica Justice is BS, Fashion Merchandising, Philadelphia University, Philadelphia, PA, 1991. She has expertise in corporate planning, portfolio and programme management, including mergers, acquisitions and implementing transformation programmes for multi-billion retail and digital commerce leaders. Trusted executive confidant with reliable instincts to address complex challenges, consistently delivering high quality output and market results. Comfortably navigates a matrixed environment to influence decision making and provide capability for large and diverse teams to move strategies and initiatives forward. In the past, she has worked with Quarte Retail in several positions. The last position she held at Qurate Retail was that of Vice President, Enterprise Portfolio Management & Strategy - Global. She has also worked with RUELA LA as Senior Vice President, Production and Delivery.	Mr. Sunil Goyal has vast experience in the fields of Finance, Internal Control, Risk Assessment and Risk Management, Corporate Governance, Accounting Standards, Assurance, Banking and Insurance as well as Judicial process being member of various disciplinary committees. He has been deeply involved with setting and implementation of Accounting and Auditing Standards in India. He has authored various books and articles in leading journals. Mr. Goyal has been President of the Institute of Chartered Accountants of India in the year 2004-05 and a Council member for more than 12 years. He has been a member of the Board of Directors and/or various Committee of International Federation of Accountants, New York, an apex body of the accounting profession during 2004-08. He has also been the President of South Asian Federation of Accountants, an official accredited body of SAARC. He has also been Ex. Committee member of Confederation of Asia and Pacific Accountants, Malaysia. He is an independent director on various listed and non-listed entities. He served as independent director of United Bank of India also. He has been a member of various committee set up by Government of India relating to Accounting, Finance, Banking and Insurance in India. Mr. Goyal is a Post Graduate in Commerce and Arts, Graduate in Law, Post Graduate Diploma in Taxation and Post Graduate Diploma in Labour Laws. He is also a member of The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The Institute of Cost & Works Accountants of India.
Board Meetings held & attended during the FY 2019-20	Held – 7 Attended - 7	Held – 4 Attended - 4	Held – 7 Attended - 7

Directorships held in other public companies (excluding foreign companies and Section 8 companies)	NIL	NIL	Shree Rajasthan Syntex Ltd.
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NIL	NIL	**Audit Committee –** • Shree Rajasthan Syntex Ltd. – Member • Vaibhav Global Limited - Chairman **Stakeholders' Relationship Committee –** • Vaibhav Global Limited - Chairman
Number of shares held in the Company	22,450	NIL	NIL
Remuneration paid during FY 2019-20	₹5,25,000 (Sitting Fees)	₹21,23,729 (Profit related Commission)	₹10,75,000 (Sitting Fees)
Relationships with other directors/KMP	She is mother of Mr. Sunil Agrawal, Managing Director of the Company	NIL	NIL

Registered Office:
K-6B, Fateh Tiba, Adarsh Nagar,
Jaipur – 302004
CIN: L36911RJ1989PLC004945

By Order of the Board of Directors
For Vaibhav Global Limited

Sushil Sharma
Company Secretary
(Membership No. FCS -6535)

Place: Jaipur
Date: 27th May, 2020

Board's Report

Dear Members,

YOUR DIRECTORS HAVE PLEASURE IN PRESENTING THE 31ST ANNUAL REPORT ON THE AFFAIRS OF THE COMPANY, TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS, FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020.

Financial Performance and Highlights

The audited financial statements (standalone and consolidated) prepared by the Company, in accordance with the Indian Accounting Standards [Ind AS], are provided in the Annual Report of the Company. The highlights of financial performance (standalone and consolidated) of the Company for the year ended 31st March, 2020 are as follows:

(₹ in lacs)

Particulars	Standalone (FY)		Consolidated (FY)	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations and Other Income	54,286.04	48,912.79	2,00,100.25	1,82,814.87
Less: Operating Cost	39,957.68	44,058.32	1,72,465.05	1,61,072.64
Operating Profit / PBDIT	14,328.36	4,854.47	27,635.20	21,742.23
Less: Finance Cost	649.98	391.28	864.83	465.75
Less: Depreciation & Amortization Expenses	409.94	382.93	3,136.21	2,460.74
Profit Before Tax (PBT)	13,268.44	4,080.26	23,634.16	18,815.74
Less: Tax Expenses	531.52	783.55	4,608.43	3,398.71
Profit After Tax (PAT)	12,736.92	3,296.71	19,025.73	15,417.03
Other Comprehensive Income (Net of Tax)	19.89	38.16	2,374.86	541.02
Total Comprehensive Income	12,756.81	3,334.87	21,400.59	15,958.05

A detailed discussion on financial and operational performance of the Company is given under "Management Discussion and Analysis Report" forming part of this Annual Report.

Business Review

As a vertically integrated electronic retailer of fashion jewellery, accessories, and lifestyle products, VGL has uniquely positioned itself to cater to the deep value seeking customer through its retail channels - Shop LC in the US and TJC in the UK. B2C contributes nearly 97% of the total revenue from operations.

There is a fundamental shift in the way people shop with an increasing thrust on right price, quality, depth of product offering and convenience; convenience being at the top of the list. VGL has constantly reinvented the business model to deliver on each of these parameters. Omni-channel is a convenience that we provide to our customers for seamless navigation across sales platforms thereby improving the customer lifetime value. This is achieved through our presence on proprietary TV channels in ~99 mn households in US and UK combined, proprietary web platforms, mobile apps, third party market-places, and social media platforms. Over-the-Top (OTT) services are fast changing the way media is consumed - VGL is aggressively expanding presence to acquire customers on these platforms. Over-The-Air (OTA) households in the US are steadily increasing and we are present in majority of these OTA households through proprietary TV channels. For more details, please refer to the Business Overview Section in the Management Discussion and Analysis Report, which forms a part of the Board's Report.

COVID-19 Impact and Mitigation

The recent outbreak and global spread of COVID-19 may have a significant and prolonged impact on global economic conditions. Your Company responded quickly to ensure the safety of its employees and other stakeholders, as per guidelines issued by authorities in each jurisdiction. It also ensured that our supply chains and operations were able to function with the least disruption. In keeping with its policy of prioritizing employee safety, your Company had issued early guidelines to its employees on maintaining social distancing, hygiene at workplaces, and had adopted alternate day working approach for employee long before the lockdown enforcement. Thereafter, the Company's manufacturing units located at Jaipur (India) had ceased operation on 24th March, 2020 as per government Instructions and adopted 'Work-From-Home' policy for all its employees. The Company's Indian operations were partially resumed w.e.f. 27th April, 2020, in compliance with government directives. While Indian manufacturing operations were temporarily closed, we didn't witness any material disruption in local sourcing in US and UK. We also resumed operations in China on 2nd March, 2020.

We responded to the challenge with agility, as our retail businesses i.e. Shop LC in US and Shop TJC in UK, have been operational all through the uncertainties. Based on the announcement made 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 were encouraged to remain open.

The Company also added some 'essential' items to our offering in both the US and UK. With all these measures, the Company was able to maintain a growth trajectory during the last few weeks of FY 2019-20, and the first couple of months of FY 2020-21.

As a responsible member, the Company also supported the community in this unprecedented crisis of COVID-19, by serving 40,000 meals per day to under-privileged sections of society. In addition, masks and other protective gear were donated for frontline healthcare workers across its global presence.

Dividend

The Board of Directors of your company is pleased to recommend a final dividend of ₹7/- per equity share of the face value of ₹10/- each (@70%) for the FY 2019-20, for the approval of the equity shareholders at the ensuing Annual General Meeting.

During the year under review, an interim dividend of ₹7/- per equity share of the face value of ₹10/- each (@70%) and a special interim dividend of ₹19.74/- per equity share of the face

value of ₹10/- each (@197.40%) were paid as declared by the Board of Directors in its meetings held on 29th January, 2020 and 19th March, 2020 respectively. Cumulatively, the Board of Directors of your Company has declared/recommended a total dividend (interim, special and final dividend (if approved)) of ₹33.74/- per equity share (@337.40%) during the year.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") is being given separately and forms a part of this Report. The policy is also available on the Company's website i.e. https://www.vaibhavglobal.com/code-policies

Transfer to Reserve

The Board of Directors of your Company has decided not to transfer any amount to the Reserves for the year under review.

Change in Capital Structure

During the year, there has been no change in the authorised share capital of the Company. The Company has allotted 4,80,785 equity shares of ₹10/- each to eligible employees under VGL ESOP (As Amended) – 2006, in different tranches, through Vaibhav Global Employee Stock Option Welfare Trust, pursuant to the exercise of stock options. The Company has bought back and extinguished 8,65,675 equity shares pursuant to buy back of equity shares through stock exchange mechanism.

Consequent to allotment and buyback, the paid-up equity share capital of the Company has been changed during the year from ₹32,69,92,360/- (Rupees thirty two crore sixty nine lacs ninety two thousand three hundred and sixty only) to ₹32,31,43,460/- (Rupees thirty two crore thirty one lacs forty three thousand four hundred and sixty only). Further, the Company has not issued shares with differential voting rights.

Buy Back of Shares

The shareholders approved the proposal of buyback of equity shares, recommended by the Board of Directors in its meeting held on 30th May, 2019, through postal ballot by a special resolution on 5th August, 2019. The buyback was offered to all eligible equity shareholders of the Company (except promoters, promoter group and the persons in control of the Company) under the open market route through the stock exchange mechanism. The buyback of equity shares through the stock exchange commenced on 20th August, 2019 and was completed on 25th November, 2019. The Company has bought back 8,65,675 equity shares at an average buyback price of ₹831.72/- per equity share, comprising 2.63% of the pre-buyback paid-up equity share capital of the Company and extinguished the same. The buyback resulted in a cash outflow of ₹7,199.99 lacs (excluding transaction costs). The Company funded the buyback from its securities premium. In accordance with section 69 of the Companies Act, 2013 ('the Act') the Company has created 'Capital Redemption Reserve' of ₹86.57 lacs equal to the nominal value of the shares bought back as an appropriation from securities premium.

Employees Benefit Scheme(s)

During the year, 4,57,700 (Four lacs fifty seven thousand seven hundred) stock options convertible into equal number of equity shares of ₹10/- each have been granted to the eligible employees of the Company and its subsidiaries under 'Vaibhav Global Limited, Employee Stock Options Plan (As Amended) - 2006' (hereinafter referred to as 'ESOP Scheme') in different trenches. The Company has not granted any stock unit under 'Vaibhav Global Limited Restricted Stock Unit Plan - 2019 (hereinafter referred to as 'RSU Plan')'. The ESOP Scheme and RSU plan of the Company are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014.

The required details pertaining to Employee Benefit Scheme(s) are available on the Company's website: http://www.vaibhavglobal.com/esop

Credit Rating

During the year under review, the Company's credit rating for long-term bank facilities were reaffirmed as CARE A- (A minus) with Outlook - Positive, which denotes adequate degree of safety regarding timely servicing of financial obligations. The short-term bank facilities were also reaffirmed as CARE A2+ (A Two Plus), which denotes strong degree of safety regarding timely servicing of financial obligations.

Holding and Subsidiary Companies:

A. Holding Company:

Brett Enterprises Private Limited, holding 1,80,77,764 equity shares, representing 55.94% shareholding, is a Holding Company of Vaibhav Global Limited.

B. Subsidiary Companies:

The Company has the following subsidiaries and step-down subsidiaries:

Wholly Owned Subsidiaries:

a) VGL Retail Ventures Limited (formerly: Genoa Jewelers Limited), Mauritius, a 100% subsidiary of the Company, which in turn holds 100% in Shop TJC Limited, UK.

b) STS Jewels Inc., USA, a 100% subsidiary of the Company, engaged in selling jewellery to departmental stores, TV channels and others in USA on wholesale basis.

c) STS Gems Limited, Hong Kong, a 100% subsidiary of the Company, engaged in outsourcing jewellery and lifestyle products primarily for the group, which in turn holds 100% in PT. STS Bali and STS (Guangzhou) Trading Limited.

d) STS Gems Thai Limited, a 100% subsidiary of the Company, engaged in outsourcing products for the group.

e) STS Gems Japan Limited, a 100% subsidiary of the Company, engaged in outsourcing products for the group.

Step-down Subsidiaries:

a) Shop TJC Limited, UK (formerly: The Jewellery Channel Ltd.), a wholly-owned step-down subsidiary of the Company, engaged in the sale and marketing of fashion jewellery and lifestyle accessories through electronic media and operates a dedicated 24x7 TV shopping channel and internet shopping website (www.tjc.co.uk) and also having a mobile app in the UK.

b) Shop LC Global Inc., US (a 100% subsidiary of Shop TJC

Limited, UK), a wholly-owned step-down subsidiary of the Company, engaged in marketing of fashion jewellery and lifestyle accessories through electronic media and operates a dedicated 24x7 TV shopping channel and internet shopping website (www.shoplc.com) and also having a mobile app in the US.

c) PT. STS Bali, a wholly-owned step-down subsidiary of the Company, engaged in outsourcing products for the group.

d) STS (Guangzhou) Trading Limited, a wholly-owned stepdown subsidiary of the Company, engaged in the business of export and import trading primarily for the group.

There is no associate company within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of the business of the subsidiaries. However, considering business convenience and operational advantages, VGL Retail Ventures Limited (formerly: Genoa Jewelers Limited), the subsidiary of the Company has re-domiciled from British Virgin Island to Mauritius, during the year. The property, rights or obligations of the continuing company will not be affected nor will any proceedings by or against the continuing company. Further, Shop LC Global Inc, US, which was wholly owned subsidiary of VGL Retail Ventures Limited, Mauritius has become the wholly owned subsidiary of Shop TJC Limited, UK due to transfer of entire shareholding by VGL Retail Ventures Limited to Shop TJC Limited.

Consolidated Financial Statements

The consolidated financial statements of the Company and all the subsidiaries form a part of this Annual Report and have been prepared in accordance with Section 129(3) of the Companies Act, 2013. Pursuant to Section 136 of the Companies Act, 2013, the audited financial statements for the financial year ended 31st March, 2020 in respect of each subsidiary are also available on the website of the Company, i.e. www.vaibhavglobal.com. A copy of the said financial statements shall be provided to shareholders upon request. A separate statement containing salient features of the financial statements of company's subsidiaries in prescribed format AOC-1 which also provides details of the performance and financial position of each subsidiary is annexed as **Annexure 1** to this report.

Directors and Key Managerial Personnel (KMP)

During the year, Dr. Purushottam Agarwal, Non-Executive Independent Directors of the Company, has completed his tenure on 14th May, 2019. Mr. Rahim Ullah, Whole Time Director has resigned from the directorship of the Company w.e.f 12th October, 2019. The Board places on record its appreciation for their invaluable contribution and guidance.

Ms. Monica Justice was appointed as Director under the category of Non Executive Independent woman Director of the Company, to hold office for a term of two years commencing from 6th September, 2019 to 5th September, 2021 subject to the approval of shareholders. Keeping in view the knowledge, skills, long and rich experience, continued valuable guidance to the management and effective participation & contribution, Mr. Sunil Goyal was re-appointed as an Independent Director for a second term of five years w.e.f. 8th March, 2020 to 7th March, 2025 subject to the approval of shareholders.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mrs. Sheela Agarwal, Director, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment. The Board of Directors has recommended her re-appointment for the approval of the shareholders of the Company in the forthcoming Annual General Meeting of the Company.

Mr. Puru Aggarwal, has been promoted to Group President - Strategy & Business Development, from the earlier position of Group Chief Financial Officer and Mr. Vineet Ganeriwala has been appointed as Group Chief Financial Officer w.e.f. 21st February, 2020 under the category of Whole Time Key Managerial Personnel of the Company.

a) Board Evaluation and Remuneration Policy

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually (including Independent Directors) as well as the evaluation of the working of its Audit Committee, NRC Committee and Stakeholders' Relationship Committee as per the criteria defined in the Nomination and Remuneration policy and expressed its satisfaction. The Independent Directors in their Meeting have evaluated the performance of Non-Independent Directors and the Board as a whole and Chairman of the Board. The criteria of evaluation is described in the 'Report on Corporate Governance', a part of this Annual Report.

The Nomination and Remuneration Policy of the Company, containing selection and remuneration criteria of Directors, senior management personnel and performance evaluation of Directors/Board/Committees/Chairman, has been designed to keep pace with the dynamic business environment and market-linked positioning. The policy has been duly approved and adopted by the Board, pursuant to the recommendations of the Nomination, Remuneration and Compensation Committee of the Board. The Policy is available on the Company's website, i.e. https://www.vaibhavglobal.com/code-policies

b) Board Meetings

During the year, seven (7) Board Meetings were convened and held, the details of which are given in the "Report on Corporate Governance", a part of this Annual Report.

c) Committees of the Board

Details of the committees, along with their composition, charters and meetings held during the year, are provided in the 'Report on Corporate Governance', a part of this Annual Report.

d) Declaration by Independent Directors

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies

Act, 2013, and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015. Further, all necessary declarations with respect to independence have been received from all the Independent Directors and also received the confirmation that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. The terms and conditions for the appointment of the Independent Directors are given on the website of the Company.

Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee to formulate and recommend to the Board a Corporate Social Responsibility (CSR) policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the activities and to monitor the Corporate Social Responsibility policy of the Company from time to time. The Company has developed and implemented a CSR Policy, which contains projects and programmes, is available on Company's website: https://www.vaibhavglobal.com/code-policies

Your Company has contributed a sum of ₹129.76 lacs to various social institutions in the field of mid-day meals, education, healthcare and scholarships. A report on CSR initiatives taken during the year, in the prescribed format as required under section 134(3)(o) read with section 135, inter-alia, contains composition of the CSR committee is annexed herewith as **Annexure 2**, which forms a part of this Report.

Awards and Recognitions

During the year under review, your Company has received the following awards and certifications:

1. 'Rajasthan State Export Award - 2019' for highest export turnover in the category of Gold, Silver, Platinum & Artificial Jewellery during the year 2018-19 by Department of Industries, Government of Rajasthan.
2. Ranked as Winner for '45th India Gem & Jewellery Awards 2018' in the category of 'Silver Jewellery' continuously for the sixth time by the Gems & Jewellery Export Promotion Council (GJEPC).
3. 'EPCES Export Awards' for Best EOU Non MSME for the year 2016-17 & 2017-18 from Export Promotion Council for EOU and SEZs.
4. Company is certified as a 'Great Workplace' from Great Place to Work® Institute, India for March 2020 to February 2021.
5. Awarded with 'Happy Companies to Work For' from World HRD Congress.
6. Awarded with 'National Best Employer Brands 2019' from World HRD Congress.
7. Recognised as one of the Top 50 Companies with Great People Managers in the Great People Manager Study 2019.

Deposits

During the year under review, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rule, 2014. There are no outstanding deposits as on 31st March, 2020.

Particular of Loans, Guarantees and Investment

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the respective notes to the standalone financial statements of the Company.

Related Party Transactions

All related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no material significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons and their relatives which may have a potential conflict with the interest of the Company at large. Particulars of contracts or arrangements with related parties referred to Section 188(1) of the Companies Act, 2013, in the prescribed form AOC-2 is annexed herewith as **Annexure 3**.

Detail of all related party transactions is being placed before the Audit Committee as well as the Board of Directors. The Audit Committee has granted omnibus approval for related party transactions as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Board has framed a policy on related party transactions and the same is available on the Company's website, i.e. https://www.vaibhavglobal.com/code-policies

Pursuant to the SEBI (LODR) Regulations, 2015, the Board has framed a policy on Material Subsidiaries and the same is available on the Company's website, i.e. https://www.vaibhavglobal.com/code-policies

Internal Control Systems and their Adequacy

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organisational structure, authority levels, internal rules and guidelines for conducting business transactions. The Company intends to undertake further measures as necessary in line with its intent to adhere to the procedures, guidelines and regulations, as applicable, in transparent manner.

An external independent firm carries out the internal audit of the Company's operations and reports its findings to the Audit Committee. Internal auditor also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal audit is carried out as per risk-based internal audit plan, which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for improvement and is apprised on the implementation status in respect of the actionable items.

Risk Management

The Company has framed, developed and implemented a Risk Management policy to identify the various business risks. This

framework seeks to create transparency, minimise adverse impact on business objectives and enhance the Company's competitive advantage. The risk management policy defines the risk management approach across the enterprise at various levels, including documentation and reporting. The risk management committee monitor and review the risk management plan and to perform functions as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Auditors and Auditors' Report

A. Statutory Auditors

M/s B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 101248W/W-100022), statutory auditors of the Company, have submitted Auditors' Report on the financial statements (standalone and consolidated) of the Company for the financial year ended 31st March, 2020. The reports do not contain any reservation, qualification or adverse remark. Information referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

B. Secretarial Auditor

Pursuant to the provisions of Section 204 of Companies Act, 2013, and rules made thereunder, M/s B. K. Sharma & Associates, Company Secretaries, was appointed as secretarial auditor to conduct the secretarial audit of the Company for the FY 2019-20. The Secretarial Audit Report for the FY 2019-20 is attached herewith as **Annexure 4**. The report does not contain any reservation, qualification or adverse remark. Information referred to in the Secretarial Auditor Report are self-explanatory and do not call for any further comments.

Cost Audit

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company.

Investor Relations

Your Company interacted with Indian and overseas investors and analysts through one-on-one meetings and regular quarterly meetings during the year. Earnings call transcripts on quarterly meetings are posted on the website of the Company.

Prevention of Insider Trading

In compliance with the provisions of Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board has adopted a code of conduct to regulate, monitor and report trading by Designated Persons and code of practices and procedures for fair disclosure of unpublished price sensitive information to preserve the confidentiality of price sensitive information to prevent misuse thereof and regulate trading by designated persons. The code of practices and procedures for fair disclosure of unpublished price sensitive information is available on the Company's website, i.e. https://www.vaibhavglobal.com/code-policies

Prevention of Sexual Harassment at Workplace

Your Company is fully committed to uphold and maintain the dignity of women working in the Company. Pursuant to the provisions of Section 21 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition, Redressal) Act, 2013, the Company has formulated an Anti-Sexual Harassment Policy. All employees (permanent, contractual, temporary and trainees) are covered under this policy. An Internal Complaints Committee (ICC) was set up which is responsible for redressal of complaints related to sexual harassment at the workplace. The policy is available on the Company's website at the link https://www.vaibhavglobal.com/code-policies

During the year under review, the Company has not received any complaint pertaining to sexual harassment.

Vigil Mechanism / Whistle Blower Policy

The Company has established a Vigil Mechanism/Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy has a systematic mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or policy. The policy is available on the Company's website at the link https://www.vaibhavglobal.com/code-policies

During the year under review, the Company has not received any complaint under this policy.

Trade Relations

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The Directors wish to place on record their appreciation for the valuable contribution made by the employees of the Company.

Particulars of Employees

Information required pursuant to Section 197(12) of the Companies Act, 2013, read with rules made thereunder as amended from time to time has been given as **Annexure 5**, which forms a part of this Report.

Annual Return

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013, read with Companies (Management & Administration) Rules, 2014, an extract of the annual return in the prescribed form MGT-9 is annexed herewith as **Annexure 6**. The same is also available on the website of the Company, i.e. www.vaibhavglobal.com

Management Discussion and Analysis Report

The Management Discussion and Analysis Report of the financial conditions and results of operations of the Company for the year under review, as required under regulation 34(2)(e) of SEBI (LODR) Regulations, 2015, is being given separately and forms a part of this Annual Report.

Corporate Governance

A report on Corporate Governance and Certificate from the Company Secretary in Practice confirming compliance of conditions, as stipulated under SEBI (LODR) Regulations, 2015, forms an integral part of this Annual Report. The Managing Director of the Company has confirmed and declared that all the members of the Board and the senior management personnel have affirmed compliance with the code of conduct.

Business Responsibility Report

The Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, in a specified format is being given

separately and forms a part of this Annual Report. The said report is also available on the website of the Company.

Secretarial Standards

During the year under review, the Company has complied with all applicable secretarial standards.

Listing of Shares

The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and the listing fee for the FY 2020-21 has been duly paid.

Directors' Responsibility Statement

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, in preparation of annual accounts for the financial year ended 31st March, 2020 and state that:

a) in the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis;

e) proper internal financial controls have been laid down which are adequate and were operating effectively; and

f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Unclaimed Dividend

Section 124 of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), mandates that the companies to transfer the amount of dividend, which remained unclaimed for a period of seven years, from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the Rules also mandate that the share on which dividend has not been paid or claimed for seven consecutive years or more be transferred to the IEPF.

List of unclaimed Dividend

Year	Type of dividend	Dividend per share (₹)	Date of declaration	Due date of transfer to IEPF	Unclaimed dividend as on 31st March, 2020 (₹)
2014-15	Interim dividend	2.40	11th November, 2014	16th December, 2021	51,364.80
2018-19	Interim dividend	5.00	29th October, 2018	5th December, 2025	1,25,550.00
2018-19	Final dividend	5.00	30th July, 2019	31st August, 2026	1,49,285.00
2019-20	Interim dividend	7.00	29th January, 2020	3rd March, 2027	1,29,066.00*

* unclaimed as on 27th May, 2020

During the year under review, the Company has not transferred any unclaimed dividend and shares to IEPF.

The Company sends periodic intimation to shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders may note that both the unclaimed dividend and corresponding shares to be transferred to IEPF, including all benefits arising on such shares, if any, can be claimed from IEPF following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

Mr. Sushil Sharma, Company Secretary, has been appointed as nodal officer to ensure compliance with the IEPF Rules. The contact details of nodal officer and detail of unpaid/unclaimed dividend are available on the website of the Company, i.e. vaibhavglobal.com/unpaid-dividend.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status of the Company.

Significant changes occurred during the Current Year

There are no material/significant changes occurred between the end of the FY 2019-20 and the date of this report which may impact the financial position of the Company.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The disclosures to be made under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are as under:

A. Conservation of energy

The operations of the Company are not energy intensive. However, the Company always focuses on conservation of energy, wherever possible. The energy conservation team continuously meets, conducts studies, verifies and monitors the consumption and utilisation of energy, including identification of energy conservation areas in different manufacturing units of the Company. During the year, the Company has Installed 85 KW rooftop solar panel at E-68 unit to reduce energy consumption cost.

Steps taken by the Company for utilising alternate sources of energy: VGL emphasizes on deriving energy from renewable energy solutions with an outlook of addressing 100% of its power requirements in its manufacturing units in Jaipur. The Company's installed rooftop solar panel capacity in India is 385 KW, servicing nearly 7% of the Company's consolidated electricity requirement at its manufacturing facilities in Jaipur. Currently, a plan to commence work on a 1.3 MW power project in Bikaner, Rajasthan is under review. Once commissioned, along with the existing solar facility, we will be able to meet around 45% of our total power requirements at our manufacturing facilities in Jaipur, Rajasthan.

The Company's installed structures enabled rainwater harvesting of ~52 lac litres covering ~95,000 sq ft during the year under review.

Capital investment on energy conservation equipment: During the year, ₹364.10 lacs incurred for solar project till 31st March, 2020.

B. Technology Absorption

(i) *The efforts made towards technology absorption:* Your Company possesses an in-house research and development team, which is continuously working towards more efficient jewellery production, improved processes and better designs. Your Company constantly strives for the latest technology for its manufacturing processes. Towards technology and process upgradation in different segments, the Company has installed Stamping machine, spare making machine, centrifugal casting machine, automatic door open rotary furnace, high pressure jetting machine in casting, Riace tec wax injector, Exhaust/ Scrubber for casting furnace room, Orbitvu 360 degree photography setup etc.

(ii) *The benefits derived like product improvement, cost reduction, product development or import substitution:* The steps taken towards technology absorption by the Company helped to improve its processes and reduce cost.

(iii) *Imported technology:* The Company has imported and installed stamping machine, centrifugal casting machine, automatic door open rotary furnace, Riace tec wax injector, Orbitvu 360 degree photography setup, during the year under review.

C. Foreign Exchange Earnings and Outgo

The information on foreign exchange earnings and outgo is as under:

Sr. No.	Particulars	₹ in lacs
1	Foreign exchange earnings	51,911.29
2	Foreign exchange used	16,281.02

Acknowledgement

Your Directors acknowledge with gratitude and wish to place on record its appreciation for the dedication and commitment of the Company's employees at all levels which has continued to be our major strength.

We also take this opportunity to express our deep sense of gratitude to all government and non-government agencies, bankers and vendors for their continued support and look forward to have the same in the future too. We also express gratitude to shareholders for reposing their unstinted trust and confidence in the management of the Company.

For and on behalf of the Board of Directors

Harsh Bahadur
Chairman
DIN: 00724826

Place: Delhi
Date: 27th May, 2020

Annexure - 1

Form No. AOC - 1

(Pursuant to First Proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(Amount in ₹)

Particulars	Subsidiaries					Step Down Subsidiaries			
Sr. No.	1	2	3	4	5	6	7	8	9
Name of Subsidiary	STS Jewels Inc., USA	STS Gems Thai Limited, Thailand	STS Gems Limited, Hong Kong	STS Gems Japan Limited, Japan	VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited)	Pt. STS Bali, Indonesia	Shop TJC Limited, UK (formerly The Jewellery Channel Limited)	Shop LC Global Inc., USA	STS (Guangzhou) Trading Limited, China
The date since when subsidiary was acquired/incorporated	27th January, 2006	24th January, 2006	24th January, 2006	24th January, 2006	4th August, 2005	24th March, 2014 (Date of Incorporation)	15th December, 2005	30th January, 2007	16th May 2018
Reporting Period for the Subsidiary Concerned, if different from the holding Company's reporting period	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020	1st April, 2019 to 31st March, 2020
Reporting Currency and exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries	US$ 1 = ₹74.743396	THB 1 = ₹2.280372	HKD 1 = ₹9.640339	JPY 1 = ₹0.691276	US$ 1 = ₹74.743396	Rupiah 1 = ₹0.00457	GBP 1 = ₹92.479612	US$ 1 = ₹74.743396	Chinese Yuan 1 =₹10.53982
Share Capital	3,73,71,698	7,98,13,020	8,43,52,966	5,18,45,700	3,49,96,07,857	64,73,038	2,13,47,92,890	24,88,95,509	1,43,95,919
Reserves & Surplus	16,55,10,356	3,31,70,004	50,37,25,027	(5,24,88,271)	12,05,28,65,986	6,96,24,378	11,61,62,96,183	2,03,57,39,760	(46,00,658)
Total Assets	41,35,66,272	38,89,11,687	92,05,68,388	9,647	1,03,92,97,803	5,85,81,197	1,87,60,05,897	3,23,72,67,356	38,65,955
Total Liabilities	21,06,84,218	27,59,28,663	35,50,48,788	6,86,781	1,39,10,493	(1,75,16,219)	1,16,31,28,380	1,71,81,81,455	(59,29,305)
Investments	-	-	2,25,58,393	34,564	14,52,70,86,534	-	13,03,82,11,556	76,55,49,367	-
Turnover	81,95,06,849	57,03,45,852	2,28,52,12,928	-	-	34,11,76,499	5,67,84,84,925	14,48,05,04,356	17,44,56,403
Profit Before Taxation	(5,96,43,586)	4,05,34,089	7,69,22,829	(39,558)	14,37,54,00,268	2,96,23,415	1,21,99,44,894	1,39,77,33,944	1,04,73,333
Provision for Taxation	(1,25,59,259)	86,21,355	1,21,48,109	176	-	22,61,767	11,57,06,606	29,70,39,524	64,588
Profit after Taxation	(4,70,84,327)	3,19,12,734	6,47,74,720	(39,734)	14,37,54,00,268	2,73,61,648	1,10,42,38,288	1,10,06,94,420	1,04,08,745
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: 1. Name of Subsidiaries which are yet to commence operations: NA

2. Name of Subsidiaries which have been liquidated or sold during the year: NA

Part "B": Associates and Joint ventures

Statement pursuant to Section 129 (3) of Companies Act, 2013 related to Associate Companies and Joint Ventures

There is no Associate company / Joint Venture as on 31st March, 2020

For and on behalf of the Board

Harsh Bahadur
Chairman
DIN: 00724826
Place: Delhi
Date: 27th May, 2020

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Nirmal Kumar Bardiya
Director
DIN: 00044624
Place: Jaipur
Date: 27th May, 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
Membership No. F6535
Place: Jaipur
Date: 27th May, 2020

Annexure - 2

Annual Report on Corporate Social Responsibility (CSR) Activities 2019-20

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and reference to the weblink to the CSR policy and projects or programmes

A brief outline of the Company's CSR policy - Vaibhav Global Limited is committed to build a sustainable enterprise for the benefit of its present and future generations of stakeholders. The Company shall integrate and follow best practices into its business strategies and operations to manage the three challenges-economic prosperity, social development and environmental integrity. CSR Policy inter-alia contains CSR Vision Statement & Guiding principles, CSR Committee & its functions, Resources, CSR activities, Monitoring & feedback, Board responsibility etc.

Overview of projects or programmes - The projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. The projects / programmes under CSR policy inter-alia includes:

- Eradicating hunger, poverty and malnutrition.
- Promoting health care including preventive health care facilities to the society through recognised trust or societies and hospitals.
- Promoting education through schools and other organization.
- Employment enhancing vocational skills.
- Promoting gender equality and empowering women.
- Ensuring environmental sustainability, in particular, plantation by school children.
- Rural development projects, in particular, support the community infrastructure for improving sanitation, drainage systems etc.

[Also refer to CSR activities mentioned in Management Discussion and Analysis (MDA) Report]

Web-link to the CSR policy - CSR Policy containing projects and programmes is available on the Company's website: http://www.vaibhavglobal.com/code-policies

2. Composition of Corporate Social Responsibility Committee:

Sr. No.	Name of Director	Category	Position
1.	Mr. Sunil Agrawal	Managing Director	Chairman
2.	Mr. Nirmal Kumar Bardiya	Non-Executive Non Independent Director	Member
3.	Mr. Harsh Bahadur	Non-Executive Independent Director	Member

3. Average net profit of the Company for last three financial years:

Average Net Profit/(Loss): ₹3509.29 lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹70.19 lacs

5. Detail of CSR spends for the financial year:

a. Total amount spent for the financial year: ₹129.76 lacs

b. Amount unspent, if any: N.A.

c. Manner in which the amount spent during the financial year is detailed below:

(₹ in lacs)

1	2	3	4	5	6	7	8
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount spent on the projects or programmes Subheads: 1) Direct Expenditure on project or programmes 2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Eradicating hunger, poverty and malnutrition	Providing mid-day meal through recognised trust / institutions	Jaipur, Rajasthan	110.85	110.85	110.85	Through implementing agency (Akshya Patra Foundation, Jaipur)
				7.96	7.96	118.81	Through implementing agency (Prem Niketan Senior Secondary School, Jaipur)

(₹ in lacs)

1	2	3	4	5	6	7	8
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount spent on the projects or programmes Subheads: 1) Direct Expenditure on project or programmes 2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
2	Promoting education through schools and other organizations	Scholarships to students and providing education to underprivileged children / Support schools for meeting the expenses relating to Educational aids and other expenses	Jaipur, Rajasthan	2.40	2.40	121.21	Through implementing agency Prem Niketan Senior Secondary School, Jaipur
				1.80	1.80	123.01	Through implementing agency Akshar Society, Jaipur
			Delhi	0.15	0.15	123.16	Through implementing agency Gunjan Foundation, Delhi
3	Promoting healthcare, including preventive healthcare facilities to the society	Taking care of old age people	Jaipur, Rajasthan	6.60	6.60	129.76	Through implementing agency Manav Seva Sangh Prem Niketan Ashram, Jaipur
	Total			129.76	129.76		

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.: Not Applicable

7. **Responsibility Statement**

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is given below:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

Sunil Agrawal
Managing Director
& Chairman - CSR Committee
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Harsh Bahadur
Chairman of the Board
DIN: 00724826
Place : Delhi
Date 27th May, 2020

Annexure - 3

Form No. AOC - 2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangement entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of Contracts or Arrangements or transaction not at arm's length basis:

a	b	c	d	e	f	g	h
Name(s) of Related Party and Nature of relationship	Nature of Contracts / Arrangements/ Transactions	Duration of Contracts/ Arrangements/ Transactions	Salient term of Contracts/ Arrangements/ Transactions, including value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which special resolution was passed in general meeting as required under first proviso to section 188
N.A							

2. Details of Material Contracts or Arrangements or Transactions at arm's length basis:

a	b	c	d	e	f
Name(s) of Related Party and Nature of relationship	Nature of Contracts / Arrangements/ Transactions	Duration of Contracts/ Arrangements/ Transactions	Salient term of Contracts/ Arrangements/ Transactions, including value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
Shop LC Global Inc., (100% step down Subsidiary)	Sales	Ongoing	180 Days for Payment from the Date of Invoice ₹2,66,45,01,028	N.A	N.A
	Management fee	Ongoing	180 Days for Payment from the Date of Invoice ₹1,14,19,855	N.A	N.A
STS Gems Ltd. (100% Subsidiary)	Purchase	Ongoing	120 Days for Payment from the Date of Invoice ₹20,91,68,930	N.A	N.A
	Sales	Ongoing	180 Days for Payment from the Date of Invoice ₹17,46,82,388	N.A	N.A
	Management fee	Ongoing	180 Days for Payment from the Date of Invoice ₹8,94,990	N.A	N.A
STS Gems Thai Ltd. (100% Subsidiary)	Purchase	Ongoing	120 Days for Payment from the Date of Invoice ₹14,68,67,727	N.A	N.A
	Sales	Ongoing	180 Days for Payment from the Date of Invoice ₹6,97,10,876	N.A	N.A
STS Jewels Inc. (100% step down Subsidiary)	Purchase	Ongoing	120 Days for Payment from the Date of Invoice ₹15,44,99,594	N.A	N.A
	Sales	Ongoing	180 Days for Payment from the Date of Invoice ₹9,23,06,303	N.A	N.A
	Management fee	Ongoing	180 Days for Payment from the Date of Invoice ₹1,12,133	N.A	N.A
PT. STS Bali (100% step down Subsidiary)	Purchase	Ongoing	120 Days for Payment from the Date of Invoice ₹33,77,705	N.A	N.A
Shop TJC Ltd. (100% step down Subsidiary)	Sales	Ongoing	180 Days for Payment from the Date of Invoice ₹85,75,96,971	N.A	N.A
	Management fee	Ongoing	180 Days for Payment from the Date of Invoice ₹55,00,944	N.A	N.A
STS (Guangzhou) Trading Ltd. (100% step down Subsidiary)	Purchase	Ongoing	120 Days for Payment from the Date of Invoice ₹5,95,514	N.A	N.A

Harsh Bahadur
Chairman
DIN: 00724826

Place: Delhi
Date: 27th May, 2020

Annexure - 4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
VAIBHAV GLOBAL LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vaibhav Global Limited (hereinafter called 'the Company').

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings; there was no FDI, ODI and ECBs during the period under review except the money received through Trust against issue of shares to employees of foreign subsidiaries of the Company under ESOP.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. There was no issue of securities during the period under review except issue of shares under ESOP.

(d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015. Not applicable to the Company during the period under review.

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. Not applicable to the Company during the period under review.

(h) The Securities and Exchange Board of India (Buy Back of securities) Regulations, 2018;

(i) The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

(vi) As informed and certified by the management, there are no laws that are specifically applicable to the Company based on their sector/industry.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied

with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda,
- a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of the Board and Committees were carried with requisite majority.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has allotted 4,80,785 Equity Shares to the Employees of the Company and of its subsidiaries through Trust under Employees Stock Option Plan.

We further report that the shareholders of the Company have approved the Buyback of Equity Shares of the Company through Postal Ballot. The Company has purchased 8,65,675 Equity Shares through buy back from the public and the share capital relating to these shares has been reduced accordingly.

This Report is to be read with our letter of even date which is annexed as 'Annexure A' and forms as an integral part of this report.

For **B K Sharma and Associates**
Company Secretaries
FRN - P2013RJ233500

[Brij Kishore Sharma]
Proprietor
M. No. : FCS - 6206
COP No.: 12636

Place: Jaipur
Date: 27th May, 2020

UDIN: F006206B000290193

ANNEXURE - A

To
The Members
VAIBHAV GLOBAL LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of event, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination is limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B K Sharma and Associates**
Company Secretaries
FRN - P2013RJ233500

[Brij Kishore Sharma]
Proprietor
M. No. : FCS - 6206
COP No.: 12636

Place: Jaipur
Date: 27th May, 2020

UDIN: F006206B000290193

Annexure - 5

PARTICULAR OF EMPLOYEES

(A) Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of Remuneration of Directors to Median Remuneration of Employees (MRE):

Sr. No.	Name of Director	Designation	Ratio of Remuneration to MRE	% Increase / (Decrease) in Remuneration#
1.	Mr. Rahim Ullah[1]	Whole Time Director	15.49	-
2.	Mrs. Sheela Agarwal	Non-Executive Non-Independent Director	1.94	133.33
3.	Mr. Nirmal Kumar Bardiya	Non-Executive Non-Independent Director	3.01	79.12
4.	Mr. Harsh Bahadur	Independent Director	11.06	28.57
5.	Mr. Sunil Goyal	Independent Director	3.96	67.97
6.	Mr. James Patrick Clarke	Independent Director	18.27	1.91
7.	Mr. Santiago Roces	Independent Director	6.14	1.37
8.	Ms. Monica Justice[2]	Independent Director	13.42	NA

#Based on annualised remuneration including sitting fees and profit related commission paid/payable during the financial year 2019-20.

[1]Mr. Rahim Ullah ceased as director w.e.f. 12th October, 2019.

[2]Ms. Monica Justice appointed as an Independent Director w.e.f 6th September, 2019.

2. The percentage increase in gross remuneration of Group CFO was 9.06% and of Company Secretary was 10.00% during the year.
3. The median remuneration of employees (MRE) was ₹2,71,200 as on 31st March, 2020 and ₹2,40,000 as on 31st March, 2019. There was 13.00% increase in MRE during the financial year 2019-20.
4. Total permanent employees on the rolls of Company :- 1,069 employees as on 31st March, 2020.
5. Average salary increase of non-managerial personnel was 8.00% and that of managerial personnel was 5.71% during the financial year 2019-20. There are no exceptional circumstances for increase in managerial remuneration.
6. Remuneration paid during the financial year ended 31st March, 2020 is as per the Remuneration Policy of the Company.

(B) Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Details of Top-Ten employees in terms of remuneration drawn during the year ended 31st March, 2020:

Sr. No.	Emp Name	Designation	Remuneration FY 2019-20* ₹ in lacs	Date of Commencement of employment	Education Qualification	Age	Total Experience (In Years)	Last Employment
1	Puru Aggarwal	Group President	312.20	26-Aug-15	C.M.A, C.A, C.S	53	28	Teva Pharm India Pvt. Ltd.
2	Pushpendra Singh	VP-HR, VGL Group	109.82	1-Dec-12	M.B.A, L.L.B	50	25	JSPL
3	Raj Kumar Singh	VP-SCM	102.44	9-Mar-11	M.B.A, B.Sc.	49	26	Steckbeck Jewelery Pvt. Ltd.
4	Vineet Ganeriwala	Group CFO	95.18	21-Feb-20	C.A.	45	22	Vodafone Group Services Ltd. London

Sr. No.	Emp Name	Designation	Remuneration FY 2019-20* ₹ in lacs	Date of Commencement of employment	Education Qualification	Age	Total Experience (In Years)	Last Employment
5	Anshuman Khandelwal	Deputy General Manager	34.92	1-Mar-11	C.A. M.B.A.	40	16	Deloitte Touche Tohmatsu India Pvt. Ltd.
6	Vishwas Suhas Joshi	Senior Manager	29.86	25-Feb-19	B.E.	38	14	Shop LC Global Inc. USA
7	Sanjiv Kumar Arora	Assistant General Manager	24.87	20-Mar-04	Graduate & BJMC	43	20	Self-employed
8	Mahendra Singh Rathore	Manager	24.44	01-Feb-09	B.Com & Diploma in MCSC	45	14	Data Infosis Ltd.
9	Alok Dadheech	Deputy General Manager	24.20	20-Feb-17	C.A.	38	13	BSR & Co. LLP
10	Deepti Jain	Senior Manager	23.90	23-Jun-10	B.Com & MBA	33	13	Clarity Gold

*Annualised Remuneration includes fixed pay, variable pay, incentives, bonus and the perquisite value of stock option exercised during the year, determined in accordance with the provisions of the Income-tax Act, 1961.

Note:

1. All employments are contractual, terminable by notice from either side.
2. No employee of the Company hold such percentage of equity shares within the meaning of clause (iii) of rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. No employee is relative of any director or manager of the Company.

b) (i) Employees specified at Sr. No. 1, 2 & 3 were falling under criteria prescribed in Rule 5(2)(i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(ii) No employee of the Company was falling under criteria prescribed in Rule 5(2)(ii) & 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure - 6

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details:

i	CIN	L36911RJ1989PLC004945
ii	Registration Date	8th May, 1989
iii	Name of the Company	Vaibhav Global Limited
iv	Category / Sub Category of the Company	Company Limited by Shares
v	Address of the Registered Office and contact details	K-6B, Fateh Tiba, Adarsh Nagar, Jaipur – 302004 Tel. No. 91-141-2601020; Fax No. 91-141-2605077 Email: investor_relations@vaibhavglobal.com; Website: www.vaibhavglobal.com
vi	Whether listed Company	Yes
vii	Name, address and contact details of Registrar and Share Transfer Agent	KFin Technologies Private Limited Selenium Tower B, Plot No. 31 – 32, Gachibowli Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Tel No.: 91-40-67162222; Fax No.: 91-40-23001153 Email: einward.ris@kfintech.com, Website: www.kfintech.com

II. Principal Business Activities of the Company:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and description of main products / services	NIC Code ofthe product / service	% to total turnover of the Company
1.	Manufacturing and export of all kind of jewellery, colored gems stones, precious and semi-precious stones, and studded jewellery.	321	94.36

III. Particulars of Holding, Subsidiary and Associate Companies:-

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Brett Enterprises Private Limited 5, Kitab Mahal, 192 Dr. D.N.Road, Fort, Mumbai - 400 001	CIN:U27100MH1995PTC084578	Holding Company	55.94%	2(46)
2.	VGL Retail Ventures Ltd. (Formerly: Genoa Jewelers Limited) 34 Cybercity 10th Floor, Ebene Heights Building, Ebene, Mauritius.	Foreign Company	Wholly-owned subsidiary	100%	2(87)
3.	STS Jewels Inc. 100 Michael Angelo way, STE 400 D, Austin Texas -78728, USA	Foreign Company	Wholly-owned subsidiary	100%	2(87)
4.	STS Gems Limited Room 506, 5/F, Tower A, Hunghom Commercial Centre, No. 39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	Foreign Company	Wholly-owned subsidiary	100%	2(87)
5.	STS Gems Thai Limited 919/350, Jewelry Trade Center Building, Silom Road, 28th Floor, Room A, Silom, Bangrak, Bangkok, 10500- Thailand	Foreign Company	Wholly-owned subsidiary	100%	2(87)
6.	STS Gems Japan Limited RMC Building, 1st Floor, 5-11-1 UENO, TAITO-KU TOKYO – 110-0005	Foreign Company	Wholly-owned subsidiary	100%	2(87)
7.	Shop TJC Limited (Formerly: The Jewellery Channel Ltd.) Surrey House, Plane Tree, Crescent, Feltham TW13 7HF, UK	Foreign Company	Step-down subsidiary	100% through subsidiary company	2(87)
8.	Shop LC Global Inc. 100 Michael Angelo Way, Suite 300, Austin Texas-78728, USA	Foreign Company	Step-down subsidiary	100% through Step-down subsidiary company	2(87)
9.	PT. STS Bali Jl. Sekar Tunjung No. 6A, Ds Kesiman, Kertalangu Denpasar, Bali, Indonesia	Foreign Company	Step-down subsidiary	100% through subsidiary company	2(87)
10.	STS (Guangzhou) Trading Limited Panyu, Guangzhou City, China	Foreign Company	Step-down subsidiary	100% through subsidiary company	2(87)

IV. Share Holding Pattern (Equity Share Capital breakup as percentage of total equity)

(i) Category-wise shareholding :

Sr. No	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoters									
1	Indian									
(a)	Individual /HUF	22,53,121	-	22,53,121	6.89	8,15,836	-	8,15,836	2.52	(4.37)
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	1,83,27,764	-	1,83,27,764	56.05	1,80,77,764	-	1,80,77,764	55.94	(0.11)
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total A(1) :	2,05,80,885	-	2,05,80,885	62.94	1,88,93,600	-	1,88,93,600	58.47	(4.47)
2	Foreign									-
(a)	NRIs-Individuals	46,926	-	46,926	0.14	46,460	-	46,460	0.14	0.00
(b)	Other-Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any others	-	-	-	-	-	-	-	-	-
	Sub-total A(2) :	46,926	-	46,926	0.14	46,460	-	46,460	0.14	0.00
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2,06,27,811	-	2,06,27,811	63.08	1,89,40,060	-	1,89,40,060	58.61	(4.47)
(B)	Public Shareholding									
1	Institution									
(a)	Mutual Funds	4,00,455	-	4,00,455	1.22	28,42,242	-	28,42,242	8.80	7.57
(b)	Banks / FI	16,706	-	16,706	0.05	2,147	-	2,147	0.01	0.04)
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors (FIIs)	72,07,026	-	72,07,026	22.04	72,66,823	-	72,66,823	22.49	0.45
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total B(1) :	76,24,187	-	76,24,187	23.32	1,01,11,212	-	1,01,11,212	31.29	7.97
2	Non-Institutions									
(a)	Bodies Corporate									
(i)	Indian	4,67,039	600	4,67,639	1.43	190,705	500	1,91,205	0.59	(0.84)
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individual									
(i)	Individuals holding nominal share capital upto ₹1 lac	12,68,196	23,057	12,91,253	3.95	7,88,520	19,757	8,08,277	2.50	(1.45)
(ii)	Individuals holding nominal share capital in excess of ₹1 lac	24,76,399	-	24,76,399	7.57	19,74,033	-	19,74,033	6.11	(1.46)
(c)	Others (Specify)									
(i)	Clearing Members	941	-	941	0.00	1,21,268	-	1,21,268	0.38	0.37
(ii)	Non-Resident Indians	1,68,052	2,700	1,70,752	0.52	1,26,270	2,700	1,28,970	0.40	(0.12)
(iii)	TRUSTS	39,254		39,254	0.12	32,433	6,888	39,321	0.12	0.00
(iv)	NBFC registered with RBI	1,000	-	1,000	0.00	-	-	-	-	(0.00)
	Sub-total B(2) :	44,20,881	26,357	44,47,238	13.60	32,33,229	29,845	32,63,074	10.10	(3.50)
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,20,45,068	26,357	1,20,71,425	36.92	1,33,44,441	29,845	1,33,74,286	41.39	4.47
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand total (A+B+C) :	3,26,72,879	26,357	3,26,99,236	100.00	3,22,84,501	29,845	3,23,14,346	100.00	-

(ii) Shareholding of Promoters:

Sr. No	Shareholder name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Brett Enterprises Pvt. Ltd.	1,83,27,764	56.05	-	1,80,77,764	55.94	-	(0.11)
2	Nirmal Kumar Bardiya	11,25,581	3.44	-	2,00,581	0.62	-	(2.82)
3	Rahim Ullah	4,12,751	1.26	-	1,00,000	0.31	-	(0.95)
4	Deepti Agrawal	5,27,134	1.61	-	3,27,600	1.01	-	(0.60)
5	Kusum Bardiya	1,65,205	0.51	-	1,65,205	0.51	-	0.00
6	Sunil Agrawal	28,140	0.09	-	28,140	0.09	-	0.00
7	Sheela Agarwal	22,450	0.07	-	22,450	0.07	-	0.00
8	Sanjeev Agrawal	8,320	0.03	-	8,320	0.03	-	0.00
9	Hursh Agrawal	10,000	0.03	-	10,000	0.03	-	0.00
10	Neil Agrawal	466	0.00	-	-	-	-	(0.00)

Above Shareholding of promoter(s) based on the shareholding pattern of the Company.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No	Shareholder name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of share capital	No. of shares	% of share capital
1	Brett Enterprises Pvt. Ltd.				
	At the beginning of the year	1,83,27,764	56.05	1,83,27,764	56.05
	10/06/2019 (Market Sale)	(2,50,000)	(0.76)	1,80,77,764	55.28
	At the end of the year			1,80,77,764	55.94
2	Nirmal Kumar Bardiya				
	At the beginning of the year	11,25,581	3.44	11,25,581	3.44
	10/06/2019 (Market Sale)	(7,00,000)	(2.14)	4,25,581	1.30
	02/08/2019 (Market sale)	(2,25,000)	(0.68)	2,00,581	0.61
	At the end of the year			2,00,581	0.62
3	Rahim Ullah				
	At the beginning of the year	4,12,751	1.26	4,12,751	1.26
	10/06/2019 (Market Sale)	(3,12,751)	(0.96)	1,00,000	0.31
	At the end of the year			1,00,000	0.31
4	Deepti Agrawal				
	At the beginning of the year	5,27,134	1.61	5,27,134	1.61
	10/06/2019 (Market Sale)	(4,00,000)	(1.22)	1,27,134	0.39
	20/12/2019 (Interse transfer)	251	0.00	1,27,385	0.40
	30/12/2019 (Interse transfer)	215	0.00	1,27,600	0.40
	06/03/2020 (Market Purchase)	50,000	0.15	1,77,600	0.55
	11/03/2020 (Market Purchase)	50,000	0.15	2,27,600	0.70
	23/03/2020 (Market Purchase)	1,00,000	0.31	3,27,600	1.01
	At the end of the year			3,27,600	1.01
5	Kusum Bardiya				
	At the beginning of the year	165,205	0.51	1,65,205	0.51
	Increase / Decrease		No Change		
	At the end of the year			1,65,205	0.51
6	Sunil Agrawal				
	At the beginning of the year	28,140	0.09	28,140	0.09
	Increase / Decrease		No Change		
	At the end of the year			28,140	0.09
7	Sheela Agarwal				
	At the beginning of the year	22,450	0.07	22,450	0.07
	Increase / Decrease		No Change		
	At the end of the year			22,450	0.07
8	Sanjeev Agrawal				
	At the beginning of the year	8,320	0.03	8,320	0.03
	Increase / Decrease		No Change		
	At the end of the year			8,320	0.03
9	Hursh Agrawal				
	At the beginning of the year	10,000	0.03	10,000	0.03
	Increase/Decrease		No Change		
	At the end of the year			10,000	0.03
10	Neil Agrawal				
	At the beginning of the year	466	0.00	466	0.00
	20/12/2019 (Interse transfer)	(251)	(0.00)	215	0.00
	30/12/2019 (Interse transfer)	(215)	(0.00)	-	-
	At the end of the year			-	-

* Date of Purchase / Sale based on disclosure submitted by promoter(s) to Company and shareholding based on shareholding pattern. Percentage calculated on the capital as on date of transaction.

(iv) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Shareholder name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of share capital	No. of shares	% of share capital
1	Nalanda India Fund Limited				
	At the beginning of the year	33,59,713	10.27	33,59,713	10.27
	Increase / Decrease		No Change		
	At the end of the year			33,59,713	10.40
2	Motilal Oswal Multicap 35 Fund*				
	At the beginning of the year	-	-	-	-
	14/06/2019 (Market Purchase)	17,63,377	5.38	17,63,377	5.38
	02/08/2019 (Market Purchase)	3,11,623	0.95	20,75,000	6.30
	09/08/2019 (Market Purchase)	2,25,000	0.68	23,00,000	6.98
	27/09/2019 (Market Purchase)	342	0.00	23,00,342	7.03
	30/09/2019 (Market Purchase)	59	0.00	23,00,401	7.03
	11/10/2019 (Market Purchase)	7	0.00	23,00,408	7.07
	18/10/2019 (Market Purchase)	8	0.00	23,00,416	7.12
	25/10/2019 (Market Purchase)	16	0.00	23,00,432	7.12
	08/11/2019 (Market Purchase)	18	0.00	23,00,450	7.14
	15/11/2019 (Market Purchase)	9	0.00	23,00,459	7.14
	22/11/2019 (Market Purchase)	11	0.00	23,00,470	7.14
	29/11/2019 (Market Purchase)	6	0.00	23,00,476	7.17
	06/12/2019 (Market Purchase)	13	0.00	23,00,489	7.16
	13/12/2019 (Market Purchase)	7	0.00	23,00,496	7.16
	20/12/2019 (Market Purchase)	14	0.00	23,00,510	7.15
	27/12/2019 (Market Sale)	(1)	(0.00)	23,00,509	7.15
	31/12/2019 (Market Purchase)	4	0.00	23,00,513	7.15
	03/01/2020 (Market Purchase)	14	0.00	23,00,527	7.15
	10/01/2020 (Market Sale)	(9)	(0.00)	23,00,518	7.15
	17/01/2020 (Market Purchase)	50,095	0.16	23,50,613	7.30
	24/01/2020 (Market Purchase)	20,078	0.06	23,70,691	7.37
	31/01/2020 (Market Purchase)	20,168	0.06	23,90,859	7.42
	07/02/2020 (Market Purchase)	20,020	0.06	24,10,879	7.48
	14/02/2020 (Market Purchase)	10,003	0.03	24,20,882	7.50
	28/02/2020 (Market Purchase)	29,998	0.09	24,50,880	7.59
	06/03/2020 (Market Purchase)	24,984	0.08	24,75,864	7.66
	13/03/2020 (Market Purchase)	13	0.00	24,75,877	7.66
	20/03/2020 (Market Sale)	(68)	(0.00)	24,75,809	7.66
	27/03/2020 (Market Purchase)	22	0.00	24,75,831	7.66
	31/03/2020 (Market Purchase)	2	0.00	24,75,833	7.66
	At the end of the year		-	24,75,833	7.66
3	Malabar India Fund Limited				
	At the beginning of the year	22,86,613	6.99	22,86,613	6.99
	22/11/2019 (Market Sale)	(42,000)	(0.13)	22,44,613	6.96
	10/01/2020 (Market Sale)	(10,600)	(0.03)	22,34,013	6.94
	17/01/2020 (Market Sale)	(48,200)	(0.15)	21,85,813	6.79
	24/01/2020 (Market Sale)	(12,200)	(0.04)	21,73,613	6.75
	31/01/2020 (Market Sale)	(21,869)	(0.07)	21,51,744	6.67
	07/02/2020 (Market Sale)	(5,324)	(0.02)	21,46,420	6.66
	14/02/2020 (Market Sale)	(1,807)	(0.01)	21,44,613	6.64
	20/03/2020 (Market Purchase)	10,940	0.03	21,55,553	6.67
	27/03/2020 (Market Purchase)	22,660	0.07	21,78,213	6.74
	31/03/2020 (Market Purchase)	6,605	0.02	21,84,818	6.76
	At the end of the year		-	21,84,818	6.76

Sr. No	Shareholder name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of share capital	No. of shares	% of share capital
4	Taiyo Greater India Fund Ltd.				
	At the beginning of the year	5,93,081	1.81	5,93,081	1.81
	14/06/2019 (Market Purchase)	36,228	0.11	6,29,309	1.92
	21/06/2019 (Market Purchase)	10,000	0.03	6,39,309	1.95
	26/07/2019 (Market Purchase)	96,757	0.29	7,36,066	2.24
	09/08/2019 (Market Purchase)	24,915	0.08	7,60,981	2.31
	08/11/2019 (Market Sale)	(5,017)	(0.02)	7,55,964	2.35
	14/02/2020 (Market Sale)	(14,566)	(0.05)	7,41,398	2.30
	20/03/2020 (Market Sale)	(4,640)	(0.01)	7,36,758	2.28
	27/03/2020 (Market Purchase)	307	0.00	7,37,065	2.28
	31/03/2020 (Market Purchase)	9,292	0.03	7,46,357	2.31
	At the end of the year		-	7,46,357	2.31
5	Vijay Kedia				
	At the beginning of the year	7,83,608	2.40	7,83,608	2.40
	06/09/2019 (Market Sale)	(10,000)	(0.03)	7,73,608	2.36
	13/09/2019 (Market Sale)	(13,608)	(0.04)	7,60,000	2.32
	20/09/2019 (Market Sale)	(53,550)	(0.16)	7,06,450	2.16
	27/09/2019 (Market Sale)	(6,450)	(0.02)	7,00,000	2.14
	At the end of the year		-	7,00,000	2.17
6	Ashish Kacholia				
	At the beginning of the year	475,182	1.45	4,75,182	1.45
	14/06/2019 (Market Purchase)	10,000	0.03	4,85,182	1.48
	22/11/2019 (Market Purchase)	14,000	0.04	4,99,182	1.55
	At the end of the year		-	4,99,182	1.54
7	Malabar Value Fund				
	At the beginning of the year	4,00,455	1.22	4,00,455	1.22
	27/09/2019 (Market Sale)	(1,800)	(0.01)	3,98,655	1.22
	30/09/2019 (Market Sale)	(595)	(0.00)	3,98,060	1.22
	04/10/2019 (Market Sale)	(3,426)	(0.01)	3,94,634	1.21
	22/11/2019 (Market Sale)	(10,762)	(0.03)	3,83,872	1.19
	06/12/2019 (Market Sale)	(780)	(0.00)	3,83,092	1.19
	17/01/2020 (Market Sale)	(8,632)	(0.03)	3,74,460	1.16
	24/01/2020 (Market Sale)	(2,600)	(0.01)	3,71,860	1.16
	31/01/2020 (Market Sale)	(4,403)	(0.01)	3,67,457	1.14
	07/02/2020 (Market Sale)	(1,064)	(0.00)	3,66,393	1.14
	14/02/2020 (Market Sale)	(133)	(0.00)	3,66,260	1.13
	At the end of the year		-	3,66,260	1.13
8	Old Well Emerging Markets Master Fund, L.P.				
	At the beginning of the year	2,92,171	0.89	2,92,171	0.89
	Increase / Decrease		No Change		
	At the end of the year			2,92,171	0.90
9	Grandeur Peak Emerging Markets Opportunities Fund				
	At the beginning of the year	2,56,319	0.78	2,56,319	0.78
	26/07/2019 (Market Sale)	(31,000)	(0.09)	2,25,319	0.69
	20/03/2020 (Market Sale)	(21,994)	(0.07)	2,03,325	0.63
	27/03/2020 (Market Sale)	(3,963)	(0.01)	1,99,362	0.62
	At the end of the year		-	1,99,362	0.62

Sr. No	Shareholder name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of share capital	No. of shares	% of share capital
10	HEM Securities Limited*				
	At the beginning of the year	88,645	0.27	88,645	0.27
	05/04/2019 (Market Purchase)	8	0.00	88,653	0.27
	12/04/2019 (Market Sale)	(29,896)	(0.09)	58,757	0.18
	26/04/2019 (Market Purchase)	568	0.00	59,325	0.18
	03/05/2019 (Market Purchase)	1,411	0.00	60,736	0.19
	10/05/2019 (Market Purchase)	2,548	0.01	63,284	0.19
	17/05/2019 (Market Purchase)	639	0.00	63,923	0.20
	24/05/2019 (Market Sale)	(2,847)	(0.01)	61,076	0.19
	31/05/2019 (Market Sale)	(41,729)	(0.13)	19,347	0.06
	07/06/2019 (Market Sale)	(468)	(0.00)	18,879	0.06
	14/06/2019 (Market Purchase)	11,046	0.03	29,925	0.09
	21/06/2019 (Market Purchase)	7	0.00	29,932	0.09
	28/06/2019 (Market Purchase)	4,233	0.01	34,165	0.10
	05/07/2019 (Market Purchase)	51,413	0.16	85,578	0.26
	12/07/2019 (Market Purchase)	10,784	0.03	96,362	0.29
	19/07/2019 (Market Purchase)	555	0.00	96,917	0.30
	26/07/2019 (Market Purchase)	9,832	0.03	1,06,749	0.33
	02/08/2019 (Market Sale)	(5,839)	(0.02)	1,00,910	0.31
	09/08/2019 (Market Sale)	(6,090)	(0.02)	94,820	0.29
	16/08/2019 (Market Sale)	(12,683)	(0.04)	82,137	0.25
	23/08/2019 (Market Sale)	(24,459)	(0.07)	57,678	0.18
	30/08/2019 (Market Sale)	(53,944)	(0.16)	3,734	0.01
	13/09/2019 (Market Sale)	(3,732)	(0.01)	2	0.00
	20/09/2019 (Market Purchase)	500	0.00	502	0.00
	04/10/2019 (Market Purchase)	20,293	0.06	20,795	0.06
	11/10/2019 (Market Purchase)	4,705	0.01	25,500	0.08
	01/11/2019 (Market Purchase)	500	0.00	26,000	0.08
	15/11/2019 (Market Purchase)	500	0.00	26,500	0.08
	03/01/2020 (Market Purchase)	20	0.00	26,520	0.08
	10/01/2020 (Market Sale)	(20)	(0.00)	26,500	0.08
	31/01/2020 (Market Purchase)	2,200	0.01	28,700	0.09
	07/02/2020 (Market Purchase)	44,000	0.14	72,700	0.23
	14/02/2020 (Market Purchase)	20,990	0.07	93,690	0.29
	21/02/2020 (Market Sale)	(1,975)	(0.01)	91,715	0.28
	28/02/2020 (Market Sale)	(2,807)	(0.01)	88,908	0.28
	06/03/2020 (Market Purchase)	23,678	0.07	1,12,586	0.35
	13/03/2020 (Market Sale)	(17,004)	(0.05)	95,582	0.30
	20/03/2020 (Market Purchase)	8,918	0.03	1,04,500	0.32
	27/03/2020 (Market Purchase)	6,409	0.02	1,10,909	0.34
	31/03/2020 (Market Purchase)	30,312	0.09	1,41,221	0.44
	At the end of the year		-	1,41,221	0.44
11	Mentor Capital Limited#				
	At the beginning of the year	1,38,330	0.42	1,38,330	0.42
	02/08/2019 (Market Sale)	(10,000)	(0.03)	1,28,330	0.39
	04/10/2019 (Market Sale)	(75,000)	(0.23)	53,330	0.16
	15/11/2019 (Market Sale)	(10,053)	(0.03)	43,277	0.13
	29/11/2019 (Market Sale)	(43,277)	(0.13)	-	-
	At the end of the year			-	-

Sr. No	Shareholder name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of share capital	No. of shares	% of share capital
12	Hem Chand Jain#				
	At the beginning of the year	1,25,600	0.38	1,25,600	0.38
	14/06/2019 (Market Sale)	(50,600)	(0.15)	75,000	0.23
	21/06/2019 (Market Purchase)	900	0.00	75,900	0.23
	28/06/2019 (Market Purchase)	1,100	0.00	77,000	0.23
	02/08/2019 (Market Sale)	(75,000)	(0.23)	2,000	0.01
	30/08/2019 (Market Sale)	(2,000)	(0.01)	-	-
	03/01/2020 (Market Purchase)	8,000	0.02	8,000	0.02
	07/02/2020 (Market Sale)	(8,000)	(0.02)	-	-
	28/02/2020 (Market Purchase)	2,800	0.01	2,800	0.01
	20/03/2020 (Market Purchase)	3,115	0.01	5,915	0.02
	27/03/2020 (Market Sale)	(5,746)	(0.02)	169	0.00
	31/03/2020 (Market Purchase)	1,831	0.01	2,000	0.01
	At the end of the year		-	2,000	0.01

1. *Not in the list of Top 10 shareholders as on 01-04-2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2020.
2. #Ceased to be in the list of top 10 shareholders as on 31-03-2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2019
3. The above data for Sale/Purchase in shareholding is taken from weekly Benpos received from depositories on PAN basis.
4. Percentage calculated on the paid up capital of the Company in the record of RTA as on the date of change in shareholding.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of Directors and KMPs	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of share capital	No. of shares	% of share capital
1	Sheela Agarwal				
	At the beginning of the year	22,450	0.07	22,450	0.07
	Increase / Decrease		No Change		
	At the end of the year			22,450	0.07
2	Nirmal Kumar Bardiya				
	At the beginning of the year	11,25,581	3.44	11,25,581	3.44
	10/06/2019 (Market Sale)	(7,00,000)	(2.14)	4,25,581	1.30
	02/08/2019 (Market sale)	(2,25,000)	(0.68)	2,00,581	0.61
	At the end of the year			2,00,581	0.62
3	Rahim Ullah[1]				
	At the beginning of the year	4,12,751	1.26	4,12,751	1.26
	10/06/2019 (Market Sale)	(3,12,751)	(0.96)	1,00,000	0.31
	At the end of the year			1,00,000	0.31
4	Sunil Agrawal, Managing Director				
	At the beginning of the year	28,140	0.09	28,140	0.09
	Increase / Decrease		No Change		
	At the end of the year			28,140	0.09
5	Puru Aggarwal, Group President[2]				
	At the beginning of the year	10,430	0.03	10,430	0.03
	Increase / Decrease		No Change		
	At the end of the year			10,430	0.03
6	Vineet Ganeriwala, Group CFO[3]				
	At the beginning of the year	-	-	-	-
	27/03/2020 (Market Purchase)	1,200	(0.00)	1,200	0.00
	At the end of the year			1,200	0.00

[1] Mr. Rahim Ullah ceased as director w.e.f. 12/10/2019.

[2] Mr. Puru Aggarwal promoted from the position of Group CFO (KMP) to Group President Strategy & Business development w.e.f 21/02/2020.

[3] Mr. Vineet Ganeriwala appointed as Group CFO w.e.f 21/02/2020.

Note: No other Director and KMP held any shares during the financial year 2019-20.

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal amount	66,39,55,899	-	-	66,39,55,899
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	66,39,55,899	-	-	66,39,55,899
Change in Indebtedness during the financial year	-	-	-	-
Addition	-	-	-	
Reduction	1,96,32,889	-	-	1,96,32,889
Net Change	1,96,32,889	-	-	1,96,32,889
Indebtedness at the end of the financial year	-	-	-	-
(i) Principal amount	64,43,23,010	-	-	64,43,23,010
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	64,43,23,010	-	-	64,43,23,010

VI. Remuneration of Directors and Key Managerial Personnel:

A. Remuneration to Managing Director, Whole Time Directors and/or Manager:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Sunil Agrawal Managing Director	Mr. Rahimullah Whole Time Director[1]	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	17,50,000	17,50,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit			
	- others			
5.	Others	-	-	-
	Total (A)		17,50,000	17,50,000

[1] Mr. Rahim Ullah ceased as director w.e.f. 12/10/2019.

B. Remuneration to other Directors:

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors	Mr. Sunil Goyal	Mr. Harsh Bahadur	Ms. Monica Justice	Mr. James Patrick Clarke	Mr. Santigo Roces	
	• Fee for attending board/ committee meetings	10,75,000	11,25,000		-	-	22,00,000
	• Commission	-	18,75,000	21,23,729	47,03,725	19,16,115	1,06,18,569
	• Others	-	-	-	-	-	-
	Total (B) (1)	10,75,000	30,00,000	21,23,729	47,03,725	19,16,115	1,28,18,569
2.	Other Non -Executive Directors	Mrs. Sheela Agarwal		Mr. Nirmal Kumar Bardiya		Mr. Pulak Chandan Prasad	Total Amount
	• Fee for attending board / committee meetings		5,25,000		8,15,000	-	13,40,000
	• Commission		-		-	-	-
	• Others		-		-	-	-
	Total (B) (2)		5,25,000		8,15,000	-	13,40,000
	Total (B) = (B)(1)+(B)(2)						1,41,58,569

Note: The remuneration paid to Executive & Non-Executive Directors are within the ceiling under Section 197 read with Schedule V of the Companies Act, 2013 and shareholders' approval.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Puru Aggarwal, Group President[1]	Mr. Vineet Ganeriwala Group CFO[2]	Mr. Sushil Sharma, Company Secretary	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,00,37,697	32,86,497	15,87,470	1,58,15,867
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	1,77,99,718		63,742	1,78,63,460
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others				
5	Others	24,78,000			24,78,000
	Total	3,03,15,415	32,86,497	16,51,212	3,61,57,327

[1]Mr. Puru Aggarwal promoted from the position of Group CFO to Group President-Strategy & Business development w.e.f 21/02/2020. The above remuneration of his tenure as CFO (KMP).

[2]Mr. Vineet Ganeriwala appointed as Group CFO w.e.f 21/02/2020 and the remuneration is from 21/02/2020 to 31/03/2020.

VII. Penalties / Punishment/ Compounding of Offences::

There is no penalty/punishment/compounding of offences levied against company, its directors and officers in default under Companies Act by RD/NCLT/ Court.

Dividend Distribution Policy

Introduction

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall have to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

As per Market capitalization list released by Stock Exchange for 31st March, 2020, the Company is in the list of top five hundred Companies. Hence, the Board of Directors (the "Board") of Vaibhav Global Limited (the "Company") in its meeting held on 27th May, 2020 has adopted this Dividend Distribution Policy ("Policy") in accordance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Definitions

The terms referred to in the policy will have the same meaning as defined under the Companies Act, 2013 ("the Act") and the Rules made thereunder, and the SEBI Regulations.

Objective

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and long-term value creation.

The objective of this Policy is to sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

Circumstances under which the shareholders may or may not expect Dividend

The Dividend for any financial year shall be paid out of the Company profits for that year. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) and/or from the free reserves in accordance with provisions of the Act and Rules/Regulations, as applicable. The Board of Directors of a Company may declare interim dividend during any financial year in accordance with provisions of the Act and Rules/Regulations, as applicable.

Subject to the provisions of the Act/Rules/Regulations, the Company's dividend pay-out will be determined based on financial performance of the Company & its subsidiaries, available financial resources, investment requirements and taking into account optimal shareholder return. Within parameters stated in the policy, the Company would endeavour to maintain a total dividend pay-out ratio in the range of 20% to 30% of the annual consolidated free cash flow of the Company.

The Board may declare/recommend higher payout in special circumstances. The Board may amend the range, whenever considered appropriate by it, keeping in mind the given parameters. The Board may also consider past dividend history and sense of shareholders' expectations while determining the rate of dividend.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

Dividend would be declared on per share basis on the Ordinary Equity Shares of the Company. Dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date/ book closure date.

Parameters to be considered before recommending/ delcaring Dividend

The Board of Directors of the Company shall consider the following parameters while declaring or recommending dividend to shareholder:-

a) Financial / Internal Factors

- Consolidated & Standalone Profit after Tax.
- Consolidated & Standalone free cash flow.
- Retained Earnings.
- Liquidity position and future cash flow needs.
- Capital expenditure, growth plans and Investment requirements.
- Track record of dividends distributed by the Company.
- Prevailing Taxation Policy or any amendments expected thereof.
- Earning stability.
- Cost and availability of alternative sources of financing.
- Current and future leverage i.e. liquidity and return ratios and, under exceptional circumstances, the amount of contingent liabilities or any unforeseen events.
- Stipulations/ Covenants of loan agreements.
- Buy Back of Shares as may be approved by Board/ shareholders.
- Fund requirement towards execution of the Company's strategy.

- Other significant developments that require cash investments.
- Any other relevant factors and material events

b) External Factors

- Macro-economic environment - significant changes in macro-economic environment in which the Company is engaged in the geographies in which the Company operates.
- Regulatory changes - new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affect the businesses in which the Company is engaged.
- Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged.
- Any changes in the competitive environment requiring significant investment.

Utilisation of Retained Earning

The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilise the retained earnings for making investments for future growth and expansion plans, Organic and/or Inorganic growth, for the purpose of generating higher returns for the shareholders, Dividend declaration, Issue of Bonus shares/ Buyback, General corporate purposes including contingencies, correcting capital structure, any other permitted usage as per Companies Act, 2013 and other applicable rules/ regulation for the time being enforce.

Parameters that shall be adopted with regard to various classes of shares

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review in case the Company issues different classes of shares.

Conflict in Policy

In the event of any conflict between this Policy and the provisions contained in the Act/Rules/Regulations, the Act/ Rules/Regulations shall prevail.

Amendments

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Rules, the Regulations, etc.

Disclaimer: This document does not solicit investments in the Company's securities. Nor it is an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

Management Discussion & Analysis

Industry structure and developments

Vaibhav Global Limited (VGL), through its distinctive business model, has created a niche for itself in the global retail space, especially in the jewellery, accessories and lifestyle product segments of two of the largest economies of the world - the US and UK. The long-term demand drivers in both these economies remain intact for companies with a strong operational and financial standing, and for those who are willing to 'improvise, adapt and overcome'. The business moat of VGL emanates from the deep discount and value offerings for its customers. The Company has been traditionally built around products that would be 'wanted'. However, given the robust supply chain and fluid nature of operations, VGL has built a solid play for products that would be 'needed' as well – demonstrated during the current global pandemic.

VGL responded quickly to the pandemic that began to have an effect from the last quarter of FY 2019-20. It took all steps required to ensure the safety of its employees, customers and other stakeholders. This was done while disruptions caused to our supply chain and operations were overcome. The Company continued to show growth in the last 2 months of the quarter, and this trend continued into the new financial year. A more detailed assessment can be found in the 'Business Overview' section below.

The US is the largest global economy, accounting for a little more than a sixth of the global GDP. The GDP of the United States was pegged at US$21,428 bn in 2019, representing ~17.5% of the world economy. The size, growth and sophistication of this market holds multi-year potential for the fashion jewellery, accessories and lifestyle business of the Company.

The start of calendar year 2019 was marked by optimistic growth for the retail sector in US. This optimism was inspired by higher consumer confidence, lower unemployment and rising wages. Consumer spending (accounting for more than two-thirds of the economy) rose 4.3% in the second quarter, up from 1.1% in the first quarter of 2019. Besides, many retailers built inventories to avoid higher tariffs due to an impending trade war, strengthening the retail sentiment. On the overall, 2019 ended with the retail sector growing 3.5% to US$5.5 trillion. E-commerce sales at 11% of total retail sales marked a growth of 14.9% from 2018.

The second retail geography where VGL markets products is the UK, a country marked by strong consumption and preference for conspicuous products. While 2019 was another challenging year for the retail industry with continuing political and economic uncertainty resulting in changing consumer spending priorities, there were retailers and consumer brands that responded to opportunity and reported strong growth. As per the Office for National Statistics, UK, retail sales estimated at ~UK£440 bn for 2019 grew 3.8%. Online sales at ~20% of all retail sales for the year continued to contribute firmly.

The retail space, especially the traditional format, is experiencing disruption and re-invention at an unprecedented speed. Globally, as consumer defined paradigm shifts lead to the emergence of new retail formats, agility becomes crucial for existence and growth. On the other hand, global supply is intercepted by geopolitical dynamics between countries. A combination of factors makes the retail landscape challenging for players.

- The trade war between US and China disrupted product sourcing for retailers in 2019.

  Vaibhav Global, on account of its diverse sourcing channels, global supply chain and prudent time-to-market, remained largely unaffected.

- Customer relationships are increasingly digital-centric, making digital channels key retail growth drivers. There is a premium on quick product delivery, intimate engagement and superior service.

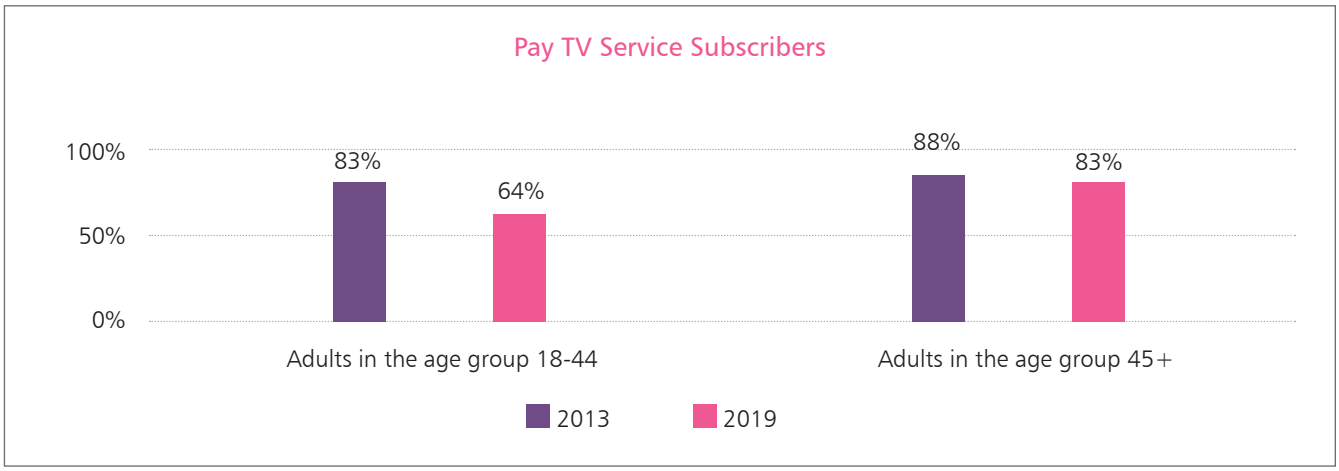
  VGL leveraged its supply chain and multi-channel presence across well-integrated platforms, comprising TV, web, mobile apps, smart TV, various Over-the-Top (OTT) platforms, social media commerce and third-party marketplaces, augmenting the existing rich consumer experience. In addition, investments in customer interface, CRM, e-com platforms, studios, production, warehousing facilities and supply chain will facilitate a quick response to changing customer preferences.

- Technology is a catalyst for transforming customer experience – an integral part of the retail playbook.

  VGL systematically invested in cutting-edge technologies like AI and predictive modelling, acquired skilled resources, improved decision-making and enhanced business value.

- The cord-cutting continued in 2019 in the US owing to free / cheaper streaming alternatives, high quality content available on streaming and the rising cost of Pay TV subscription.

  For VGL, while the contribution of TV channels to total retail revenues has been declining over the years, it still stands at ~67% of total retail revenues. VGL primarily leverages a consumer's willingness to 'channel surf' on TV platforms, unlike streaming platforms and mainly caters to an older audience, who are seen to be stable Pay TV subscribers. Below are the findings from recent survey undertaken by Leichtman Research Group (LRG) where a random sample of respondents was distributed and weighted to best reflect the demographic and geographic make-up of the US.



Source - Leichtman Research Group (LRG)

Subscribers lost on the Pay TV channels in US are largely gained as Over-the-Air (OTA) households. According to Kagan estimates (a media research group within S&P Global Market Intelligence), there were ~19 mn such homes and VGL was present in ~13 mn households as on March 2020.

Overall, while there is a reduction in Pay TV viewership in the US, OTT platforms are experiencing significant expansion. VGL has been aggressive in trend spotting and has invested in establishing an increasing presence on several OTT platforms on Smart TV devices (Android TV, Roku, Samsung Smart TV, Apple TV, Amazon Fire TV, LG Smart TV) and linear streaming devices (Xumo, YouTube Live and Facebook Live).

- The last quarter of the FY 2019-20 was adversely impacted by the COVID-19 pandemic that forced a global lockdown. Most brick-and-mortar retailers encountered challenges. The lockdown discouraged consumers from social engagements but encouraged them to transition to home-shopping via TV and digital commerce. This enhanced home-driven spending on essentials and lifestyle products. A global survey conducted in March 2020 revealed that the COVID-19 had a direct impact on in-home media consumption around the world – in US, nearly 42% of the respondents and in UK nearly 32% of the respondents stated that they have been watching more TV on broadcast channels.

  In the current environment, discount retailers and value-oriented brands following the electronic retail format are positioned to win. VGL has carved a niche for itself as an electronic retailer in the deep value discounter segment in the retail markets of US and UK. During the current global health emergency, we leveraged our operations to further serve our customers. Products like hand sanitizers, towels, tissue rolls, shampoos, beauty products, home products, food, kitchenware and the like generated strong offtake. VGL proactively addressed this change in market sentiment. As a cumulative effect, we have witnessed steady traction on our platforms in the current crisis. VGL experienced increased return rates, especially in the jewellery segment, towards the end of the quarter owing to the pandemic nervousness.

Drivers of e-commerce, web sales and social media sales

Assured connectivity: The increased penetration of smartphones, Smart TVs and related technologies (wi-fi, social media and data sharing) has made e-commerce / teleshopping a preferred transaction choice.

Advanced technologies: Advanced digital platforms have translated into seamless consumer experience (access, viewing, selection, payment, delivery and advocacy). Increased digitalization and innovation (biometrics and retailer wallets) have enhanced the consumer experience.

Customer priority: E-commerce provides round-the-clock products and services availability through connected devices.

Logistical support: Online sales have grown on the back of significant improvements in logistical support, helping deliver products quicker with high packaging integrity.

Mobile internet revolution: The deepening of internet in mobile phones is playing a key role in catalysing online sales.

E-commerce/ online sales trends

Black Friday and Cyber Monday: These are two of the biggest sales days of the year, marked by attractive discounts and large purchases. In 2019, Black Friday online sales stood at US$7.4 bn and Cyber Monday online sales stood at US$9.4 bn.

Reduced month-end offtake: Customers buy less towards the end of the month as they wait for their next pay cheque. The busiest months comprise November and December; February is the slowest for e-commerce.

Reduction in delivery time: The maximum delivery time an average customer was willing to accept for an online order was 2-3 days in 2019.

Retail as a service: People seek a personalised experience; they expect a wide product range available round-the-clock with minimal delivery time.

Smartphone penetration: The mobile market revenue was estimated at US$280 bn for 2019, making the US the largest global mobile market.

Sales moves online: Companies are not only investing in proprietary e-commerce sites but also selling through other online channels, including company-owned stores and large marketplaces.

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Business overview

As a vertically integrated electronic retailer of fashion jewellery, accessories and lifestyle products, VGL has uniquely positioned itself to cater to the deep value-seeking customer through its retail channels - Shop LC in the US and TJC in the UK. B2C contributes nearly 97% of the total revenue from operations.

There is a fundamental shift in the way people shop with an increasing thrust on the right price, quality, depth of product offering and convenience, convenience being at the top of the list. VGL has constantly reinvented the business model to deliver on each of these parameters. Omni-channel is a convenience that we provide to our customers for seamless navigation across sales platforms, thereby improving the customer lifetime value. This is achieved through our presence on proprietary TV channels in ~99 mn households in US and UK combined, proprietary web platforms, mobile apps, third party market-places, and social media platforms. Over-the-Top (OTT) services are fast changing the way media is consumed - VGL is aggressively expanding presence to acquire customers on these platforms. Over-The-Air (OTA) households in the US are steadily increasing and we are present in a majority of these OTA households through proprietary TV channels.

The Company has steadily and systematically scaled from fashion jewellery to adjacent categories of fashion accessories and lifestyle products, building expertise along the way. With customer delight at the heart of our retail operations, in the current pandemic, we saw an opportunity to further serve our customers and expanded our offerings to include essentials. With an ear to the ground, the Company has rolled out several services and features over the years, which include Budget Pay launched in FY 2015-16 where products are offered on EMI to customers, easy returns policy, community forum and the like. Budget Pay sales constitute ~39% of the total retail sales for FY 2019-20. VGL also has a strong brands portfolio, which includes both in-house and third-party brands across segments – this is achieved while staying true to our commitment of deep value proposition to our customers.

B2C model is backed by strong manufacturing capabilities in India, robust global supply chain, advanced IT systems and an efficient and skilled workforce, positioning VGL as a value leader in the electronic retail sector.

Total revenues: During FY 2019-20, revenues improved 9.5% YoY to ₹1,986 crore. A diverse product portfolio backed by robust infrastructure, continued innovation and consumer focus strengthened retail revenues by 15% to ₹1,918 crore, while wholesale revenues stood at ₹68 crore for FY 2019-20 as against ₹147 crore in FY 2018-19.

EBITDA: EBITDA at ₹276 crore in FY 2019-20 increased by a strong 27% over FY 2018-19. EBITDA margins at 13.9% for FY 2019-20 were higher by 190 basis points. One of the inherent strengths of the business model is the expansion in topline on a near stable operating cost structure leading to a sustained improvement in margins.

Profit after Tax (PAT): PAT for the financial year FY 2019-20 stood at ₹190 crore (9.6% of revenues) compared to ₹154 crore (8.5% of revenues) in the previous year. Strong operating margins ,combined with a low debt capital structure, translated into a growing bottomline.

Operating cash flows and free cash flows: Low capex business model and strong financial performance resulted in operating cash flows and free cash flows for the period under review at ₹211 crore and ₹176 crore, respectively.

COVID-19 – Business continuity and assessment of financial impact

Business continuity

VGL's global presence is marked by retail operations in US and UK and sourcing operations mainly in India, China, Indonesia, Thailand, and Hongkong. The Company has been extremely agile in its response to ensure business continuity while safeguarding the interests and safety of all the stakeholders including employees, vendors, customers, community and investors.

Retail operations: Despite several countries announcing lock-downs of varying strictness over the last few months, our retail businesses i.e. Shop LC in US and Shop TJC in UK, have been operational all through the uncertainties. Based on the 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.

Supply chain operations: We witnessed some disruption in the supply chain at various points in time in different geographies. China operations were temporarily shutdown at the start of the year and resumed operations on 2nd March, 2020. Units in other sourcing countries picked up the slack during that time. A lock-down in India led to a temporary closure of Indian operations at the end of March, resuming partial operations on 27th April, 2020. China, Thailand and Indonesia filled the void during that time. We have been adhering to all the directives issued by government authorities across our global operations.

VGL has a robust IT infrastructure that helped create a 'borderless workforce' to support businesses globally facilitating smooth transition to 'work-from-home' as required and ensuring zero downtime for critical systems.

While the future of traditional retail looks subdued, the distant shopping formats that include teleshopping and digital commerce are gaining strength especially in the deep discount category. Emphasis on a quick turnaround of product offerings based on the need and changing preferences of customers, strengthening the supply chain network, and renewed focus on customer satisfaction will enable us to further improve our operating and financial performance.

Financial impact

The Company 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 on the Balance Sheet date and on the basis of evaluation based on the current estimates, has concluded that no material adjustments are required in the financial results. Given the uncertainties associated with the nature, condition and duration of COVID-19, the impact assessment on the Company's financial statements will be continuously made and provided for as required.

CSR activities

At VGL, corporate social responsibility is not an afterthought; it is integral to the Company's DNA. Over the years, the Company created a structured CSR approach whereby every sale has a philanthropic fallout in a transparent manner, extending corporate prosperity to community welfare.

VGL enhances sustainable CSR impacts with a focus on education, healthcare and poverty alleviation through various organizations including Manav Seva Sangh Prem Niketan Ashram/Bal Mandir/Hospital in India. During the period under review, VGL Group contributed ₹4.74 crore to various social institutions.

One for One programme

VGL's One for One programme is the Company's global flagship CSR initiative, which aligns the social responsibility of its customers with VGL's. This programme is locally registered through charity partners like Akshaya Patra in India, No Kid Hungry in the US and Magic Breakfast in the UK. Under the programme, one meal is donated to school going children for every product sold at VGL's retail channels, namely Shop LC in the US and TJC in the UK.

Since the inception of the programme ~37 mn meals have been delivered at the Group level. This number stood at ~11 mn meals for FY 2019-20. In India, the programme spans across 350 schools in Jaipur with approximately 35,000 meals distributed every school day. During the last week of March 2020, when a lockdown was announced to contain COVID-19, we donated ~1,82,000 meals to migrants and people in need in one week through Akshaya Patra in Jaipur.

TJC (UK)

In addition to the One for One programme, our team in UK collaborated with a local London school from an underprivileged area and has been providing jewellery making sessions to teach the young children confidence and provide adult role models. TJC (UK), also supported the Poppy Factory (UK National Charity that supports war veterans by making the world famous paper poppies that are worn in the UK to commemorate all those who laid their lives during the World Wars, including the reef laid by H.M. Queen Elizabeth at the Cenotaph) in the November 11 Remembrance Sunday appeal. We designed and made a range of poppy jewellery and accessories and donated £1 from every item sold. The team also supported the UK charity Macmillan Cancer with events such as charity runs, bake offs, picnics, and foodbank donations. To support the community in this unprecedented crisis COVID-19, TJC (UK), also donated ~4,500 masks up to 31st March, 2020.

Shop LC (US)

In addition to One for One programme, Shop LC (US), helped launch an Austin Chapter to support Akshaya Patra, US. We helped with a Gala in October 2019 which raised US$75,000 for the event. Under 'Handbags for Hope' donation in April 2019, Shop LC (US), donated 4,500 handbags to charity that provides free legal support to abused women. Shop LC's Corporate Social Works Committee and Wellness Team continues to forge relationships for employee involvement in community give back. The most notable comprised support for the Local Round Rock High School mentoring programme, writing holiday cards to overseas military personnel, donating time and money to Central Texas Food Bank, Round Rock Area Serving Center, local veterans' hospital and many more. Every employee is given 16 hours of paid time to give back to the community. Shop LC (US), employees contributed over 1,000 volunteer hours this year. Further, Shop LC (US), donated ~10,000 masks to 8 hospitals/care-homes up to 31st March, 2020 and has offered to give away free masks to anyone who cannot afford it.

Environmental sustainability initiatives:

Integrating environmental objectives with economic goals has been an imperative in the past, more so today and for the years to come at VGL. We, at VGL, are committed to inclusive growth and have taken several environment conservation initiatives related to renewable sources of energy, rainwater harvesting, waste management, tree plantation and the like.

India

Renewable energy: VGL emphasizes on deriving energy from renewable energy solutions with an outlook of addressing 100% of its power requirements in its manufacturing units in Jaipur. The Company's installed rooftop solar panel capacity in India is 385 KW, servicing nearly 7% of the Company's consolidated electricity requirement at its manufacturing facilities in Jaipur. Currently, a plan to commence work on a 1.3 MW power project in Bikaner, Rajasthan, is under review. Once

commissioned, along with the existing solar facility, we will be able to meet around 45% of our total power requirements at our manufacturing facilities in Jaipur, Rajasthan.

Rainwater harvesting: Globally, available water resources are facing severe pressures due to demographic, economic, social causes, environmental degradation, and climate change. Rainwater harvesting is a technology to garner rain-water for later use. The Company's installed structures enabled rainwater harvesting of ~52 lac litres, covering ~95,000 sq ft during the year under review.

Tree plantation: Building on last year's efforts to improve the quality of air and land, VGL planted 1,500 trees throughout the year, nearly double of last year's 800.

Waste management: With the goal to 'reduce, reuse, recycle' we are engaged in various initiatives.

- The STP (sewage treatment plant) processes 43KL per day, translating to ~15,000KL on a yearly basis
- Generated 850 kg compost from biodegradable waste
- 2,000 kg residual casting powder was provided to brick & tiles manufacturer(s)
- The Ozonator water treatment plant facilitates removal of dirt, inorganic chemical impurities, and odour from water, thereby eliminating/reducing the risk of ground water contamination. Ozone generator can generate 10 grams of oxygen per hour to disinfect water
- Venturi and wet scrubber installations reduce toxicity of fumes that get generated in the jewellery manufacturing process

US and UK

At Shop LC (US), the Company uses biodegradable sugarcane utensils and recyclable containers and has completely phased out plastic and Styrofoam. Shop LC (US), has also achieved 90% LED lighting compliance across all buildings.

At TJC (UK), plastic cutlery has been replaced with metal cutlery. TJC continues to use only paper delivery bags for customers.

SWOT analysis

Strengths

- Omni-channel retail presence in US and UK through well-integrated shopping platforms of TV, web, market-places, social and digital
- Robust supply chain management through wholly owned subsidiaries / operations in key sourcing geographies including India, China, Thailand, Hong-Kong, and Indonesia
- State-of-the-art manufacturing units
- Low operating costs coupled with scalability and backed by IT capabilities
- Leveraging home-grown brands (Iliana, Rhapsody, J Francis, Karis, Elanza, Strada, Genoa and Eon 1962)
- Successful curated collections like Sukriti, Bali Legacy, Bali Goddess and Milaan, etc.
- Exclusive designer brands like Giuseppe Perez, Rachel Galley, Lucy Q, etc.
- Leverage on developing highly engaging storytelling programmes
- Experienced professionals and skilled workforce

Weaknesses

- Exposure to foreign exchange and raw material price instabilities
- Fewer cutting-edge technologies, when compared with European jewellery manufacturing centres in countries like Italy, Spain and France

Opportunities

- Growing electronic retail market
- Increased scalability in adjacent categories
- Advent of new digital platforms
- Advanced manufacturing facilities
- Reinforcing the deep discounting proposition
- Replicability and scalability across developing countries
- Business-friendly government policies

Threats

- Advanced logistics capabilities developed by companies like Amazon, Walmart, etc.
- Low-cost end-to-end business model being adopted by existing or new competitors
- Increase in cyber threats

Outlook

The digital revolution continues to rapidly transform retail space across the world. The estimated number of store closures in the USA and UK in 2019 was 9,302 and 9,169 respectively. The outbreak of the global pandemic will exacerbate this trend and only the most resilient will come out alive on the other side. It is now about embracing the new reality and putting to fore one's ability to cater to the world that is not the same anymore. With social distancing becoming a norm and health a necessary primary concern, retailers who have built an omnichannel model where predominant revenues are from home-shopping platforms have a dual responsibility – to meet customer needs through uninterrupted supply of essentials and to keep the industry wheels moving through systems re-engineering.

VGL has very strategically build the business to achieve profitable growth while maintaining a healthy Balance Sheet. In times like now, the Company is ahead in the game to not only follow through on the existing growth plans but capitalise on the market opportunity aiming for superior results. A loyal customer base, deep value proposition, symbiotic omni-channel sales platform (TV, web, social and third party marketplaces) and an agile global supply chain position us well to deepen our customer engagement and expand presence in our retail markets of US and UK.

As a Company, we have been investing in augmenting our technological capabilities, improving customer service function (personalization, community forum, integrated Pixlee with Shop LC (US) website for user-generated content sharing, etc.), upgrading studio operations, improving channel positioning and faster order fulfilment by improving warehouse operations and other business functions. VGL has also built management strength through talent acquisition in strategic business positions. We are focused on strengthening our supply chain by expanding our geographical network, integrating data analytics with sourcing, and have invested in Cloudinary (providing a comprehensive cloud-based image and video management platform) for optimizing content creation and story-telling.

Industries and companies across the globe are faced with the

most difficult times that restrict their ability to predict business continuity or growth prospects. The COVID-19 pandemic has impacted economic activity and according to International Monetary Fund (IMF) the global economy is projected to contract by 3% in 2020, lower than during the FY 2008–09 financial crisis. In case the pandemic wanes in the second half of 2020, the global economy could grow by 5.8% in 2021 as economic activity normalises.

VGL is at a crucial juncture where the decisions we make in the transitory phase in anticipating the post-pandemic scenario will define our future growth. We will keep true to our core of being a deep value retailer while maintaining a lean cost structure and an eye on the Balance Sheet.

Risk management

A governance structure in our risk management framework was implemented. A systematic risk review process to identify, assess, monitor, manage and report risks supported this. The framework provides a comprehensive and systematic approach to identify and mitigate risks by embedding risk management as integral to planning at strategic and operational levels. This helped monitor, report and review identified risks in addition to considering emerging risks.

Competition risk

The dynamic nature of the market threatens growth and margins.

The Company widened its product offerings and visibility, enhancing long-term client relationships.

Technological disruption risk

Rapid technology transformation redefines businesses and any delay in adaptation could affect revenues.

The Company continues to build relevant digital capabilities with agility.

Manpower risk

Inadequate / under-skilled resources could result in a loss of business opportunities.

The Company's talent acquisition function attracts qualified and skilled professionals. The Company also trains manpower for a minimum of 30 hours/year. It is more at middle/senior levels.

Data privacy risk related to General Data Protection Regulation (GDPR)

Privacy and protection of personal data is an area of increasing concern. Legislations like GDPR have strict implications for non-compliance or breach.

The Company's data protection and privacy policy counters this threat.

Supply chain disruption risk

Unprecedented disruption in the supply chain on account of the lockdown implemented in various countries to contain the COVID-19 pandemic

VGL was successfully able to mitigate this risk owing to a global network of suppliers and owned manufacturing facilities. The Company has significant control over the supply chain through wholly owned subsidiaries / operations in key sourcing geographies including India, China, Thailand, Hong-Kong and Indonesia

Internal controls and their adequacy

The internal control framework is designed to ensure appropriate safeguarding of assets, maintaining accurate accounting records, and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management, and documented policies, guidelines, and procedures. The Company has a well-defined organizational structure, authority levels and internal rules and guidelines for conducting business transactions. The Company intends to undertake further measures, as necessary, in line with its intent to adhere to procedures, guidelines and regulations, as applicable, in a transparent manner.

B. Khosla & Co., an external independent firm, carries out the internal audit of the Company's operations and reports its findings to the Audit Committee. Internal audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal audit is carried out as per risk-based internal audit plan, which is reviewed by the Audit Committee of the Company; the committee periodically reviews the findings and suggestions for improvement, and is apprised on the implementation status in respect of actionable items.

Discussion on Financial Performance with respect to Operational Performance

On a consolidated basis, the Company recorded total operating revenues of ₹1,986 crore in FY 2019-20 compared to ₹1,814 crore in FY 2018-19, an increase of 9.5%. Net profit at ₹190 crore for FY 2019-20 grew 23% over FY 2018-19. Firm growth across sales platforms and retail geographies, achieved on a stable operating cost base, translated into improved profitability.

A. Retail via a 24x7 TV shopping network

TV home shopping sales constituted ~67% of the total retail sales and include live shows on all major cable, satellite and DTH platforms. TV sales stood at ₹1,285 crore for FY 2019-20 as compared to ₹1,157 crore for FY 2018-19. The Company sold 6.07 mn pieces on TV during the year under review as against 6.3 mn pieces during the previous year. The Company reported an average selling price per piece of US$29.9 compared to US$26.4 in the previous year.

B. Web sales

Contributing ~33% to the total retail sales, web sales increased from ₹510 crore in FY 2018-19 to ₹633 crore in FY 2019-20. Web sales comprised catalogue sales, rising auction, mobile platforms (including mobile apps and mobile web browser) and live TV streaming on proprietary web platforms; third party marketplaces and social media platforms. Volumes under this segment increased to 4.1 mn pieces in FY 2019-20 from 3.5 mn pieces in FY 2018-19. The average selling price per piece was US$21.7 compared with US$20.7 in the previous year.

C. B2B sales

B2B sales comprised wholesale distribution to retail chains in US and UK as well as the opportunistic sale of rough gems stones to manufacturers. B2B sales stood at ₹68 crore

in FY 2019-20 compared to ₹147 crore for the previous financial year. The Company plans to continue to scale down B2B business as growth opportunities and margins are considerably larger in the B2C segment.

Key financial ratios

Standalone

1. During the financial year FY 2019-20, debtors' turnover ratio improved to 8.4 times from 5.4 times in FY 2018-19. Lower third party B2B sales and efficient collection of receivables resulted in lower average trade receivables, as compared to the previous year, thereby marking an improvement in the ratio.
2. Interest coverage ratio stood at 91.4 times for FY 2019-20, as compared to 29.2 times in the previous year mainly on account of higher EBIT (earnings before interest and tax) during the year under review.
3. Net Profit margin at 29.6% for FY 2019-20 increased from 6.86% for FY 2018-19 on account of a higher net profit.
4. Return on net worth, computed as net profit by average net worth, stood at 23.1% for FY 2019-20 as compared to 6% for FY 2018-19, owing to improved net profits.

Note: During Q4 FY 2019-20, the Company received a dividend from its wholly owned subsidiary i.e. VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited) amounting to ₹104.2 crore. The said dividend income from subsidiaries is included in 'Other Income'.

Consolidated

1. Return on net worth for FY 2019-20, computed as net profit by average net worth, increased to 26.3% from 24.7% in the previous year. This has been achieved on the back of improved net profit to ₹190 crore from ₹154 crore in the previous year.

Development Plans

VGL will continue to invest on maintenance and upgradation of its retail platforms, marketing, operations, human capital, facilities, and technology on an ongoing basis. In addition, the Company is expending on strengthening its presence on OTT platforms to expand its reach and cater to diverse customer groups. These investments are aimed at improving customer delight and optimizing costs. For example, during the year, we successfully integrated Five9 software into our IVR system which led to better customer experience and lower telephony cost. VGL is launching Digital Influencer and Ambassador programmes through Instagram and Facebook to improve our brand visibility and generate new customers.

Human resource management, material developments and industrial relations

At VGL, we encourage an open and inclusive work culture that inspires high performance. An environment for equal opportunity, people processes that celebrate diversity and foster professional growth, enable us to attract and retain the best talent in the industry.

Some of our HR initiatives/achievements include:

1. Regular medical examination of all employees
2. Employees Stock Option Plan (ESOP)
3. Performance-based incentive plan
4. Succession planning through identification of second level of managers of all units, locations, and functions
5. Career-pathing for the middle and senior management
6. Identifying and strengthening capabilities through a 360-degree appraisal system
7. Enhancing learning capabilities by delivering innovative leadership development programmes - partnered with the LinkedIn Learning and Erudite Architects
8. Conducted employee engagement surveys in all countries where we have a major presence through a global tie-up with Great Place to Work; recognised as a Great Place to Work in Greater China, India, and the UK
9. Adopted the Malcolm Baldrige Performance Excellence model as a key continuous improvement management model. Shop LC has already applied for Governor's Achievement Level after having received recognition for the Malcolm Baldrige Progress Level

The end of the fiscal was challenging for VGL and employees. The Company and its subsidiaries have taken appropriate precautionary measures to ensure safety and health of all its employees to combat the global outbreak of COVID-19 pandemic. We are committed to the mental, physical and financial well-being of our team and have taken several initiatives which include – weekly 'All Hands Meet' calls where management addresses the team to provide comfort, inspire confidence and address concerns; yoga sessions; online training sessions. Based on the lockdown / social distancing guidelines announced, we ensured smooth transition to work-from-home and redesigned office and factory premises for safety of all involved.

The Company continued to maintain amicable industrial relations by focusing on increased worker-level engagement through formal and informal communication and training forums.

As on 31st March, 2020, the Company had 3,416 employees, including outsourced labour, on its rolls, which may increase in line with the growing business aspirations in the current fiscal year.

Disclaimer

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations, or predictions, may be forward-looking statements within the meaning of applicable securities, laws, and regulations. Actual results could differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions, variation in prices of raw materials, changes in government regulations, tax regimes, economic developments, and other incidental factors.

For and on behalf of the Board of Directors,

Harsh Bahadur
Chairman
DIN: 00724826

Place: Delhi
Date: 27th May, 2020

Corporate Governance Report

1. Statement on Company's philosophy on Code of Governance

Corporate Governance is the application of best management practices, compliances of law and adherence to ethical standards to achieve the Company's objectives of enhancing shareholder value and discharging social responsibilities. Adopting high standards gives comfort to all existing and potential stakeholders, including government and regulatory authorities, customers, suppliers, bankers, employees and shareholders.

Your Company believes in adopting and adhering to the best standards of Corporate Governance. Vaibhav Global Limited's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, disclosures, accountability and equity in all spheres of its operations. Your Company is committed towards transparency in all its dealings and places high emphasis on business principles and believes good Corporate Governance goes beyond working results and financial priority and is a pre-requisite for the attainment of excellent performance.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI (LODR) Regulations, 2015'), as applicable, with regards to corporate governance.

2. Board of Directors

A) Board Composition

The Board of Directors has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board, category of directors and their shareholding as on 31st March, 2020 are as follows:

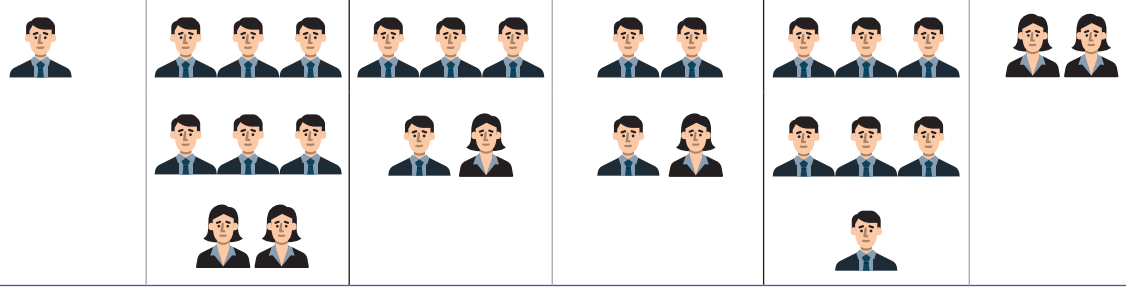
Category	No. of Directors	Name of Directors	Promoter / Promoters Group	Date of first Appointment	Current Tenure	No. of Shares held
Executive Directors	1	Mr. Sunil Agrawal	Yes	08/05/1989	Managing Director upto 31/01/2024	28,140
Non – Executive Non – Independent Directors	3	Mr. Nirmal Kumar Bardiya	Yes	10/07/2001	NA[1]	2,00,581
		Mrs. Sheela Agarwal	Yes	10/11/2008	NA[1]	22,450
		Mr. Pulak Chandan Prasad	No	29/10/2013	NA[1]	Nil
Independent Directors	5	Mr. Harsh Bahadur	No	26/09/2015	Upto 25/09/2022	Nil
		Mr. Santiago Roces	No	28/07/2015	Upto 27/07/2022	Nil
		Mr. James Patrick Clarke	No	07/02/2017	Upto 06/02/2024	Nil
		Mr. Sunil Goyal	No	08/03/2017	Upto 07/03/2025	Nil
		Ms. Monica Justice	No	06/09/2019	Upto 05/09/2021	Nil

[1]Director liable to retire by rotation

There is no inter-se relationship between Board members, except Mrs. Sheela Agarwal, who is mother of Mr. Sunil Agrawal, Managing Director of the Company.

Board Structure

Executive/Non-Executive		Independent/Non-Independent		Male/Female	
Executive (1)	Non-Executive (8)	Independent (5)	Non-Independent (4)	Male (7)	Female (2)



B) Chairman of the Board

Mr. Harsh Bahadur acted as Non-Executive Chairman of the Board. The Chairman presides over the meetings of the Board and of the shareholders of the Company.

C) Independent Directors

Independent Directors, are Non-Executive Directors, and have confirmed that they meet the criteria of independence as defined under Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of Companies Act, 2013 ('the Act'). The maximum tenure of Independent Directors is in compliance with the Act.

D) Woman Independent Director:

Pursuant to the requirement of Regulation 17(1)(a), Ms. Monica Justice is a Non-Executive woman Independent Director on the Board of the Company.

E) Board Skills and Expertise

The Company recognises and embraces the benefits of having a diverse Board of Directors to enhance the quality of its performance. The Company considers increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates.

The Board of the Company is composed of appropriately qualified people with a broad range of experience relevant to the business of the Company, which is important to achieve effective corporate governance and sustained commercial success of the Company. All appointments at Board level are made on merit, in the context of skills, experience, independence, knowledge and integrity which the Board requires to be effective.

The table summarises the key skills and attributes which are considering while identifying, selecting and nominating the candidate to serve on the Board of the Company.

Sr. No.	Particulars	Description
1.	Business	Experience and understanding of the Industry, business environment, economic conditions, Strategic thinking.
2.	Financial	Knowledge and understanding of finance management, accountancy, ability to read and understand financial statements
3.	Board Services and Governance	Experience as director on other's Board, maintaining Board and management accountability, observing good governance practices
4.	Specialised Skills	Specialised knowledge of Accounting/ Finance/ Law/Management / Information Technology / Sales & Marketing/Procurement / Manufacturing / Human Resource Management /E-commerce/ Public relations/ Corporate Social responsibility/Administration etc.
5.	Leadership and sound Judgement	Leadership and sound judgement ability in regular and complex business environment.
6.	Other diversity	Representation of gender, ethnic, geographic, culture and other perspective to compliment Board's understanding of our customers, employees, governments, community and various other stakeholders in different geographies.

Expertise/Skill of individual directors are highlighted below:

Name of the Director	Area of expertise					
	Business	Financial	Board Services and Governance	Specialised Skills	Leadership and sound Judgement	Other diversity
Mr. Sunil Agrawal	√	√	√	√	√	√
Mr. Nirmal Kumar Bardiya	√	√	√	√	√	-
Mrs. Sheela Agarwal	√	√	√	-	√	√
Mr. Pulak Chandan Prasad	√	√	√	√	√	√
Mr. Santiago Roces	√	√	√	√	√	√
Mr. Harsh Bahadur	√	√	√	√	√	√
Mr. James Patrick Clarke	√	√	√	√	√	√
Mr. Sunil Goyal	√	√	√	√	√	√
Ms. Monica Justice	√	√	√	√	√	√

F) Conduct of Board proceedings

The day-to-day matters concerning the business are conducted by the executives of the Company under the direction of Managing Director with ultimate supervision by the Board. The Company holds Board Meetings at regular intervals. The Directors are informed about the venue, date and time of the meeting in advance in writing at their registered address/e-mail. Detailed agenda papers along with explanatory statements are circulated to the Directors in advance. The Board has complete access to all information of the Company. All information stipulated in the Companies Act and SEBI (LODR) Regulations, 2015 are regularly provided to the Board as a part of the agenda papers. Directors actively participate in the Board meetings and contribute significantly by expressing their views, opinions and suggestions. Video-conferencing facilities are used to facilitate Directors who are travelling or are present at other locations to participate in the meeting. Decisions are taken after proper and thorough discussions. The Board periodically reviews the compliance report of all laws applicable to the Company.

G) Attendance of Directors at Board Meetings and Annual General Meeting (AGM)

The Board meets once every quarter to review the quarterly financial results and other items of the agenda and, if necessary, additional meetings are held as and when required. During the year under review, the Board met seven times as per the details given below, and the intervening gap between the meetings was within the period prescribed under Regulation 17 of SEBI (LODR) Regulations, 2015.

Name of Director	Attendance at 30th AGM held on 30th July, 2019	Attendance at Board Meeting						
		21st May, 2019	30th May, 2019	30th July, 2019	31st October, 2019	29th January, 2020	21st February, 2020	19th March, 2020
Mr. Sunil Agrawal	√	√	√	√	√	√	√	√
Mr. Rahim Ullah[1]	√	√	√	√	-	-	-	-
Mr. Nirmal Kumar Bardiya	√	√	Leave	√	√	√	Leave	√
Mrs. Sheela Agarwal	√	√	√	√	√	√	√	√
Mr. Pulak Chandan Prasad	√	√	√	√	√	√	Leave	√
Mr. Santiago Roces	Leave	√	Leave	√	√	√	√	√
Mr. Harsh Bahadur	√	√	√	√	√	√	√	√
Mr. James Patrick Clarke	√	√	√	√	√	√	√	√
Mr. Sunil Goyal	√	√	√	√	√	√	√	√
Ms. Monica Justice[2]	-	-	-	-	√	√	√	√

[1]Ceased as director w.e.f. 12th October, 2019; [2] Appointed as director w.e.f. 6th September, 2019

H) Directorship and Committee's Membership

Name of Director	Number of Directorship(s) held in other Indian public limited companies[1]	Directorship in other listed companies and category of directorship	Committee(s) position (including VGL)[2]	
			Membership	Chairmanship
Mr. Sunil Agrawal	1	Nil	Nil	Nil
Mr. Nirmal Kumar Bardiya	3	Nil	2	Nil
Mrs. Sheela Agarwal	Nil	Nil	Nil	Nil
Mr. Pulak Chandan Prasad	2	• Just Dial Limited – NENI • Berger Paints India Limited – NEI	1	Nil
Mr. Santiago Roces	Nil	Nil	Nil	Nil
Mr. Harsh Bahadur	1	• Indian Terrain Fashions Limited – NEI	3	Nil
Mr. James Patrick Clarke	Nil	Nil	Nil	Nil
Mr. Sunil Goyal	1	• Shree Rajasthan Syntex Ltd – NEI	Nil	3
Ms. Monica Justice	Nil	Nil	Nil	Nil

*NENI - Non-Executive Non-Independent Director, NEI - Non-Executive Independent Director

[1]Excludes Directorship in Foreign Companies, Private Limited Companies, Section 8 Companies.

[2]For the purpose of considering the Committee's Membership and Chairmanship of a Director, the Audit Committee and the Stakeholders' Relationship Committee of all Public Limited Companies has been considered.

I) Board Committees

i) Audit Committee

The Committee is governed by a charter which is in line with the regulatory requirements mandated by the Companies Act, 2013, and Regulation 18 of the SEBI (LODR) Regulations, 2015. The primary objective of the Committee is to monitor and provide an effective supervision of the management's financial reporting process, to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, Internal Auditors and Statutory Auditors and take note of the process & safeguards employed by each of them. The terms of reference of the Audit Committee is based on the role of the Audit Committee, as mentioned in Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (LODR) Regulations, 2015 and as determined by the Board.

The composition of the Committee, details of meetings held, and attendance of the members is given hereunder:

Name of the Director	Category of the Directors	Position held in the Committee	Attendance at Audit Committee Meeting held during 2019-20				
			21st May, 2019	30th July, 2019	31st October, 2019	29th January, 2020	21st February, 2020
Mr. Sunil Goyal	Non – Executive Independent Director	Chairman	√	√	√	√	√
Mr. Harsh Bahadur	Non – Executive Independent Director	Member	√	√	√	√	√
Mr. Nirmal Kumar Bardiya	Non – Executive Non - Independent Director	Member	√	√	√	√	Leave

The Company Secretary of the Company acts as Secretary to the Audit Committee.

ii) Nomination, Remuneration and Compensation Committee

The Company has Nomination, Remuneration & Compensation Committee (NRC Committee) in terms of Section 178 of the Companies Act, 2013, Regulation 19 of the SEBI (LODR) Regulations, 2015 and Regulation 5 of SEBI (Share Based Employee Benefits) Regulations, 2014. Terms of references of the Committee is in accordance with the Companies Act, 2013 and SEBI Regulations inter-alia includes identification, selection and decide remuneration criteria of Directors, senior management personnel, performance evaluation of Directors/ Board/Committee, policy formulation and management & implementation of share based employee benefit plan(s).

The composition of the Committee, details of meetings held and attendance of the members is given hereunder:

Name of the Director	Category of the Directors	Position held in the Committee	Attendance at NRC Committee Meeting held during 2019-20			
			21st May, 2019	1st June, 2019	29th January, 2020	21st February, 2020
Mr. Sunil Goyal	Non – Executive Independent Director	Chairman	√	√	√	√
Mr. Harsh Bahadur	Non – Executive Independent Director	Member	√	√	√	√
Mr. Nirmal Kumar Bardiya	Non – Executive Non - Independent Director	Member	√	Leave	√	Leave

The Company Secretary of the Company acts as Secretary to the Nomination, Remuneration and Compensation Committee.

Evaluation Process:

The Board has carried out an annual performance evaluation of its own performance, the Directors individually (including Independent Directors) as well as the evaluation of the working of its Audit Committee, NRC Committee and Stakeholders' Relationship Committee as per the criteria defined in the Nomination and Remuneration policy and expressed its satisfaction. The Independent Directors in their Meeting have evaluated the performance of Non-Independent Directors and the Board as a whole and Chairman of the Board. The selection and remuneration criteria of Directors, senior management personnel and performance evaluation of Directors/ Board/ Committees/ Chairman are defined in the Nomination and Remuneration Policy.

As per Nomination and Remuneration Policy of the Company, performance of the Board and Board's Committees were evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness. Performance of individual directors was evaluated on parameters such as meeting attendance, participation and contribution, responsibility towards stakeholders and independent judgement. The Independent Directors were evaluated at additional parameters as provided in the policy, such as external expertise, devotion of sufficient time, strategic guidance to the Company, etc.

Remuneration to Directors:

a) **Executive Directors:** The Executive Director(s) shall be eligible for remuneration, as may be approved by the shareholders of the Company on the recommendation of the NRC Committee and the Board of Directors. The office of executive director(s) may be terminated by the Company or by them by giving prior notice in writing as per the policy of the Company. No severance fees is payable to the Executive Director(s) and they shall not be entitled for any share-based employee benefit.

b) **Non-Executive/Independent Director:** The Non-Executive/ Independent Directors of the Company may receive remuneration by way of sitting fees for attending the meeting of the Board of Directors and/or Committee thereof, as approved by the Board. The profit-linked commission may be paid within the limit approved by the shareholders of the Company as a percentage of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013, and rules framed thereunder. Independent Directors shall not be entitled for any share-based employee benefit.

Details of remuneration, sitting fees, etc. paid/payable to Directors for the year ended 31st March, 2020 is as under:

Name of the Director	Details of remuneration paid/payable during the year			
	Salary	Sitting Fees	Profit related Commission	Total
Mr. Sunil Agrawal	-	-	-	-
Mr. Rahim Ullah	17,50,000	-	-	17,50,000
Mr. Nirmal Kumar Bardiya	-	8,15,000	-	8,15,000
Mrs. Sheela Agarwal	-	5,25,000	-	5,25,000
Mr. Pulak Chandan Prasad	-	-	-	-
Mr. Santiago Roces	-	-	19,16,115	19,16,115
Mr. Harsh Bahadur	-	11,25,000	18,75,000	30,00,000
Mr. James Patrick Clarke	-	-	47,03,725	47,03,725
Mr. Sunil Goyal	-	10,75,000	-	10,75,000
Ms. Monica Justice	-	-	21,23,729	21,23,729

iii) Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee, which review the various matter such as resolving the grievances of shareholders, measure taken by the Company for effective exercise of voting rights by shareholders, service standards adopted by the Company in respect of various services rendered by RTA and initiative taken by the Company for reducing the quantum of unclaimed dividend etc. The Committee's constitution and terms of reference are in compliance with the provisions of the Section 178 of the Companies Act, 2013, and Regulation 20 of SEBI (LODR) Regulations, 2015.

The composition of the Committee, details of meetings held and attendance of the members is given hereunder:

Name of the Director	Category of the Directors	Position held in the Committee	Attendance at Stakeholders' Relationship Committee Meeting held on 29th January, 2020
Mr. Sunil Goyal	Non – Executive Independent Director	Chairman	√
Mr. Harsh Bahadur	Non – Executive Independent Director	Member	√
Mr. Nirmal Kumar Bardiya	Non – Executive Non - Independent Director	Member	√

The Company Secretary of the Company acts as Secretary to the Stakeholders' Relationship Committee.

Details of Complaints received and resolved during the year

Particulars	No. of Complaints
Complaints pending as on 1st April, 2019	Nil
Complaints received during the period 1st April, 2019 to 31st March, 2020	30
Complaints disposed-off during the period 1st April, 2019 to 31st March, 2020	30
Complaints outstanding as on 31st March, 2020	Nil

Details of the Compliance Officer

Name: Mr. Sushil Sharma
Designation: Company Secretary & Compliance Officer
Address: E-69, EPIP, Sitapura, Jaipur - 302 022

iv) Corporate Social Responsibility (CSR) Committee

The Company has a Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Companies Act, 2013. The terms of reference, inter-alia, includes formulation of the CSR policy and to indicate the activities to be undertaken, recommend spending under CSR, monitoring of CSR policy and to perform functions as defined and covered under the Companies Act, 2013. The Committee is also empowered to oversee the implementation of Business Responsibility Policies.

The composition of the Committee, meetings held during the year and attendance of the members is given hereunder:

Name of the Director	Category of the Directors	Position held in the Committee	Attendance at CSR Committee Meeting held on 21st May, 2019
Mr. Sunil Agrawal	Executive Director	Chairman	√
Mr. Harsh Bahadur	Non – Executive Independent Director	Member	√
Mr. Nirmal Kumar Bardiya	Non – Executive Non - Independent Director	Member	√

The Company Secretary of the Company acts as Secretary to the Corporate Social Responsibility (CSR) Committee.

v) Risk Management Committee

The Company has a Risk Management Committee in compliance with provisions of SEBI (LODR) Regulation, 2015. The terms of reference, inter-alia, includes to monitor and review the risk management plan, cyber security and to perform functions as defined under SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

Name of the Member	Category /Designation of the Members	Position held in the Committee
Mr. Sunil Goyal	Non – Executive Independent Director	Chairman
Mr. Harsh Bahadur	Non – Executive Independent Director	Member
Mr. Nirmal Kumar Bardiya	Non – Executive Non - Independent Director	Member
Mr. Puru Aggarwal	Group President – Strategy & Business Development	Member
Mr. Vineet Ganeriwala	Group CFO	Member

vi) Allotment Committee

The Allotment Committee has been constituted for the approval, issue and allotment of shares/securities under the supervision of Board. It comprises senior management personnel. The Committee meets as and when need arises particularly for allotment and issue of shares to the employees under the Stock Option Plan(s) of the Company.

J) Independent Directors' meeting

As per the requirement of the Companies Act, 2013 and Regulation 25(3) of SEBI (LODR) Regulations, 2015, the Independent Directors of the Company met on 21st May, 2019 discussed and reviewed the performance of Non-Independent Directors, the Board of Directors as a whole, Chairperson of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board.

K) Certificate of non- disqualification of directors

As per the requirements of SEBI (LODR) Regulations, 2015, a certificate issued by M/s. B K Sharma & Associates, Company Secretaries, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

3. General Body Meetings

a) Details of last three Annual General Meetings (AGM):

Meeting	Date	Time (IST)	Venue	No. of Special Resolution passed
30th AGM	30th July, 2019	10.00 A.M.	E-69, EPIP, Sitapura, Jaipur – 302022 (Rajasthan)	2
29th AGM	30th July, 2018	10.00 A.M.	E-69, EPIP, Sitapura, Jaipur – 302022 (Rajasthan)	Nil
28th AGM	7th September, 2017	10.00 A.M.	E-69, EPIP, Sitapura, Jaipur – 302022 (Rajasthan)	3

b) Resolutions passed through Postal Ballot

During the year, the Company has circulated the following resolution through postal ballot notice dated 30th May, 2019 which has been duly passed on 5th August, 2019:

Sr. No.	Type of Resolution	Particulars	Voting Pattern (%)	
			Favor	Against
1	Special Resolution	Approval for Buy Back of Equity Shares of the Company	100.00	0.00

Mr. B.K. Sharma, Practicing Company Secretary, was appointed as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The Company had sent the postal ballot notices along with Postal Ballot Form either by post or e-mail (to those members who had registered their e-mail with the Company/Depositories), to all members whose names appeared in the Register of Members/record of Depositories as on the cut-off date, as decided by the Board. The Company had also provided e-voting facility as an alternative.

There is no any special resolution proposed to be conducted through postal ballot.

4. Means of Communication

(i) Annual Report containing financial statements (standalone and consolidated), Board's Report, Management Discussion & Analysis (MD&A) Report, Business Responsibility Report, Auditor's Report and other information are circulated to members and others who are entitled to it.

(ii) Financial results are published in leading local and national newspapers such as Nafa Nuksan (Jaipur), Jansatta (New Delhi) and Financial Express (all editions).

(iii) All important information relating to the Company and its performance, including the financial results, shareholding pattern, Corporate Governance Report and policies are displayed on the Company's website www.vaibhavglobal.com. The website also displays all official press releases issued by the Company, if any.

(iv) The Company disseminate all price sensitive information into the public domain by way of intimating the same to stock exchanges, i.e. BSE Ltd. and National Stock Exchange of India Ltd., immediately. The same is also displayed on the Company's website.

(v) In case of any query, shareholders may write to the Company Secretary at investor_relations@vaibhavglobal.com

(vi) The Company has made quarterly presentations to investors/analysts.

5. General Shareholder Information

(i) 31st Annual General Meeting (AGM):

Date and time – Thursday, 30th July, 2020 at 9.00 A.M. (IST)

Pursuant to the General Circular numbers 20/2020, 14/2020, 17/2020 issued by the Ministry of Corporate Affairs and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by SEBI, the 31st AGM of the Company will be held through video-conferencing (VC)/other audio visual means (OAVM) and the detailed instructions for participation and voting at the meeting is available in the notice of the 31st AGM.

(ii) Financial year:

The Company follows April to March as the financial year. The next financial year of the Company would be from 1st April, 2020 to 31st March, 2021.

(iii) **Date of book closure for AGM & Dividend:** 23rd July, 2020

(iv) **Dividend payment date:** on/after 3rd August, 2020.

(v) **Stock Exchanges where equity shares are listed and scrip code**:

(a) BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Scrip Code: 532156

(b) National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
Symbol: VAIBHAVGBL

(vi) Listing Fees to the Stock Exchanges

The Company has paid listing fees in respect of financial year 2020- 21 to BSE Limited and National Stock Exchange of India Limited.

(vii) Registrar & Share Transfer Agent (RTA):

KFin Technologies Private Limited,
(Unit: Vaibhav Global Limited)
Selenium Tower B, Plot 31-32,
Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032

The name of the Company's RTA is changed to KFin Technologies Private Limited from Karvy Fintech Private Limited effective 5th December, 2019. The Company has communicated this information to the stock exchanges and also made it available on the Company's website.

(viii) Share transfer system

The Company has authorised RTA for transmission/ dematerialisation/re-materialisation etc., who process the formalities related thereto, on an average of once a week. The share certificates are returned/dispatched to the shareholders by the RTA after necessary endorsements, normally within 15 days from the date of receipt. Delays, if any, are mostly due to differences in signature and/or non-receipt of copy of PAN.

(ix) Dematerialization of shares

The Company has set up requisite facilities for dematerialisation of its equity shares in accordance with the provisions of Depository Act, 1996 with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both the depositories.

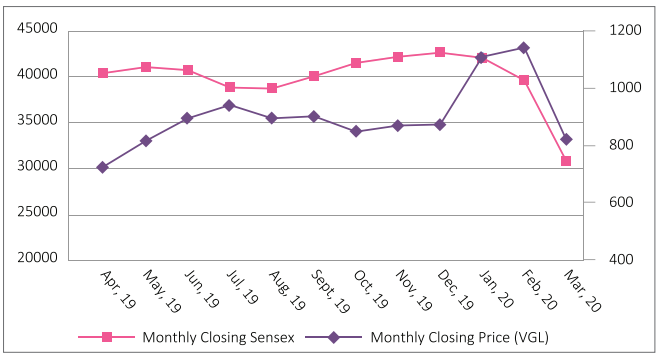
International Securities Identification Number (ISIN) for equity shares is INE884A01019. The status of dematerialization as on 31st March, 2020 is as under:

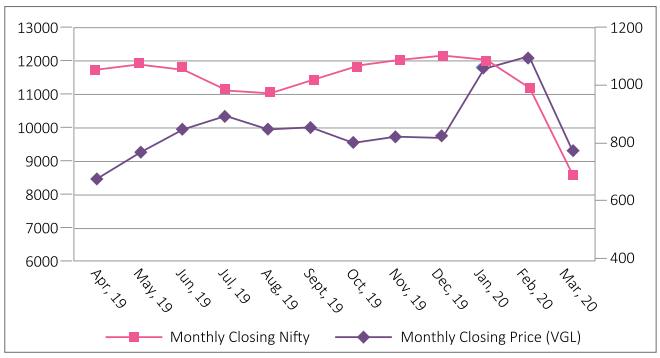
Mode		No. of Shares	%
1. Dematerialisation Form	NSDL	3,06,75,512	94.93
	CDSL	16,08,989	4.98
Subtotal		**3,22,84,501**	**99.91**
2. Physical Form		29,845	0.09
Total		**3,23,14,346**	**100.00**

(x) Share price data

Month	VGL Price at BSE (₹)		VGL Price at NSE (₹)	
	High Price	Low Price	High Price	Low Price
April, 2019	690.00	634.45	694.95	634.00
May, 2019	781.00	636.00	774.00	631.60
June, 2019	866.90	736.00	867.95	738.00
July, 2019	904.00	823.00	905.00	821.00
August, 2019	909.15	801.00	911.95	795.00
September, 2019	864.15	816.15	869.90	814.30
October, 2019	870.85	740.00	950.00	733.20
November, 2019	881.65	800.00	873.00	793.00
December, 2019	870.05	760.00	910.00	756.45
January, 2020	1,099.00	820.00	1,100.00	815.05
February, 2020	1,199.00	994.50	1,199.00	993.00
March, 2020	1,116.60	490.00	1,115.00	551.35

Performance of the Company's share price in comparison to Sensex and Nifty



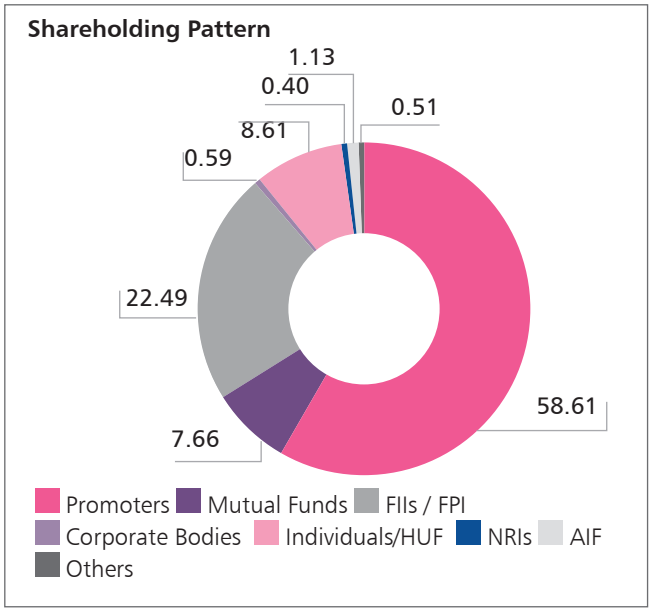


(xi) Distribution of shareholding as on 31st March, 2020

No. of Equity Shares	Total Shares	% of Shareholding	No. of shareholder
1-5000	3,30,659	1.02	5,203
5001- 10000	1,39,201	0.43	184
10001- 20000	1,59,481	0.49	106
20001- 30000	1,18,417	0.37	46
30001- 40000	57,749	0.18	17
40001- 50000	65,640	0.20	14
50001- 100000	2,90,353	0.90	39
100001 & Above	3,11,52,846	96.41	62
Total	**3,23,14,346**	**100.00**	**5,671**

(xii) Shareholding Pattern as on 31st March, 2020

Category	Number of Shares	% of shareholding
A. Promoters		
Indian Promoters	1,88,93,600	58.47
Foreign Promoters	46,460	0.14
Sub-total (A)	**1,89,40,060**	**58.61**
B. Public		
Mutual Funds	24,75,982	7.66
FIIs / FPI	72,66,823	22.49
Corporate Bodies	1,91,205	0.59
Individuals/HUF	27,82,310	8.61
NRIs	1,28,970	0.40
Alternative Investment Fund (AIF)	3,66,260	1.13
Others	1,62,736	0.51
Sub-total (B)	**1,33,74,286**	**41.39**
Grand Total (A+B)	**3,23,14,346**	**100.00**



(xiii) Plant locations

The Company's plants are located at the following addresses:

- K-6B, Fateh Tiba, Adarsh Nagar, Jaipur - 302 004
- E-68, E-69 & F64, EPIP, Sitapura, Jaipur - 302 022
- E-1 and E-2, SEZ – II, Sitapura - 302 022
- Unit 186/A, SDF-VI, Andheri (E), SEEPZ-SEZ, Mumbai - 400 096

(xiv) Branch office: HW – 4070, H Tower, West Wing, 4th Floor, Bharat Diamond Bourse, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051

(xv) Investor Contacts

Shareholders may note that the share transmission, dividend payment and other investor related activities are attended to and processed at the office of Company's Registrar & Transfer Agents (RTA). For any grievances/ complaints, shareholders may contact the RTA at the address mentioned in point (vii). For any escalations, shareholder may write to the Company at investor_relations@vaibhavglobal.com or may contact at:

The Company Secretary and Compliance Officer
E-69, EPIP, Sitapura, Jaipur - 302 022
Phone: 91-141-2770648, 2771975

Shareholders holding shares in dematerialisation form should address all their correspondence to their respective Depository Participants (DP).

(xvi) The Company has no outstanding GDR/ADR/warrants as on 31st March, 2020.

(xvii) Details of Directors seeking appointment/ reappointment

The brief profile of the Directors seeking appointment/ re-appointment is provided in the Notice of convening the Annual General Meeting, which forms a part of the Annual Report.

(xviii) Credit Rating

The detail of credit rating obtained by the Company during the year is provided in the Board's Report, which forms a part of this Report

(xix) Other useful information to shareholders

- Shareholders/beneficial owners are requested to quote their folio no. /DP and client ID nos., as the case may be, in all correspondence with the RTA/ Company.
- Shareholders holding shares in physical form are requested to notify to the RTA/Company, PAN, email Ids, change in their address/pin code number and bank account details promptly by written request under the signatures of sole/first joint holder. Beneficial owners of shares in demat form are requested to send their instructions regarding PAN, email ids, change of name, change of address, bank details, nomination, power of attorney etc., directly to their DP as the same are maintained by the DPs.
- To prevent fraudulent encashment of dividend instruments, members are requested to provide their bank account details (if not provided earlier) to the Company/RTA (if shares are held in physical form) or to the DP (if shares are held in demat form), as the case may be.
- Non-resident members are requested to immediately notify change in their residential status on return to India for permanent settlement and particulars of their NRE bank account with a bank in India, if not furnished earlier.
- In case of loss/misplacement of shares, investors should immediately lodge a FIR/complaint with the police and inform RTA/ Company along with original or certified copy of FIR/acknowledged copy of the complaint.
- Shareholders(s) of the Company who have multiple accounts in identical name(s) or holding more than one share certificate in the same name under different ledger folio(s) are requested to apply for consolidation of such folio(s) and send the relevant share certificates to the Company/RTA.
- Section 72 of the Companies Act, 2013, extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular those holding shares in a single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed nomination form.
- Shareholders are requested to provide their valuable suggestions for improvement of our investor services.
- We request shareholders whose shares are in the physical mode to dematerialise their shares. Shareholders are requested to quote their e-mail IDs, telephone/fax numbers for prompt reply to their communication.

6. Disclosures

(i) The details of related party transactions are given in the notes to accounts. None of the transactions with any of the related party was in conflict with the interests of the Company. The Board has framed a policy on related party transactions and the same is available on the Company's website i.e. https://www.vaibhavglobal.com/code-policies

(ii) There were no non-compliance/strictures, penalty imposed on the Company by stock exchange(s) or SEBI or any statutory authority on any matters related to the capital markets during the last three years.

(iii) The Company has a Whistle Blower policy for establishing a vigil mechanism for Directors and employees. The policy has been hosted on the website of the Company at https://www.vaibhavglobal.com/code-policies. We affirm that no personnel has been denied access to the Audit Committee.

(iv) All mandatory requirements of SEBI (LODR) Regulations, 2015, have been complied with during the year. The Company has also implemented discretionary requirements of SEBI (LODR) Regulations, 2015, regarding direct report by the internal auditor to the Audit Committee and appointment of Non-executive Chairman of the Board.

(v) Major part of foreign exchange impact is notional, being arisen from consolidation of subsidiaries' financials in parent entity, without real conversion of currency. For the export receivables, arisen from exports from manufacturing and sourcing entities to the selling entities, there is a natural hedge available due to import of raw materials. Further, working capital from banks in foreign currencies also provides a natural hedge against export receivables. Invoicing from China, Bangkok & Bali entities to UK entity from dollars to GBP has also reduced the currency risk to the extent.

The detail of foreign currency exposure & risk is provided in Notes to the Annual Financial Statements.

(vi) During the year, no complaint was received to the Committee established, as per Policy on Anti Sexual Harassment of the Company, under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(vii) The detail of unclaimed dividend and requirement for transfer of shares and dividend to IEPF is provided in the Board's Report.

7. Risk Management

The Company has adopted a well-defined procedure for risk management. The risk management procedure provides identification and mitigation of internal as well as external risks of the Company. The risk management procedure is periodically reviewed by the Board. The Risk Management Committee monitor and review the risk management plan, cyber security and to perform functions as defined under SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

8. Management discussion and analysis

A Management Discussion and Analysis Report forms a part of the Annual Report and includes discussion on various matters.

9. Subsidiaries

The Audit Committee reviews the significant issues, including financial statements pertaining to subsidiary companies. Attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of subsidiaries is also reviewed by the Board periodically.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link: https://www.vaibhavglobal.com/code-policies. The Company is having material foreign subsidiaries and all compliance in this regard as provided in SEBI (LODR) Regulations, 2015 are duly complied with.

10. Reconciliation of Share Capital Audit

As stipulated by the Securities Exchange Board of India, M/s B. K Sharma & Associates, Company Secretaries, has carried out the reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL, total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the stock exchanges and placed before the Board in the subsequent meeting. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form, shares allotted and advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL and CDSL.

11. Familiarization programme for Independent Directors

The Board members are provided with the necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes on important laws are regularly circulated to the Directors. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at: https://www.vaibhavglobal.com/code-policies

12. Fee paid to Statutory Auditors

During the year, total fee of ₹154.00 lacs was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors for all services and ₹51.40 lacs was paid to other entities in the network firm/network entity of which the statutory auditor is a part.

13. Code for the Board of Directors and Senior Management Personnel

The Company has laid down a code of conduct for the members of the Board and senior management personnel of the Company. The code of conduct has been posted on the Company's website, i.e. https://www.vaibhavglobal.com/code-policies. The code of conduct has been circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended 31st March, 2020. A declaration to this effect, signed by Mr. Sunil Agrawal, Managing Director of the Company, is appended at the end of this report.

14. Code for Independent Directors

The Company has laid down a code of conduct for Independent Directors of the Company and the same is available on the Company's website, i.e. https://www.vaibhavglobal.com/code-policies

15. Compliance Certificate

The Compliance Certificate on the financial statements for the financial year ended 31st March, 2020 is enclosed at the end of this report.

16. Corporate Governance Certificate

As required by Part-E of Schedule V of Regulation 34(3) of the SEBI (LODR) Regulations, 2015, the certificate on Corporate Governance is enclosed at the end of this report.

Declaration for Compliance with Code of Conduct

I hereby confirm and declare that all the Directors of the Company and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2019-20.

For and on behalf of the Board of Directors

Sunil Agrawal
Managing Director
DIN: 00061142

Place: Austin
Date: 27th May, 2020

Compliance Certificate

To
The Board of Directors
Vaibhav Global Limited
K-6B, Fateh Tiba, Adarsh Nagar,
Jaipur – 302 004

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020, and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2019-20 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit committee that:

1. There are no significant changes in internal control over financial reporting during the year;

2. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3. There are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Vineet Ganeriwala
Group Chief Financial Officer
Place: Jaipur
Date: 27th May, 2020

Certificate on Corporate Governance

To
The Members of
Vaibhav Global Limited

1. We have examined the compliance of conditions of Corporate Governance by Vaibhav Global Limited ("the Company") for the year ended on 31st March, 2020 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) & other applicable regulations and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the SEBI Listing Regulations').

Management Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

3. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

4. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance and Guidance Manual on Quality of Audit and Attestation Services issued by the Institute of Company Secretaries of India. It was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Management of the Company, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, as applicable for the year ended 31st March, 2020, referred to in paragraph 1 above.

Other matters and Restriction on use

6. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

7. Certificate is addressed to and provide to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the SEBI Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **B K Sharma & Associates**
Company Secretaries
FRN - P2013RJ233500

BRIJ KISHORE SHARMA
Proprietor
M. No. : FCS - 6206
COP No.: 12636

Place: Jaipur
Date: 27th May, 2020
UDIN:F006206B000290215

Business Responsibility Report

About this Report

This Business Responsibility Report includes our responses to questions on our practices and performance on key principles defined in Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, covering topics across environment, governance and stakeholder relationships. This report is being published due to applicability of said regulations on the Company from this financial year.

Section A - General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L36911RJ1989PLC004945
2.	Name of the Company	Vaibhav Global Limited
3.	Registered address	K-6B, Fateh Tiba, Adarsh Nagar, Jaipur 302 004 (Raj.)
4.	Website	www.vaibhavglobal.com
5.	E-mail id	Investor_relations@vaibhavglobal.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of fashion jewelry and related articles (3211)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Fashion jewelry, Gemstone, and lifestyle products
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations	NA
	(b) Number of National Locations	6 National Locations (4 in Jaipur, 2 in Mumbai)
10.	Markets served by the Company – Local/State/ National/International	National/International

Section B: Financial Details of the Company

1	Paid-up Capital (₹)	32,31,43,460
2	Total Turnover (including other income) (₹)	54,286.04 lacs
3	Total profit after taxes (₹)	127,36.92 lacs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	During the year, the Company spent ₹129.76 lacs towards Corporate Social Responsibility (CSR) which was 3.70% of average net profits of three immediately preceding financial years.
5	List of activities in which expenditure in 4 above has been incurred:-	Vaibhav Global Ltd., has focused its CSR initiative in the field of providing mid-day meal, taking care of old age people, support schools for meeting the expenses relating to educational aids and other expenses, Scholarships to students and providing education to underprivileged children. For more details, refer Annexure 2 of the Board's report.

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	The Company has following Subsidiaries / Stepdown subsidiaries. • **Subsidiaries:** 1. VGL Retail Ventures Ltd., Mauritius 2. STS Jewels Inc., USA 3. STS Gems Limited, Hong Kong 4. STS Gems Thai Ltd., Thailand 5. STS Gems Japan Limited, Japan • **Step Down Subsidiaries:** 1. Shop TJC Limited, UK 2. Shop LC Global Inc., USA 3. PT. STS Bali, Indonesia 4. STS (Guangzhou) Trading Limited, China

2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The subsidiary companies are operating in different geographies and conducting their own BR initiatives.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company always encourage the other entities (e.g. suppliers, distributors etc.) for participating in BR initiatives of the Company.

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) BR Initiatives of the Company are undertaken under the supervision of Corporate Social Responsibility Committee of the Board of Directors, which comprises following directors.

DIN Number	Name of Director	Designation
00061142	Mr. Sunil Agrawal	Managing Director
00724826	Mr. Harsh Bahadur	Non-Executive Independent Director
00044624	Mr. Nirmal Kumar Bardiya	Non-Executive Non-Independent Director

(b) Details of BR Head

DIN Number	Name of Director	Designation	Telephone No.	Email ID
00061142	Mr. Sunil Agrawal	Managing Director	91-141-2771948	Investor_relations@vaibhavglobal.com

2(a) Principle-wise (as per NVGs) BR Policy/policies

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Principle 3: Businesses should promote the wellbeing of all employees

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Principle 5: Businesses should respect and promote human rights

Principle 6: Business should respect, protect, and make efforts to restore the environment

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8: Businesses should support inclusive growth and equitable development

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	Remark
1.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y	
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y	The policies have been formulated by taking inputs from the concerned internal stakeholders, there is no formal consultation with external stakeholders.
3.	Does the policy conform to any national / international standards? If yes, specify?	NA	NA	NA	NA	NA	NA	NA	NA	NA	As the Company deals with the stakeholders spread across the globe, so the policies have been designed in view of the industry practices and national / international level standards.
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y	Signed by Managing Director

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	Remark
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y	-
6	Indicate the link for the policy to be viewed online?	https://www.vaibhavglobal.com/code-policies									-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policies have been placed at the website/intranet of the Company. Further, the Company's executives also discuss the policies of the Company at the time of dealing with Stakeholders. As regards internal stakeholders, the same are clearly communicated to them.									-
8	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y	-
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally as and when required.									-

2(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

Compliance with the Policy(ies) shall be monitored and evaluated on regular basis at least once in a year by the CSR Committee.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company is publishing business responsibility report from this year being a part of Annual Report, which is available at the website of the Company i.e. https://www.vaibhavglobal.com/annual-reports

Section E: Principle-Wise Performance

Principle 1:

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?**

The Company believes in conducting the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior in the Organization. The Company exercises complete transparency in its operations with clear communication of the decisions impacting the stakeholders.

The Code of Conducts for directors & senior management personal extends to all the members of the Board, Key

Managerial Personnel and Senior Management of the Company.

The Company also adopted a Vigil Mechanism / Whistle Blower Policy to establish a vigil mechanism for Directors and employees to report concerns about unethical, actual or suspected fraud in violation of the Company's code of conduct or ethical policy. The Anti Sexual Harassment Policy provide harmonious and safe conditions at workplace that redress complaints of sexual harassment in an unbiased and effective manner, with an approach of zero tolerance. It covers all employees of the Company whether permanent, temporary or apprentice and any such sexual harassment which has taken place whether within or without office hours. The Anti Bribery and Corruption policy of the Company applies to all employees (full-time, part-time and those on contractual assignments) of the Company and to relevant Third Parties and their employees deployed for the Company's activities.

The policy on determination of materiality of events ensure timely and adequate disclosure of material events to all concerned stakeholders and public at large.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   During the financial year, the Company has received 30 complaints from investors pertaining to Non receipt of Annual Report / dividend etc. and all complaints were resolved. No Complaint was outstanding as on 31st March, 2020. The Company has received no complaint under anti-sexual harassment, whistle blower, bribery and corruption from any of the stakeholder.

Principle 2:

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The three product categories, i.e., fashion jewellery, gemstone and lifestyle products incorporate principles of Environmental Management Systems (EMS) at various levels of operations.

2 **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   We, at VGL, are committed to inclusive growth and have taken several environment conservation initiatives related to renewable sources of energy, rainwater harvesting, waste management, tree plantation, and the like.

   Energy: VGL emphasizes on deriving energy from renewable energy solutions with an outlook of addressing 100% of its power requirements in its manufacturing units in Jaipur. The Company's installed rooftop solar panel capacity in India was 385 KW, servicing nearly 7% of the Company's consolidated electricity requirement at its manufacturing facilities in Jaipur. Currently, a plan to commence work on a 1.3 MW power project in Bikaner, Rajasthan is under review. Once commissioned, along with the existing solar facility, we will be able to meet around 45% of our total power requirements at our manufacturing facilities in Jaipur, Rajasthan.

   Water: The Company's installed structures enabled rainwater harvesting of ~52 lac litres covering ~95,000 sq ft during the year under review.

   Tree plantation: To improve the quality of air and land, VGL planted 1,500 trees throughout the year.

   (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?** – Not Applicable

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

   VGL is a growing organization and provides multitude of opportunities to vendors who want to associate with this vibrant organization and become part of its growth and success.

   Each vendor is viewed as a partner in the process of business growth, and also as enablers of mutual long-term sustainable growth. The Company believes in investing time and effort in building mutually beneficial relationships. Vendors are a part of the Company's family and their relationship with the Company is a reflection of the same. Company also provide a vendor/partner portal where people directly enquiry the requirement and deals.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company's intent is helping local suppliers scale up and improve their operations, besides ensuring sustainable livelihood in the neighbourhood of its operations and expects to build stronger and long-term ties with them. The Company's Adarsh Nagar office and Branch office in Mumbai are situated at a place which is easily accessible to local vendors. It helps to build the strong and long-term relationship with the local suppliers.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

   The Company works with Zero dumping philosophy. With the goal to 'reduce, reuse, recycle', we are engaged in various initiatives.

- The STP (sewage treatment plant) processes 43KL per day, translating to ~15,000KL on a yearly basis.
- Generated 850 kg compost from biodegradable waste.
- 2,000 kg residual casting powder was provided to brick & tiles manufacturer(s).
- The Ozonator water treatment plant facilitates removal of dirt, inorganic chemical impurities, and odour from water, thereby eliminating/reducing the risk of ground water contamination. Ozone generator can generate 10 grams of oxygen per hour to disinfect water.
- Venturi and wet scrubber installations reduce toxicity of fumes that get generated in the jewellery manufacturing process.

Principle 3:

1. **Please indicate the total number of employees.** – 1069 permanent employees as on 31st March, 2020.
2. **Please indicate the total number of employees hired on temporary / contractual / casual basis** - 1530 contractual employees as on 31st March, 2020.
3. **Please indicate the number of permanent women employees** - The Company provides equal opportunity to all and do not discriminate on the grounds of gender. However, as on 31st March, 2020, there were 110 permanent woman employees.
4. **Please indicate the number of permanent employees with disabilities** - The Company provides equal opportunity to all and do not discriminate on the grounds of disability. However, as on 31st March, 2020, there were 6 employees with disabilities.
5. **Do you have an employee association that is recognised by management** - No
6. **What percentage of your permanent employees is members of this recognised employee association?** - NA
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment during FY 2019-20 and no complaint is pending as on 31st March, 2020.

8. **What percentage of under mentioned employees were given safety & skill up-gradation training in the last year?**

   Training provided during the year is as under:

(a)	Permanent Employees	90%
(b)	Permanent Women Employees	90%
(c)	Casual/Temporary/Contractual Employees	95%
(d)	Employees with Disabilities	80%

Principle 4:

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   VGL has mapped its internal and external stakeholders. We recognise employees, communities surrounding our operations, business associates, customers, shareholders/ investors and regulatory authorities as our key stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.**

   The Company identifies communities specially children, poor patients as disadvantaged, vulnerable & marginalised and serve them through our CSR activities.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof.**

   VGL enhances sustainable CSR impacts with a focus on education, healthcare and poverty alleviation through various organizations including Manav Seva Sangh Prem Niketan Ashram/Bal Mandir/Hospital in India. VGL's One for One programme is the Company's global flagship CSR initiative is locally registered through charity partners like Akshaya Patra in India, No Kid Hungry in the US and Magic Breakfast in the UK.

   Since the inception of the programme ~37 mn meals have been delivered at the group level. This number stood at ~11 mn meals for FY 2019-20. In India, the programme spans across 350 schools in Jaipur with 15+ vehicles providing logistical support to this initiative.

Principle 5:

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?**

   At VGL, we are committed to respect the human rights of our employees. We seek to respect and promote human rights when engaging with subcontractors, suppliers, customers, joint venture and other partners. We seek to respect the human rights of local potentially affected peoples and to develop an understanding of the cultures, customs and values that prevail in our local communities.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company has not received any complaint in respect of violation of human rights.

Principle 6:

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors / NGOs/others.**

   The nature of the businesses of the Company has limited impact on environment; however, the Company endeavours to protect and make efforts to restore the environment. EHS policy covers the Company only.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   We, at VGL, are committed to inclusive growth and have taken several environment conservation initiatives related to renewable sources of energy, rainwater harvesting, waste management, tree plantation, and the like.

   Building on last year's efforts to improve the quality of air and land, VGL planted 1,500 trees throughout the year, nearly double of last year's 800.

   The Company's SEZ unit successfully achieved green building standards under 'Gold' category, certified by Indian Green Building Council (IGBC).

   VGL emphasizes on deriving energy from renewable energy solutions with an outlook of addressing 100% of its power requirements in its manufacturing units in Jaipur. The Company's installed rooftop solar panel capacity in India is 385 KW, servicing nearly 7% of the Company's consolidated electricity requirement at its manufacturing facilities in Jaipur. Currently, a plan to commence work on a 1.3 MW power project in Bikaner, Rajasthan is under review. Once commissioned, along with the existing solar facility, we will be able to meet around 45% of our total power requirements at our manufacturing facilities in Jaipur (Raj.).

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes, the Company identifies and assess the potential environmental risks regularly.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

   No, we have not registered any project related to Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The operations of the Company are not energy intensive. However, the Company always focuses on conservation of energy, wherever possible. The energy conservation team continuously meets, conducts studies, verifies and monitors the consumption and utilisation of energy, including identification of energy conservation areas in different manufacturing units of the Company. During the year, the Company has Installed 85 KW rooftop solar panel at E-68 unit to reduce energy consumption cost. The Company has taken several other initiatives related to renewable sources of energy, rainwater harvesting, waste management, tree plantation, and the like.

   Renewable energy: The Company's installed rooftop solar panel capacity in India was 385 KW, servicing nearly 7% of the Company's consolidated electricity requirement at its manufacturing facilities in Jaipur. Currently, a plan to commence work on a 1.3 MW power project in Bikaner, Rajasthan is under review. Once commissioned, along with the existing solar facility, we will be able to meet around 45% of our total power requirements at our manufacturing facilities in Jaipur, Rajasthan

   Rainwater harvesting: The Company's installed structures enabled rainwater harvesting of ~52 lac litres covering ~95,000 sq ft during the year under review.

   Tree plantation: VGL planted 1,500 trees throughout the year.

   Waste management: With the goal to 'reduce, reuse, recycle', we are engaged in various initiatives.

   - The STP (sewage treatment plant) processes 43KL per day, translating to ~15,000KL on a yearly basis
   - Generated 850 kg compost from biodegradable waste
   - 2,000 kg residual casting powder was provided to brick & tiles manufacturer(s).
   - The Ozonator water treatment plant facilitates removal of dirt, inorganic chemical impurities, and odour from water, thereby eliminating/reducing the risk of ground water contamination. Ozone generator can generate 10 grams of oxygen per hour to disinfect water
   - Venturi and wet scrubber installations reduce toxicity of fumes that get generated in the jewellery manufacturing process

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.** - Nil

Principle 7:

1. **Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

   The Company is member of following trade association:

   (a) Gem & Jewellery Export Promotion Council
   (b) Federation of Indian Export organization
   (c) Export Promotion Council for EOUs and SEZs
   (d) Export Promotion council for Handicrafts

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company participates in the discussions, meetings and seminar organised by the various associations and actively put forth its viewpoint on various policy matters and inclusive development policies.

Principle 8:

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   VGL supports the principles of inclusive growth and equitable development through not just its corporate social responsibility initiatives but through its core business as well. We strive to enhance the lives of communities that surround our operations. VGL is engaged in various social initiatives in the area of education, mid-day meals & healthcare services, rural development, slum development etc. The Corporate Social Responsibility (CSR) Policy specified CSR activities/ projects/ programmes, which broadly defined as under:

   - Eradicating hunger, poverty and malnutrition
   - Promoting health care including preventive health care facilities to the society through recognised trust or societies and hospitals
   - Promoting education through schools and other organization
   - Employment enhancing vocational skills
   - Promoting gender equality and empowering women
   - Ensuring environmental sustainability, in particular, plantation by school children
   - Rural development projects, in particular, support the community infrastructure for improving sanitation, drainage systems etc.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   VGL enhances sustainable CSR impacts with a focus on education, healthcare and poverty alleviation through various organizations/ implementing agencies including Akshaya Patra, Manav Seva Sangh Prem Niketan Ashram/ Bal Mandir/Hospital in India. In addition, the Company has planted 1500 trees during the year.

3. **Have you done any impact assessment of your initiative?**

   Yes, the Company periodically reviews the impact of its initiatives.

4. **What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.**

   During FY 2019-20, the Company has spent ₹129.76 lacs under CSR activities. For details of projects undertaken, please refer Annexure 2 of the Board Report.

   The Company supported the community in this unprecedented crisis of COVID-19, by serving 40,000 meals per day to under-privileged sections of society. In addition, masks and other protective gear were donated for frontline healthcare workers across its global presence.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   VGL's One for One programme is the Company's global flagship CSR initiative which aligns the social responsibility of its customers with VGL's. This programme is locally registered through charity partners like Akshaya Patra in India, No Kid Hungry in the US and Magic Breakfast in UK.

   Company get feedback from its customers, beneficiaries, and communities periodically, who really appreciate One for One programme of the Company. The Board/ Committee also reviews the said feedback and appreciate the programme of the Company.

Principle 9:

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   The major customers of the Company are its wholly owned foreign subsidiaries. During the year, Company has received grievances majority in the form of rejection of goods from customers which is ~3.15% of its total orders. The Company is striving to reduce the same continuously. There is no case which is pending from the customers as on end of financial year.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

   The Company display product information on the product label as per the requirement of the law of the Country. However, on specific products, the Company also display information for the convenience of the customers and ensure more reliability of the products like safety measures, authenticity report /test report of the products. The Company is also doing anti tarnish test as per the requirement of the customers.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.** - None

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company carries out customer survey periodically which helps the Company to understand customers' needs and to continuously monitor and improve the customer experience, products and process development.

Independent Auditors' Report

To the Members of
Vaibhav Global Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Vaibhav Global Limited ("the Company"), which comprise the standalone balance sheet as at 31st March, 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter:

Valuation of Gemstone Inventories
See note 9 to the standalone financial statements:

The key audit matter	How the matter was addressed in our audit
Net realisable value (NRV) of Gemstone Inventory See note 3(e) to the standalone financial statements The Company deals in fashion jewellery and lifestyle products which may be subject to changing consumer demands and fashion trends. Company uses Gemstones primarily in manufacturing the above products. Significant degree of judgment is thereby required to assess the NRV of the inventories and appropriate write down of items which may be ultimately sold below cost. Such judgment include Company's expectations for future sale volumes, inventory liquidation plans and future selling prices less cost to sell. In view of the above, assessment of NRV and its consequential impact, if any on the carrying value of Gemstone inventory has been identified as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Assessed the appropriateness of the accounting policy for inventories as per relevant accounting standards. • Evaluated the design and implementation of key internal financial controls with respect to determination of NRV and tested the operating effectiveness of such controls on selected transactions. • Verified inventory ageing report by testing samples, selected using statistical sampling method. • Tested the moving weighted average rate computation of inventory samples, selected using statistical sampling method. • Evaluated the judgement and assumptions taken for valuation of inventory by involving subject matter expert, wherever required.

Other information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31st March, 2020 on its financial position in its standalone financial statements - Refer note 34 (a) to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31st March, 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 101248W/W-10022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN:20094549AAAADU5926

Place: Gurugram
Date: 27th May, 2020

Annexure A referred to in the Independent Auditor's Report to the members of Vaibhav Global Limited on the standalone Ind AS financial statements for the year ended 31st March, 2020

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of immovable properties taken on lease and disclosed as right of use assets in the standalone financial statements, the lease agreements are in the name of the Company. Further, based on the direct confirmations received from bank, where such deeds are kept as security against loan, title deed of immovable properties are held in the name of the Company as on balance sheet date.

(ii) The inventories have been physically verified, at reasonable intervals by management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noted on verification between the physical stock and the book records were not material.

(iii) According to information and explanation to us, the Company, during the period, had granted unsecured loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013. Further, according to information and explanation given to us:

a) the terms and conditions of the grant of such loan are not prejudicial to the Company's interest.

b) the schedule of repayment of principal and payment of interest has been stipulated and the amount is not due for payment currently.

c) there is no overdue for more than ninety days.

Further, the Company has not granted any loan to firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 186 of the Companies Act, 2013 in respect of investments made. According to information and explanations given by the management, there are no loans, guarantee and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employee state insurance, income-tax, duty of customs, goods and services tax and other statutory dues to the extent applicable have generally been deposited during the current year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, duty of customs, goods and services tax, cess and other statutory dues to the extent applicable were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed dues of income tax, goods and services tax and duty of customs which have not been deposited by the Company with the appropriate authorities on account of any dispute as at 31st March, 2020 except as follows:

Name of the statue	Nature of dues	Amount of dispute *	Amount paid under protest	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4.08	10.00	Assessment Year 2007 - 08	Assessing Officer
		8.10	1.61	Assessment Year 2008 – 09	Commissioner of Income Tax (Appeals)
		149.58	53.38	Assessment Year 2013 – 14	Rajasthan High Court
The Finance Act, 1994	Service Tax	30.20	30.20	Assessment Year 2017 – 18	Customs Excise and Service Tax Appellate Tribunal

* including interest / penalties, where quantified and demanded by authorities.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31st March, 2020.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions entered into by the Company with the related parties are in compliance with Section 177 and 188 of the Act where applicable and have been disclosed in the accompanying standalone financial statements of the Company in accordance with the applicable accounting standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made any preferential allotment or private placement of its shares or fully or partly convertible debenture during the year. Accordingly paragraph 3(xiv) of the order is not applicable to the Company.

(xv) According to information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 101248W/W-10022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN:20094549AAAADU5926

Place: Gurugram
Date: 27th May, 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Vaibhav Global Limited for the period ended 31st March, 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

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

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

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 101248W/W-10022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN:20094549AAAADU5926

Place: Gurugram
Date: 27th May, 2020

Standalone Balance Sheet as at 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Note No.	31st March, 2020	31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4A	3,828.89	3,985.20
Capital work in progress	4B	364.10	-
Right-of-use assets	4C	843.58	-
Intangible assets	5A	414.72	90.40
Intangible assets under development	5B	449.42	139.39
Financial assets			
Investments	6A	29,256.31	29,256.31
Others	7	169.57	385.41
Deferred tax assets (net)	29	357.77	409.11
Other non-current assets	8	609.51	508.59
Total non-current assets		**36,293.87**	**34,774.41**
Current assets			
Inventories	9	10,706.85	9,316.20
Financial assets			
Investments	6B	517.54	1,800.73
Trade receivables	10	4,577.95	5,669.03
Cash and cash equivalents	11A	1,672.90	18,028.72
Bank balance other than above	11B	6,188.73	1.81
Loans	12	1,924.99	1,752.54
Others	7	1,049.17	160.21
Other current assets	13	2,079.40	1,016.28
Total current assets		**28,717.53**	**37,745.52**
Total assets		**65,011.40**	**72,519.93**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14A	3,227.50	3,266.24
Other equity	14B	50,766.59	53,133.21
Total equity		**53,994.09**	**56,399.45**
Liabilities			
Non-current liabilities			
Provisions	15	237.17	204.41
Total non-current liabilities		**237.17**	**204.41**
Current liabilities			
Financial liabilities			
Borrowings	16	6,443.23	6,639.55
Trade payables	17		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,633.50	3,466.00
Other financials liabilites	18	437.95	156.45
Other current liabilities	19	128.64	5,448.05
Provisions	15	136.82	206.02
Total current liabilities		**10,780.14**	**15,916.07**
Total liabilities		**11,017.31**	**16,120.48**
Total equity and liabilities		**65,011.40**	**72,519.93**
Significant accounting policies	3		

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

As per our attached report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27th May, 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27th May, 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27th May, 2020

Standalone Statement of Profit and Loss for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from operations	20	43,068.49	48,039.72
Other income	21	11,217.55	873.07
Total income		**54,286.04**	**48,912.79**
EXPENSES			
Cost of material consumed	22	27,579.84	30,251.52
Purchases of Stock-in-trade	23	1,683.43	1,601.75
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(1,067.48)	141.15
Employee benefits expense	25	4,353.99	4,376.08
Finance costs	26	649.98	391.28
Depreciation and amortisation expense	27	409.94	382.93
Other expenses	28	7,407.90	7,687.82
Total expense		**41,017.60**	**44,832.53**
Profit before tax		**13,268.44**	**4,080.26**
Tax expense	29		
Current tax		498.80	879.50
Tax pertaining to earlier years		(7.92)	(18.35)
Deferred tax		40.64	(77.60)
Tax expense		**531.52**	**783.55**
Profit for the year (A)		**12,736.92**	**3,296.71**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		30.58	48.64
(ii) Income tax relating to items that will not be reclassified to profit or loss		(10.69)	(10.48)
Total other comprehensive income for the year, net of tax (B)		**19.89**	**38.16**
Total comprehensive income for the year (A + B)		**12,756.81**	**3,334.87**
Earnings per equity share	30		
Basic		39.26	10.11
Diluted		38.77	9.80
Significant accounting policies	3		

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

As per our attached report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27th May, 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

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Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27th May, 2020

Statement of changes in Equity for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

A. Equity share capital:

Equity shares of ₹10 each issued, subscribed and fully paid	31st March, 2020		31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	3,26,62,384	3,266.24	3,25,84,390	3,258.44
Add: Shares issued to employee benefit trust (refer note 14A)	5,17,637	51.76	1,14,846	11.48
Balance at the end of the year	3,31,80,021	3,318.00	3,26,99,236	3,269.92
Less: Shares bought back (refer note 14A(f))	8,65,675	86.57	-	-
Less: Treasury shares (refer note 32)	39,273	3.93	36,852	3.68
	3,22,75,073	**3,227.50**	**3,26,62,384**	**3,266.24**

B. Other equity

For the year ended 31st March, 2020	Share application money pending allotment	Reserves and Surplus						Total
		Securities premium	Share based payment reserve	Capital redemption reserve	Capital reserve	General reserve	Retained earnings	
Balance as at 1st April, 2019	-	33,221.23	1,874.04	4,400.00	812.64	1,296.47	11,528.83	53,133.21
Profit of the year	-	-	-	-	-	-	12,736.92	12,736.92
Other comprehensive income (net of tax) (refer note 29)	-	-	-	-	-	-	19.89	19.89
Total comprehensive income	-	-	-	-	-	-	**12,756.81**	**12,756.81**
Final Dividend for the year ended 31st March, 2019 (including tax on dividend of ₹337.32 lacs)	-	-	-	-	-	-	(1,978.40)	(1,978.40)
Interim Dividend for the year ended 31st March, 2020	-	-	-	-	-	-	(2,256.61)	(2,256.61)
Special Interim Dividend for the year ended 31st March, 2020	-	-	-	-	-	-	(6,378.85)	(6,378.85)
Amount transferred to capital redemption reserve upon buyback	-	(86.57)	-	86.57	-	-	-	-
Share options exercised	-	2,386.62	-	-	-	-	-	2,386.62
Buyback of equity shares		(7,113.42)						(7,113.42)
Transaction cost relating to buyback	-	(75.95)	-	-	-	-	-	(75.95)
Transfer from share based payment reserve on allotment		775.39	(775.39)					-
Share based payments to employees	-	-	513.75	-	-	-	-	513.75
Treasury shares	-	(220.57)	-	-	-	-	-	(220.57)
Balance as at 31st March, 2020	-	**28,886.73**	**1,612.40**	**4,486.57**	**812.64**	**1,296.47**	**13,671.78**	**50,766.59**

Statement of changes in Equity for the year ended 31st March, 2020 *(contd.)*

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

B. Other equity

For the year ended 31st March, 2019	Share application money pending allotment	Reserves and Surplus						Total
		Securities premium	Share based payment reserve	Capital redemption reserve	Capital reserve	General reserve	Retained earnings	
Balance as at 1st April, 2018	4.22	32,911.72	1,526.53	4,400.00	812.64	1,296.47	10,160.32	51,111.90
Profit of the year	-	-	-	-	-	-	3,296.71	3,296.71
Other comprehensive income (net of tax)	-	-	-	-	-	-	38.16	38.16
Total comprehensive income	-	-	-	-	-	-	**3,334.87**	**3,334.87**
Interim Dividend of ₹5 per share (including tax on dividend of ₹335.27 lacs)	-	-	-	-	-	-	(1,966.36)	(1,966.36)
Share options exercised	(4.22)	330.54	-	-	-	-	-	326.32
Transfer from share based payment reserve on allotment	-	84.78	(84.78)	-	-	-	-	-
Share based payments to employees	-	-	432.29	-	-	-	-	432.29
Treasury shares	-	(105.81)	-	-	-	-	-	(105.81)
Balance as at 31st March, 2019	-	**33,221.23**	**1,874.04**	**4,400.00**	**812.64**	**1,296.47**	**11,528.83**	**53,133.21**

Significant accounting policies 3

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

As per our attached report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27th May, 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27th May, 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27th May, 2020

Cash Flow Statement for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Cash flow from operating activities		
Profit for the year	13,268.44	4,080.26
Adjustment for :		
Depreciation and amortisation expense	409.94	382.93
Unrealised foreign exchange difference (net)	(243.08)	55.67
Share based payments to employees	274.10	205.61
Loss on sale / write off of fixed assets	3.70	2.75
Liabilities no longer required written back	(0.81)	(29.22)
Gain on sale of current investments (including change in fair value)	(141.91)	(227.51)
Allowances for / write off doubtful debts and advances	116.63	-
Dividend income from subsidiaries	(10,423.41)	-
Interest income	(432.08)	(374.23)
Finance costs	649.98	391.28
Operating profit before working capital changes:	3,481.50	4,487.54
Working capital adjustments :		
(Increase) / decrease in trade receivable	1,437.58	6,714.10
(Increase) / decrease in inventories	(1,390.65)	1,665.44
(Increase) / decrease in other assets	(1,889.83)	202.21
Increase / (decrease) in trade payables, provisions, other current liabilities	(5,165.54)	6,076.97
Cash generated from operating activities	(3,526.94)	19,146.26
Income taxes paid	598.37	875.27
Net cash generated from operating activities (A)	(4,125.31)	18,270.99
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(911.27)	(507.26)
Proceeds from disposal of property, plant and equipment	4.44	-
Payment for right-of-use of assets	(488.00)	-
Purchase of intangible assets	(453.65)	(35.05)
Movement in deposits (net)	(5,965.02)	(220.00)
Dividend received	10,423.41	-
Interest received	410.22	225.18
Purchase of current investments in liquid mutual funds	(38,002.00)	(58,166.15)
Proceeds from sale of current investments in liquid mutual funds	39,427.10	57,743.77
Net cash used in investing activities (B)	4,445.23	(959.51)

Cash Flow Statement for the year ended 31st March, 2020 *(contd.)*

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
C. Cash flow from financing activities		
Proceeds from exercise of share options	2,213.88	232.54
Buyback of equity shares including transaction cost	(7,275.94)	-
Movement in short term borrowings	(348.71)	(81.85)
Dividend paid	(10,276.53)	(1,631.09)
Dividend distribution tax	(337.33)	(335.27)
Interest paid	(651.11)	(372.04)
Net cash used in financing activities (C)	**(16,675.74)**	**(2,187.71)**
Net increase in cash and cash equivalents (A+B+C)	**(16,355.82)**	**15,123.76**
Opening balance of cash and cash equivalents	18,028.72	2,904.96
Closing balance of cash and cash equivalents	**1,672.90**	**18,028.72**
Cash and cash equivalents comprises		
Cash on hand	8.95	12.77
Balance with bank in current accounts	1,548.45	2,897.26
Term deposits with original maturity of less than 3 months	115.50	15,118.69
	1,672.90	**18,028.72**

Significant accounting policies 3

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

Significant accounting policies

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 31st March, 2020	Year ended 31st March, 2019
Opening balance of short term borrowings	**6,639.55**	**6,657.82**
Movement in short term borrowings	(348.71)	(81.85)
Non cash changes - effect of foreign currency translation	152.39	63.58
Closing balance of short term borrowings	**6,443.23**	**6,639.55**

As per our attached report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27th May, 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27th May, 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27th May, 2020

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

1. Reporting entity

Vaibhav Global Limited (hereinafter referred to as 'the Company' or 'VGL') is a company domiciled in India, with its registered office situated at K-6B, Fateh Tiba, Adarsh Nagar, Jaipur - 302004. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in India. The Company deals in fashion jewellery and lifestyle products.

2. Basis of preparation

a. Statement of compliance

These standalone 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) notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 27th May, 2020.

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

b. Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. All amounts have been rounded off to the nearest lacs, except share data and as stated otherwise.

c. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Liabilities for equity – settled share-based payment arrangement	Fair value
Net defined benefit (assets) / liability	Fair value of plan assets less present value of defined benefit obligations

d. Use of estimates and judgements

In preparing these standalone 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

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

- Note 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 31 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 34 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 41 – impairment of financial and non - financial assets

e. Measurement of fair value

The Company 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:

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

- 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 Company.

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 Company 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 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 financial statements on a recurring basis, the Company 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 Company 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 32 – share-based payment; and
- Note 40 and 41 – financial instruments;

f. Current and non-current classification

The Company 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.

A liability is current when:

- It is expected to be settled in normal operating cycle

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

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

The Company classifies all other liabilities as non-current.

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

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

3. Significant accounting policies

a. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies of Company at the exchange rates at the dates of the transactions.

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 statement of profit or loss.

b. 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 Company becomes a party to the contractual provisions of the instrument.

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

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company 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 Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

Financial assets: 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 profit or 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 derecognition is recognised in statement of profit and loss.

Equity investments in subsidiaries and investments for which sufficient more recent information to measure fair value are not available are measured at cost. Other equity investments in scope of Ind AS 109 are measured at fair value through 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 or 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 or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

iii. **De-recognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company 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 Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows 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 profit or loss.

iv. **Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. **Derivative financial instruments and hedge accounting**

The Company designates certain foreign exchange forward as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve.

The Company separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in the statement of other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss.

c. 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 or 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 Company.

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:

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Asset	Estimated useful life (in years)	Useful life as per schedule II (in years)
Building	30	30
Plant and machinery	15	15
Electric installation	10	10
Furniture and fixtures	10	10
Office equipment	5	5
Computer	3	3
Vehicles	8	8
Lease hold improvement	Over the lease period or useful life of the asset, whichever is lower	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 amortised 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.

d. Intangible assets

i. **Recognition and measurement**

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

ii. **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 or loss as incurred.

iii. **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)	Useful life as per schedule II (in years)
Computer software	3-5	4

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 or loss when the asset is derecognised.

e. 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, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value or cost whichever is lower. 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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Identification of a specific item and determination of estimated net realizable value involve technical judgments of the management which is also supported by valuation from an independent valuer, wherever required.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

f. Impairment

i. Impairment of financial instruments

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, short term deposits with banks, trade receivables, investment securities and derivative instruments. The cash resources of the Company are invested in 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.

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The Company follows 'simplified approach'. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss. This amount is reflected in a separate line in the 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 Company 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 Company'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.

g. 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 Company 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 payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (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 increase in share based payment (SBP) reserves in equity, 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 Company's best estimate of the number of equity instruments that will ultimately vest. The expenses / credit in statement of profit and loss 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. Cost in respect of the awards given to the employees of the subsidiary companies is charged from such companies.

The Company measures the cost of equity-settled transactions with employees using a Black - Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

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 Company'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 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or 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.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

v. Other long term employee benefits

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

absences is recognised in the statement of profit and loss in the period in which the absences occur. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

h. Provision (other than for employee benefits)

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, 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 and commitments are reviewed at each balance sheet date.

i. 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, expected 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 standalone statement of profit and loss.

j. 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 Company'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.

k. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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.

Company as a lessee

The Company 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 Company 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 Company 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 Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, 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 Company 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 company 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 Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company 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 Company has adopted Ind AS 116, effective annual reporting period beginning 1st 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 (1st April, 2019). Accordingly, the Company has not restated comparative information, instead,

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. Refer note 3(k) – Significant accounting policies – Leases in the Annual report of the Company for the year ended 31st March, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company 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 Company 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. With respect to operating leases, the transition doesn't have any impact on the financial position and profit for the period of the Company.

Finance leases

The Company 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 ₹363.58 lacs have been reclassified from property, plant and equipment to right-of-use assets.

I. Tax Expense

Tax expenses comprises current and deferred tax.

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.

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 Company 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.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

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.

iii. Minimum Alternative Tax (MAT)

Minimum Alternative Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

m. Goods and services tax (GST)

Expenses and assets are recognised net of the amount of sales/ value added taxes/ goods and services tax 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.

n. 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.

o. Treasury shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. Company issues shares to EBT for allotting them to the employees. EBT is treated as an extension of the Company, and accordingly, shares held by EBT are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets, liabilities, income and expenses of the Company, except for profit / loss on issue of shares to the employees and the dividend earned by the trust which are directly taken to the Share Based Payment Reserve.

p. 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.

q. Dividend

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

r. Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the parent 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 parent 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.

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

s. Significant accounting estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

t. Recent accounting pronouncements

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

4A. Property, plant and equipment*

Reconciliation of carrying amount

Particulars	Leasehold land	Freehold land	Building	Plant and equipment	Electric installation	Furniture & fixture	Office equipment	Computers	Vehicles	Total
Cost or deemed cost										
Balance as at 1st April, 2018	380.61	-	1,760.12	1,787.44	572.68	139.82	98.28	262.75	48.68	5,050.38
Additions	-	-	14.71	154.06	3.07	34.76	36.38	69.17	24.51	336.66
Written off / disposals	-	-	-	(2.75)	-	-	-	-	-	(2.75)
Balance as at 31st March, 2019	380.61	-	1,774.83	1,938.75	575.75	174.58	134.66	331.92	73.19	5,384.29
Transition impact of Ind AS 116	(380.61)	-	-	-	-	-	-	-	-	(380.61)
Restated cost as at 1st April, 2019	-	-	1,774.83	1,938.75	575.75	174.58	134.66	331.92	73.19	5,003.68
Additions	-	34.24	175.65	252.53	2.24	12.67	13.38	63.03	-	553.74
Written off / disposals	-	-	-	-	-	-	-	(11.18)	(7.14)	(18.32)
Balance as at 31st March, 2020	-	34.24	1,950.48	2,191.28	577.99	187.25	148.04	383.77	66.05	5,539.10
Accumulated depreciation										
Balance as at 1st April, 2018	15.01	-	212.61	379.94	189.10	41.20	83.02	133.56	11.09	1,065.53
Depreciation charge for the year	2.02	-	54.81	140.10	45.35	13.41	16.34	54.01	7.52	333.56
Balance as at 31st March, 2019	17.03	-	267.42	520.04	234.45	54.61	99.36	187.57	18.61	1,399.09
Transition impact of Ind AS 116	(17.03)	-	-	-	-	-	-	-	-	(17.03)
Restated balance as at 1st April, 2019	-	-	267.42	520.04	234.45	54.61	99.36	187.57	18.61	1,382.06
Depreciation charge for the year	-	-	57.36	129.93	45.70	16.17	19.71	60.93	8.53	338.33
Written off / disposals	-	-	-	-	-	-	-	(6.64)	(3.54)	(10.18)
Balance as at 31st March, 2020	-	-	324.78	649.97	280.15	70.78	119.07	241.86	23.60	1,710.21
Carrying amount (net)										
Balance as at 1st April, 2018	365.60	-	1,547.51	1,407.50	383.58	98.62	15.26	129.19	37.59	3,984.85
Balance as at 31st March, 2019	363.58	-	1,507.41	1,418.71	341.30	119.97	35.30	144.35	54.58	3,985.20
Restated balance as at 1st April, 2019	-	-	1,507.41	1,418.71	341.30	119.97	35.30	144.35	54.58	3,621.62
Balance as at 31st March, 2020	-	34.24	1,625.70	1,541.31	297.84	116.47	28.97	141.91	42.45	3,828.89

* Refer note 35 for assets hypothecated as security against bank borrowings.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

4B. Capital work in progress

Reconciliation of carrying amount

Particulars	Capital work in progress
Balance as on 1st April, 2019	-
Additions	364.10
Capitalisation	-
Balance as on 31st March, 2020	**364.10**

4C. Right-of-use assets

Information about leases for which the Company is a lessee is presented below.

Particulars	Right-of-use assets Land
Cost or deemed cost	
Balance as at 31st March, 2019	-
Transition impact of Ind AS 116	363.58
Restated cost as at 1st April, 2019	**363.58**
Additions	488.00
Depreciation charge for the year	(8.00)
Balance as at 31st March, 2020	**843.58**

The aggregate depreciation expense on Right-of-use assets amounting to ₹8.00 lacs is included under depreciation and amortisation expense in the statement of Profit and Loss.

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 cash flow statement.

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

Rental expense recorded for short-term leases was ₹18.74 lacs for the year ended 31st March, 2020.

5A. Intangible assets

Particulars	Softwares
Cost or deemed cost	
Balance as at 1st April, 2018	244.00
Additions	35.05
Balance as at 31st March, 2019	**279.05**
Additions	387.93
Balance as at 31st March, 2020	**666.98**
Accumulated amortisation	
Balance as at 1st April, 2018	139.28
Amortisation charge for the year	49.37
Balance as at 31st March, 2019	**188.65**
Amortisation charge for the year	63.61
Balance as at 31st March, 2020	**252.26**
Carrying amount (net)	
Balance as at 1st April, 2018	**104.72**
Balance as at 31st March, 2019	**90.40**
Balance as at 31st March, 2020	**414.72**

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5B. Intangible assets under development

Particulars	Intangible assets under development
Cost or deemed cost	
Balance as at 1st April, 2018	-
Additions	139.39
Balance as at 31st March, 2019	139.39
Additions	687.96
Capitalisation	(377.93)
Balance as at 31st March, 2020	449.42

6. Financial assets - investments

Particulars			31st March, 2020	31st March, 2019
A	Non-current investments			
	Investment at cost			
	Unquoted equity shares			
	a)	Wholly owned subsidiaries		
	1	46,821,633 (31st March, 2019: - 46,821,633) ordinary shares of US $ 1 each of VGL Retail Ventures Limited, Mauritius *(formerly Genoa Jewelers Limited)	22,841.49	22,841.49
		Amount of impairment in value of investment	-	-
			22,841.49	22,841.49
	2	350,000 (31st March, 2019: - 350,000) ordinary shares of Baht 100 each STS Gems Thai Limited, Thailand	11,125.99	11,125.99
		Amount of impairment in value of investment	(11,125.99)	(11,125.99)
			-	-
	3	500 (31st March, 2019: - 500) common shares with no par value of STS Jewels Inc., USA *	19,950.80	19,950.80
		Amount of impairment in value of investment	(15,110.98)	(15,110.98)
			4,839.82	4,839.82
	4	1,500 (31st March, 2019: - 1,500) ordinary shares of Yen 50,000 each STS Gems Japan Limited, Japan	199.18	199.18
		Amount of impairment in value of investment	(199.18)	(199.18)
			-	-
	5	87,500 (31st March, 2019: - 87,500) ordinary shares of HK $100 each STS Gems Limited, Hong Kong *	1,575.00	1,575.00
		Amount of impairment in value of investment	-	-
			1,575.00	1,575.00
	b)	Others		
		360,000 (31st March, 2019: - 360,000) equity shares of ₹10 each of VGL Softech Limited	52.07	52.07
		Amount of impairment in value of investment	(52.07)	(52.07)
			-	-
		Investment at cost	55,744.53	55,744.53
		Impairment on the investment	26,488.22	26,488.22
		Total non current investments	29,256.31	29,256.31

* Refer note 35 for investment hypothecated as security against bank borrowings.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

6. Financial assets - investments *(Contd.)*

Particulars	31st March, 2020	31st March, 2019
B Current investments		
Unquoted Investments at FVTPL		
SBI Short Term Debt Fund - Regular Plan Growth - 2,189,007.679 units (31st March, 2019: - Nil units)	510.42	-
Aditya Birla Sun Life Arbitrage Fund - Direct Growth - 35,397.768 units (31st March, 2019: - Nil units)	7.12	-
SBI Magnum Ultra Short Duration Fund - Direct Daily Dividend - Nil units (31st March, 2019: - 107,461 units)	-	1,800.73
Total current investment at FVTPL	**517.54**	**1,800.73**
Note:-		
Aggregate amount of unquoted investments	56,262.07	57,545.26
Aggregate amount of impairment in value of investments	26,488.22	26,488.22

7. Financial assets - others

Particulars	31st March, 2020	31st March, 2019
Non- Current		
Bank deposits- pledged *	78.66	295.64
Security deposits, unsecured, considered good	90.91	89.77
	169.57	**385.41**
Current		
Interest accrued on bank deposits	170.18	113.42
Other receivables (refer note 39)	878.99	46.79
	1,049.17	**160.21**

* Pledged with custom authority, bank for credit card and vendors against the procurement of raw material.

8. Other non- current assets

Particulars	31st March, 2020	31st March, 2019
Deposits with tax authorities	584.87	477.38
Capital advances	24.64	31.21
	609.51	**508.59**

9. Inventories*

Particulars	31st March, 2020	31st March, 2019
Raw materials (including gemstone inventory of ₹7,400.53 lacs (31st March, 2019: ₹7,297.99 lacs)	9,164.84	8,814.04
Work in progress	120.72	27.54
Finished goods	1,273.04	298.74
Stores and consumables	148.25	175.88
Total inventories at the lower of cost and net realisable value	**10,706.85**	**9,316.20**

* Refer note 35 for current assets hypothecated as security against bank borrowings.

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

10. Financial assets - trade receivables*

Particulars	31st March, 2020	31st March, 2019
Unsecured, considered good	4,577.95	5,669.03
Doubtful	-	-
	4,577.95	**5,669.03**
Loss allowance		
Unsecured, considered good	9.51	-
Doubtful	(9.51)	-
	-	-
Net trade receivables	**4,577.95**	**5,669.03**

Of the above, trade receivables from related parties are given in note 39.

* Refer note 35 for current assets hypothecated as security against bank borrowings.

11. Financial assets - cash and cash equivalents *

Particulars	31st March, 2020	31st March, 2019
A Cash and cash equivalents		
(i) Balances with banks:		
Balances with banks - current accounts	1,548.45	2,897.26
Term deposits with original maturity of less than 3 months	115.50	15,118.69
	1,663.95	**18,015.95**
(ii) Cash on hand	8.95	12.77
	1,672.90	**18,028.72**
B Bank balances other than above		
(i) Unpaid dividend account **	6.73	1.81
(ii) Bank deposits (due for realisation within 12 months of the reporting date)	6,182.00	-
	6,188.73	**1.81**

* Refer note 35 for current assets hypothecated as security against bank borrowings.

** Does not include any amount payable to Investor Education and Protection Fund.

12. Financial assets - loans*

Particulars	31st March, 2020	31st March, 2019
Current		
Loans to subsidiaries (refer note 39)	1,889.55	1,733.78
Other receivables	35.44	18.76
	1,924.99	**1,752.54**

* Refer note 35 for current assets hypothecated as security against bank borrowings.

13. Other current assets *

Particulars	31st March, 2020	31st March, 2019
Unsecured, considered good		
Advances other than capital advances		
Advance to suppliers	588.97	150.33
Others		
Balances with tax authorities	1,268.41	676.62
Prepaid expenses	205.77	175.61
Other receivables	16.25	13.72
	2,079.40	**1,016.28**

* Refer note 35 for current assets hypothecated as security against bank borrowings.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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14A. Equity share capital

Particulars	31st March, 2020	31st March, 2019
Authorised shares		
41,000,000 (31st March, 2019: - 41,000,000) equity shares of ₹10 each	4,100.00	4,100.00
4,500,000 (31st March, 2019: - 4,500,000) unclassified equity shares of ₹100 each	4,500.00	4,500.00
	8,600.00	**8,600.00**
Issued, subscribed and fully paid-up shares		
32,275,073 (31st March, 2019:- 32,662,384) equity shares of ₹10 each	3,227.50	3,266.24
Total issued, subscribed and fully paid-up share capital	**3,227.50**	**3,266.24**

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year.

Equity shares of ₹10 each issued, subscribed and fully paid	31st March, 2020		31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	3,26,62,384	3,266.24	3,25,84,390	3,258.44
Shares issued to employee benefit trust	5,17,637	51.76	1,14,846	11.48
	3,31,80,021	3,318.00	3,26,99,236	3,269.92
Less: Shares bought back (refer note 14A(f))	8,65,675	86.57	-	-
Less: Treasury shares (refer note 32)	39,273	3.93	36,852	3.68
Balance at the end of the year	**3,22,75,073**	**3,227.50**	**3,26,62,384**	**3,266.24**

b) Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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) Employee stock option scheme

Terms attached to stock options granted to employees are described in note 32 regarding share-based payments.

d) Details of shareholding more than 5% shares in the Company

Name of the shareholder	31st March, 2020		31st March, 2019	
	% of Holding	No. of shares	% of Holding	No. of shares
Brett Enterprises Private Limited*	56.01%	1,80,77,764	56.11%	1,83,27,764
Nalanda India Fund Limited	10.41%	33,59,713	10.29%	33,59,713
Motilal Oswal Multicap 35 Fund	7.67%	24,75,833	-	-
Malabar India Fund Limited	6.77%	21,84,818	7.00%	22,86,613

*The ultimate holding company (formerly Brett Plastics Private Limited) (also refer note 39)

e) Shares reserved for issue under options

Particulars	31st March, 2020		31st March, 2019	
	No of shares	Amount	No of shares	Amount
Under VGL employee stock option scheme, 2006: Equity shares of ₹10 each, at an weighted average exercise price of ₹625.75 per share (31st March, 2019: ₹541.77 per share) (refer note 32)	12,08,714	120.87	13,83,529	138.35

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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14A. Equity share capital *(contd.)*

f) 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, except for the shares bought back during the current financial year as below :

The shareholders approved the proposal of buyback of equity shares recommended by the Board of Directors, in its meeting held on 30th May, 2019, through the postal ballot that concluded on 5th August, 2019. The buyback was offered to all eligible equity shareholders of the Company (except promoters, promoter group and the persons in control of the Company) under the open market route through the stock exchange. The buyback of equity shares through the stock exchange commenced on 20th August, 2019 and was completed on 25th November, 2019 and the Company has bought back and extinguished a total of 865,675 equity shares at an average buyback price of ₹831.72 per equity share, comprising 2.63% of the pre-buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹7,199.99 lacs (excluding transaction costs). The Company funded the buyback from its securities premium. In accordance with section 69 of the Companies Act, 2013, as at 31st March, 2020, the Company has created 'Capital Redemption Reserve' of ₹86.57 lacs equal to the nominal value of the shares bought back as an appropriation from securities premium.

14B. Other equity

Particulars	31st March, 2020	31st March, 2019
a) **Share application money pending allotment:**		
Opening balance	-	4.22
Exercise of share based options	-	(4.22)
Closing balance	**-**	**-**
b) **Reserves and Surplus**		
Capital reserve:		
Opening balance	812.64	812.64
Transfer from retained earnings	-	-
Closing balance	**812.64**	**812.64**
Capital redemption reserve:		
Opening balance	4,400.00	4,400.00
Transfer from retained earnings	-	-
Amount transferred from securities premium reserve upon buyback	86.57	-
Closing balance	**4,486.57**	**4,400.00**
Securities premium reserve:		
Opening balance	33,221.23	32,911.72
Security premium received on exercise of stock options	2,386.62	330.54
Transfer from share based payment reserve on allotment	775.39	84.78
Amount transferred to capital redemption reserve upon buyback	(86.57)	-
Buyback of equity shares	(7,113.42)	-
Transaction cost relating to buyback	(75.95)	-
Treasury shares (refer note 32)	(220.57)	(105.81)
Closing balance	**28,886.73**	**33,221.23**
Share based payment reserve:		
Opening balance	1,874.04	1,526.53
Expenses for the year	513.75	432.29
Transfer to securities premium reserve on allotment	(775.39)	(84.78)
Closing balance	**1,612.40**	**1,874.04**
General reserve:		
Opening balance	1,296.47	1,296.47
Transfer from retained earnings	-	-
Closing balance	**1,296.47**	**1,296.47**
Retained earnings:		
Opening balance	11,528.83	10,160.32
Net profit for the year	12,736.92	3,296.71

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

14B. Other equity *(contd.)*

Particulars	31st March, 2020	31st March, 2019
Other comprehensive income for the year	19.89	38.16
Final dividend for the year ended 31st March, 2019	(1,641.07)	-
Interim dividend for the year ended 31st March, 2020	(2,256.61)	-
Interim dividend for the year ended 31st March, 2019	-	(1,631.09)
Special interim dividend for the year ended 31st March, 2020	(6,378.85)	-
Dividend distribution tax	(337.33)	(335.27)
Closing balance	**13,671.78**	**11,528.83**
Total (a+b)	**50,766.59**	**53,133.21**

14C. Nature of reserve

a. **Capital reserve**
The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

b. **Capital redemption reserve**
As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve.

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

d. **Share based payment reserve**
The share option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employees Stock Option Schemes. Refer to note 32 for further details of the plan.

e. **General reserve**
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

f. **Retained earnings**
Retained earnings comprises of undistributed earnings after taxes.

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

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
₹5 per equity share final dividend for the year ended 31st March, 2019	1,641.07	-
Dividend distribution tax (DDT) on final dividend to equity shareholders	337.33	-
₹7 per equity share interim dividend for the year ended 31st March, 2020	2,256.61	-
₹19.74 per equity share special interim dividend for the year ended 31st March, 2020	6,378.85	-
₹5 per equity share interim dividend for the year ended 31st March, 2019	-	1,631.09
Dividend distribution tax (DDT) on interim dividend to equity shareholders	-	335.27
	10,613.86	**1,966.36**

After the reporting date following dividend is proposed by the directors subject to the approval at annual general meeting. The dividends have not been recognised as liabilities. Dividends would attract tax deduction at source when declared or paid.

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
₹7 per equity share (31st March, 2019: ₹5) *	2,262.00	1,634.96

* calculated on the basis number of shares outstanding as on 31st March, 2020 i.e. 32,314,346 shares (31st March, 2019: 32,699,236 shares).

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

15. Provisions

Name of the shareholder	Non-Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Provision for employee benefits (refer note 31)				
Provision for gratuity	98.15	94.46	95.60	135.73
Provision for compensated absences	139.02	109.95	41.22	24.20
Other provision				
Provision for expected sales returns	-	-	-	46.09
	237.17	**204.41**	**136.82**	**206.02**

16. Borrowings

Particulars	31st March, 2020	31st March, 2019
Loan repayable on demand (from bank)		
Pre-shipment credit (secured) ^	5,684.26	6,505.11
Post-shipment credit (secured) ^	758.97	134.44
Net current borrowings	**6,443.23**	**6,639.55**

Notes

Information about company exposure to interest rate foreign currency and liquidity risk is given in note 41.

^ Nature of security:-

(i) Secured by charge on all the current assets viz inventory, bill receivable, book debts and all other current assets.

(ii) Further Secured, on parri-passu basis, by :-

a. Equitable mortgage of land and building situated at K-6A & K-6B, Adarsh Nagar, E-68 & E-69, EPIP Zone, Sitapura, E-1 & E-2, SEZ-II, Sitapura, Jaipur and Office No. HW4070, BKC Mumbai.

b. First charge on block of assets of the company (excluding land & building and vehicles) situated at K-6A & K-6B, Adarsh Nagar and E-68, Sitapura, Jaipur.

(iii) Pledge of 200 common shares with no par value of STS Jewels Inc., USA.

(iv) Pledge of 87,500 ordinary shares of HK $100 each of STS Gems Limited, HKK.

(v) Pledge of 12,576,633 equity shares of US $ 1 each of VGL Retail Ventures Limited, Mauritius. (formerly Genoa Jewelers Limited)

(vi) Personal guarantee of Mr. Sunil Agrawal, Managing Director of the Company. (refer note 39)

17. Trade payables

Particulars	31st March, 2020	31st March, 2019
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 33)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,633.50	3,466.00
	3,633.50	**3,466.00**

18. Other financial liabilities

Particulars	31st March, 2020	31st March, 2019
Employee benefit payables	159.82	153.39
Capital creditors	244.31	-
Unclaimed dividend	6.73	1.81
Other payables	27.09	1.25
	437.95	**156.45**

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

19. Other current liabilities

Particulars	31st March, 2020	31st March, 2019
Statutory dues payable	128.00	104.84
Advance from customers (refer note 39)	0.64	5,343.21
	128.64	**5,448.05**

20. Revenue from operations

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of products	42,976.14	47,954.06
Other operating revenues	92.35	85.66
	43,068.49	**48,039.72**

21. Other income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income on bank deposits	386.08	327.63
Interest income on loans and advances	46.00	46.60
Dividend income from subsidiaries	10,423.41	-
Gain on sale of current investments (including change in fair value)	141.91	227.51
Liabilities no longer required written back	0.81	29.22
Miscellaneous income	219.34	242.11
	11,217.55	**873.07**

22. Cost of material consumed

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening stock	8,814.04	10,408.78
Add: Purchases during the year	27,930.64	28,656.78
	36,744.68	39,065.56
Less: Closing stock	(9,164.84)	(8,814.04)
	27,579.84	**30,251.52**

23. Purchases of stock-in-trade

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Purchases of stock-in-trade	1,683.43	1,601.75
	1,683.43	**1,601.75**

24. Changes in inventories of finished goods, stock-in-trade and work in progress

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Inventory at the beginning of the year		
Work in progress	27.54	115.41
Finished goods *	298.74	352.02
	326.28	**467.43**
Inventory at the end of the year		
Work in progress	120.72	27.54
Finished goods *	1,273.04	298.74
	1,393.76	**326.28**
	(1,067.48)	**141.15**

* Include stock-in-trade, since they are stocked together

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

25. Employee benefits expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages	3,427.74	3,462.74
Contribution to provident and other funds	407.21	417.62
Share based payments to employees	274.10	205.61
Staff welfare expenses	244.94	290.11
	4,353.99	**4,376.08**

26. Finance costs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest on debts and borrowings	146.83	144.94
Other borrowing costs	503.15	246.34
	649.98	**391.28**

27. Depreciation and amortisation expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation of property, plant and equipment	338.33	333.56
Depreciation of right-of-use assets	8.00	-
Amortisation of intangible assets	63.61	49.37
	409.94	**382.93**

28. Other expenses

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a Manufacturing and direct expenses		
Job work charges	3,622.30	3,913.12
Stores and consumables	471.13	555.91
Power and fuel	436.34	459.56
Repair and maintenance- machinery	82.79	97.57
Other manufacturing and direct expenses	156.25	182.95
	4,768.81	**5,209.11**
b Administrative and selling expenses		
Rent	18.74	15.09
Rates and taxes	51.77	17.42
Insurance	38.94	62.15
Travelling and conveyance	460.19	480.21
Legal and professional fees (refer note 28A)	226.22	278.39
Repairs and maintenance		
Buildings	11.81	32.18
Others	81.78	56.37
Advertising and sales promotion	37.64	163.63
Bad debts written off	107.12	-
Packing and forwarding	661.14	616.43
Postage and telephone	82.31	82.04
Printing and stationery	35.55	24.52

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

28. Other expenses *(contd.)*

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Security expenses	29.48	28.33
Directors' remuneration	106.19	82.84
Directors' sitting fees	35.40	25.65
CSR expenditure (refer note 28B)	129.76	125.32
Loss on sale / write off of fixed assets	3.70	2.75
Information technology expenses	306.33	172.55
Miscellaneous expenses	215.02	212.84
	2,639.09	2,478.71
	7,407.90	7,687.82

28A. Payment to auditors

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Statutory audit	15.58	13.50
Limited review	6.92	6.00
Other services	8.08	7.00
Reimbursement of expenses	4.91	4.26
	35.49	30.76

28B. Corporate Social Responsibility

As per Section 135 of Companies Act,2013, a Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR Committee has been formed by the Company as per act. The CSR Committee and Board had approved the projects with specific outlay on the activities as specified in Schedule VII of the act, in pursuant of the CSR policy.

a Gross amount required to be spend by the Company during the year ₹70.19 lacs (31st March, 2019: ₹61.97 lacs).

b Amount spent during the year on:

Particulars	Year ended 31st March, 2020		
	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	129.76	-	129.76

Particulars	Year ended 31st March, 2019		
	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	117.76	7.56	125.32

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

29. Tax expense

(a) Tax expense charged to statement of profit or loss

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax	498.80	879.50
Tax pertaining to earlier years	(7.92)	(18.35)
	490.88	**861.15**
Deferred tax		
Attributable to:		
Original and reversal of temporary differences	40.64	(77.60)
	40.64	**(77.60)**
	531.52	**783.55**

(b) Income tax charged to other comprehensive income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Remeasurement of the net defined benefit liability	(10.69)	(10.48)

(c) Reconciliation of effective tax rate

Particulars	31st March, 2020		31st March, 2019	
	%	Amount	%	Amount
Profit before tax		13,268.44		4,080.26
Less: Dividend received u/s 115-O(1A) as per Income Tax Act 1961		(10,423.41)		-
Taxable income		2,845.03		4,080.26
Tax expense as per statutory income tax rate	34.94%	994.17	34.94%	1,425.81
Net tax impact on deduction/ disallowances in ascertaining taxable income as per Income Tax Act 1961	0.44%	12.65	0.08%	3.15
Net of timing difference reversed within tax exemption period and prior period deferred taxation	0.74%	21.09	0.33%	13.35
Less: Exempted tax as per provisions for section 10AA of income tax exemption	-17.17%	(488.47)	-15.70%	(640.41)
Income tax adjustment related to earlier year	-0.28%	(7.92)	-0.45%	(18.35)
Income tax reported in statement of profit and loss and effective tax rate	**18.68%**	**531.52**	**19.20%**	**783.55**

The company has benefited from certain tax incentives that the Government of India has provided for the units situated in Special Economic Zones (SEZs) under the Special Economic Zone Act, 2005, which began providing services on or after 1st April, 2005. The eligible units are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50% of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. The aforesaid tax benefits will not be available to Units commencing operations on or after 1st April, 2020.

The Company is subject to Minimum Alternate Tax (MAT) on its book profits, which gives rise to future economic benefits in the form of adjustment of future income tax liability. MAT paid for a year can be set-off against the normal tax liability within fifteen subsequent years, expiring between the years 2023 to 2034.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

29. Tax expense *(contd.)*

(d) MAT credit entitlement

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening balance	329.61	303.77
Add: MAT credit entitlement for current year	86.95	25.84
Closing balance	**416.56**	**329.61**

(e) Recognised deferred tax assets / (liabilities)

Deferred tax assets / (liabilities) are attributable to the following:

Particulars	31st March, 2020	31st March, 2019
Property, plant and equipment	(173.40)	(82.46)
Provision for employee benefits	125.30	172.44
MAT credit entitlement	416.56	329.61
Other items	(10.69)	(10.48)
	357.77	**409.11**

(f) Movement in temporary differences

	Property, plant and equipment	Provision-employee benefits	MAT credit entitlement	Other items	Total
Balance as at 1st April, 2018	(87.17)	123.56	303.77	1.82	341.98
Recognised in profit and loss during the year	4.71	48.88	-	-	53.59
Recognised in OCI during the year	-	-	-	(12.30)	(12.30)
MAT credit entitlement during the year	-	-	25.84	-	25.84
Balance as at 31st March, 2019	**(82.46)**	**172.44**	**329.61**	**(10.48)**	**409.11**
Recognised in profit and loss during the year	(90.94)	(47.14)	-	-	(138.08)
Recognised in OCI during the year	-	-	-	(0.21)	(0.21)
MAT credit entitlement during the year	-	-	86.95	-	86.95
Balance as at 31st March, 2020	**(173.40)**	**125.30**	**416.56**	**(10.69)**	**357.77**

30. Earnings per share

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A Basic earnings per share		
The calculation of profit attributable to equity shareholders and weighted average numbers of equity shares outstanding for purpose of basic earnings per share calculation are as follows-		
i. Profit for the year, attributable to equity holders	12,736.92	3,296.71
ii. Weighted average number of equity shares for basic EPS		
Opening balance*	3,26,62,384	3,25,84,390
Effect of share options exercised	2,01,026	31,680
Effect of buyback of equity share	(4,21,455)	-
Weighted average number of equity shares *	3,24,41,955	3,26,16,070
iii. **Basic earnings per share**	**39.26**	**10.11**

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

30. Earnings per share *(contd.)*

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
B Diluted earnings per share		
The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:		
i. Profit for the year, attributable to equity holders	12,736.92	3,296.71
ii. Weighted average number of equity shares for diluted EPS		
Opening balance*	3,26,62,384	3,25,84,390
Effect of share options exercised	2,01,026	31,680
Effect of buyback of equity share	(4,21,455)	-
Dilution of equity	4,07,923	10,15,893
Weighted average number of equity shares (diluted) for the year*	3,28,49,878	3,36,31,963
iii. **Diluted earnings per share**	**38.77**	**9.80**

*Excludes treasury shares (refer note 32)

31. Employee benefit obligation

(A) Defined contribution plan

The Company has recognised the following amount in the Statement of profit and loss:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Employer's contribution to Employee's Provident Fund	236.12	179.00
Employer's contribution to Employee's State Insurance	47.33	70.18
Employer's contribution to National Pension Scheme	16.80	16.09
	300.25	**265.27**

(B) Defined benefit plan

(i) Gratuity

The Company has a defined benefit gratuity plan. Every employee gets a gratuity on retirement/termination/resignation at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Details of actuarial valuation carried out on balance sheet date is as under:

(a) Net benefit expense recognised in the statement of profit or loss:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current service cost	89.70	129.45
Interest cost on benefit obligation	17.26	22.90
Net benefit expenses	**106.96**	**152.35**

(b) Position of the assets and obligation

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Fair value of plan assets	522.54	472.77
Defined benefit obligation	(716.29)	(702.96)
Assets / (liability) recognised in balance sheet	**(193.75)**	**(230.19)**

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

31. Employee benefit obligation *(contd.)*

(c) Changes in the defined benefit obligation and fair value of plan assets:

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year ended 31st March, 2020		
	Defined benefit obligation	Fair value of plan assets	Benefit liability / (assets)
Opening balance	702.96	472.77	230.19
Gratuity cost charged to profit or loss			
Service cost	89.70	-	89.70
Net interest expense	52.72	35.46	17.26
Benefits paid	(71.50)	(55.85)	(15.65)
Remeasurement gains / (losses) in other comprehensive income			
Return on plan assets (excluding amounts included in net interest expense)	-	(27.01)	27.01
Actuarial changes arising from changes in demographic assumptions	3.67	-	3.67
Actuarial changes arising from changes in financial assumptions	(49.64)	-	(49.64)
Experience adjustments	(11.62)	-	(11.62)
Contribution by employer	-	97.17	(97.17)
	716.29	**522.54**	**193.75**

Particulars	Year ended 31st March, 2019		
	Defined benefit obligation	Fair value of plan assets	Benefit liability / (assets)
Opening balance	645.72	357.87	287.85
Gratuity cost charged to profit or loss			
Service cost	129.45	-	129.45
Net interest expense	49.03	26.12	22.91
Benefits paid	(77.12)	(55.84)	(21.28)
Remeasurement gains / (losses) in other comprehensive income			
Return on plan assets (excluding amounts included in net interest expense)	-	4.52	(4.52)
Actuarial changes arising from changes in demographic assumptions	(22.31)	-	(22.31)
Actuarial changes arising from changes in financial assumptions	(7.29)	-	(7.29)
Experience adjustments	(14.52)	-	(14.52)
Contribution by employer	-	140.10	(140.10)
	702.96	**472.77**	**230.19**

(d) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Funds managed by insurer	100%	100%

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

31. Employee benefit obligation *(contd.)*

(e) The principal assumptions used in determining gratuity obligations for the Company's plan is shown below:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Discount rate	6.50%	7.50%
Future salary increases	7.67%	10.00%
Retirement age (years)	60	58
Mortality rates inclusive of provision for disability (2006 - 08)	100% of IALM	100% of IALM
Employee turnover Withdrawal Rate (%)		
All ages	15.46%	16.43%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(f) Sensitivity analysis

A quantitative sensitivity analysis for significant assumption as at 31st March, 2020 and 31st March, 2019 are shown as below:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Impact on defined benefit obligation		
Discount rate		
Increase by 1%	(37.62)	(34.30)
Decrease by 1%	41.87	37.98
Future salary		
Increase by 1%	39.22	35.22
Decrease by 1%	(36.38)	(32.78)

Sensitivities due to mortality & withdrawals are insignificant. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognised in the balance sheet.

(g) Defined benefit liability and employer contribution:

Expected contributions to defined benefit obligation for the year ending 31st March, 2021 are ₹97.44 lacs. The expected maturity analysis of defined benefit plan is as follows:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Year		
- Within the next 12 months (next annual reporting period)	97.44	109.68
- Above 1 to 5 years	294.33	293.24
- More than 5 years	324.52	300.04
Total expected payments	**716.29**	**702.96**

The average duration of the defined benefit plan obliga tion at the end of the reporting period is 8 years (31st March, 2019: 8 years).

(ii) Leave obligations

The amount of the provision of ₹180.24 lacs (31st March, 2019: – ₹134.15 lacs) is presented as current and non current. The Company has provided for the liability on the basis of actuarial valuation.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

32. Share-based payments

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

Under the Vaibhav Global Limited, Employee Stock Options Plan (As amended) - 2006 (herein referred as 'ESOP Plan'), the Nomination and Remuneration Committee decides upon the employees who qualify under the ESOP Plan and the number of options to be issued to such employees. 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 Company's shares on the date prior to date of meeting of the Compensation committee at which the options are granted, unless otherwise determined by the Board / 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 Company has constituted "Vaibhav Global Employee Stock Option Welfare Trust" to administer & implement various ESOP Plan. 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.

(b) **Vaibhav Global Limited Restricted Stock Unit Plan – 2019**

During the previous financial year, the shareholders have approved the Vaibhav Global Limited Restricted Stock Unit Plan – 2019 (herein referred as 'RSU Plan') through postal ballot resolution dated 30 March 2019. According to RSU Plan, the Nomination and Remuneration Committee decides upon the employees who qualify under the Plan and the number of Restricted Stock Unit (RSU) to be issued to such employees. The exercise price of the RSU shall be the face value of the equity shares as on date of exercise unless otherwise determined by the Board / Committee. The exercise price shall not be less than the face value of equity share of the Company. Out of RSU granted, 20% RSU 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 Company has constituted "Vaibhav Global Employee Stock Option Welfare Trust" to administer & implement RSU Plan. The fair value of the RSU will be estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the RSU 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 RSU will be 3 months from the date of respective vesting. RSU under the scheme are yet to be issued.

(c) **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:

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Number	WAEP	Number	WAEP
Outstanding at beginning of the year	13,83,529	541.77	12,01,500	474.73
Granted during the year	4,57,700	712.94	4,04,600	711.54
Forfeited during the year	(1,54,151)	636.56	(1,44,577)	590.77
Exercised during the year *	(4,78,364)	462.80	(77,994)	298.14
Outstanding at the end of the year	**12,08,714**	**625.75**	**13,83,529**	**541.77**
Exercisable at 31 March	4,84,210	526.05	5,59,110	541.59

* The weighted average share price at the date of exercise of these options was ₹899.12 (31st March, 2019: ₹692.22).

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2020 was 6.92 years (31st March, 2019: 7.56 years).

The weighted average fair value of options granted during the year was ₹293.31 (31st March, 2019: ₹280.76).

The range of exercise prices for options outstanding at the end of the year was ₹45.30 to ₹1,059.40 (31st March, 2019: ₹45.30 to ₹752.60).

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

32. Share-based payments *(contd.)*

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

Series	Year ended 31st March, 2020					Year ended 31st March, 2019		
	X	Y	Z	AA	AB	U	V	W
Stock price of option as on grant date (₹)	768.70	866.65	816.50	999.20	1,175.45	711.85	682.25	685.35
Exercise price of option	680.40	852.84	812.94	901.06	1,059.45	711.85	682.25	685.35
Risk free rate	7.82% to 8.00%	7.82% to 8.00%	5.76% to 6.41%	5.41% to 5.80%	5.41% to 5.79%	7.74% to 7.94%	7.78% to 7.98%	7.71% to 7.91%
Volatility	31.17% to 39.01%	31.13% to 38.65%	28.51% to 35.96%	27.11% to 34.93%	27.63% to 35.21%	42.22% to 43.79%	42.78% to 43.79%	42.18% to 43.68%

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

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Expense arising from equity-settled share-based payment transactions	274.10	205.61

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

(e) A summary of movement of treasury shares is as follows:

	Number of shares	Amount
Opening balance as on 1st April, 2018	6,463	0.65
Add: Shares alloated by Company	1,08,383	10.84
Less: Shares exercised by employee	(77,994)	(7.80)
Closing balance as on 31st March, 2019	**36,852**	**3.69**
Add: Shares alloated by Company	4,80,785	48.08
Less: Shares exercised by employee	(4,78,364)	(47.84)
Closing balance as on 31st March, 2020	**39,273**	**3.93**

33. Dues to micro and small suppliers

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26th August, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the said Memorandum. Accordingly, the disclosures in below respect of the amounts payable to such enterprises as at the year-end has been made based on information received and available with the Company.

S.No.	Particulars	31st March, 2020	31st March, 2019
i)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of accounting year;		
	- Principal amount	Nil	Nil
	- Interest thereon	Nil	Nil
ii)	the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii)	the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid at the end of accounting year; and	Nil	Nil
v)	the amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

34. Contingent liabilities and Commitments

(a) Contingent liabilities:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Demand / show cause notices received from government authorities		
(i) Demand / show cause notice received under Income Tax Act	185.66	197.39
(b) Guarantees provided by the Company		
(i) Guarantee given by the bank on behalf of the Company	569.79	536.69
(c) Claims against the Group, not acknowledged as debt	Not quantifiable	Not quantifiable

A. The Company has received a notice from the Income Tax Department under Section 148 of the Income Tax Act, 1961. Honorable High Court has granted stay order on the Company's petition. Based upon the nature and external expert opinion obtained by the Company, the management does not expect any liability to arise out of it. Amount is not quantifiable at this point in time.

B. During the current financial year, pursuant to the shareholder's approval, the Company has bought back and extinguished a total of 865,675 equity shares at an average buyback price of ₹831.72 per equity share. Basis external opinion obtained by the Company, the Company believes that provisions of Section 115QA of Income Tax Act 1961 is not applicable to the Company.

C. The Company is required to comply with the transfer pricing regulations, which are contemporaneous in nature. The Company appoints independent consultant 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 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.

D. The Company has certain pending litigations and claims filed by various forums/ authorities and third parties in the normal course of business. The Company 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 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 Company also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Company.

(b) Commitments:

Particulars	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	70.21	43.95

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

35. Assets hypothecated as security

The carrying amount of assets hypothecated as security for current borrowings are:

Particulars	31st March, 2020	31st March, 2019
Current assets	28,717.53	37,745.52
Non- current		
Property, plant and equipment	3,794.65	3,985.20
Right-of-use assets	363.58	-
Investment in subsidiaries		
- 200 common shares with no par value of STS Jewels Inc., USA	7,980.32	7,980.32
- 87,500 Ordinary shares of HK $100 each of STS Gems Limited, Hong Kong	1,575.00	1,575.00
- 12,576,633 equity shares of US $ 1 each of equity investment of VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited)	6,135.39	6,135.39
Other financial assets - bank deposits	78.66	295.64
Total non-current assets hypothecated as security	**19,927.60**	**19,971.55**
Total assets hypothecated as security	**48,645.13**	**57,717.07**

36. Segment reporting

As per Ind AS 108 'Operating Segments', the Company has disclosed the segment information only as part of the consolidated financial statements.

37. Capital management

The Company'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 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 Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings less cash and cash equivalents. Adjusted equity comprises of all components of equity. The Company's adjusted net debt to equity ratio as at 31st March, 2020 is as follows:

Particulars	31st March, 2020	31st March, 2019
Borrowings (refer note 16)	6,443.23	6,639.55
Cash and cash equivalents (refer note 11A)	(1,672.90)	(18,028.72)
Bank balances other than above (refer note 7 and note 11B)	(6,267.39)	(297.45)
Net debt	**(1,497.06)**	**(11,686.62)**
Equity share capital (refer note 14A)	3,227.50	3,266.24
Other equity (refer note 14B)	50,766.59	53,133.21
Total equity	**53,994.09**	**56,399.45**
Net debt to equity ratio	**(2.77%)**	**(20.72%)**

38. The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31st March, 2020.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

39. Related party transactions

A. List of related parties :

Ultimate Holding Company

Brett Enterprises Private Limited (formerly Brett Plastics Private Limited) w.e.f. 29th May, 2018.

Subsidiaries (direct and step down):

S. No.	Name of the subsidiaries	Country of incorporation	Percentage holdings as at	
			31st March, 2020	31st March, 2019
Direct subsidiaries				
1.	STS Gems Limited	Hong Kong	100	100
2.	STS Gems Thai Limited	Thailand	100	100
3.	VGL Retail Ventures Limited (formerly Genoa Jewelers Limited, Mauritius)	Mauritius	100	100
4.	STS Gems Japan Limited	Japan	100	100
5.	STS Jewels Inc.	USA	100	100
Step down subsidiaries of direct subsidiaries				
6.	PT STS Bali	Indonesia	100	100
7.	Shop LC Global Inc.	USA	100	100
8.	Shop TJC Limited (formerly The Jewelry Channel Limited, UK)	United Kingdom	100	100
9.	STS (Guangzhou) Trading Limited	China	100	100

Key Management Personnel (KMP) :

1. Mr. Sunil Agrawal - Managing Director (also chairman till 31st January, 2019)
2. Mr. Rahimullah - Whole Time Director (upto 12th October, 2019)
3. Mr. Vineet Ganeriwala - Group Chief Financial Officer (w.e.f. 21st February, 2020)
4. Mr. Puru Aggarwal - Group Chief Financial Officer (upto 21st February, 2020)
5. Mr. Sushil Sharma - Company Secretary

Non-Executive and Non-Independent Directors

6. Mr. Nirmal Kumar Bardiya
7. Mrs. Sheela Agarwal
8. Mr. Pulak Chandan Prasad

Non-Executive and Independent Directors

9. Mr. Harsh Bahadur - Chairman (w.e.f. 1st February, 2019)
10. Mr. Purushottam Agarwal (upto 14th May, 2019)
11. Ms. Monica Justice (w.e.f. 6th September, 2019)
12. Mr. Sunil Goyal
13. Mr. Santiago Roces
14. Mr. James Patrick Clarke

Relatives of key management personnel

1. Mr. Hursh Agrawal (son of Mr. Sunil Agrawal)
2. Mrs. Deepti Agrawal (wife of Mr. Sunil Agrawal)
3. Master Neil Agrawal (son of Mr. Sunil Agrawal)
4. Mr. Sanjeev Agrawal (brother of Mr. Sunil Agrawal)
5. Mrs. Renu Raniwala (sister of Mr. Sunil Agrawal)
6. Mrs. Minakshi Aggarwal (wife of Mr. Puru Aggarwal)
7. Miss Maple Aggarwal (daughter of Mr. Puru Aggarwal)

Others (significant influence)

1. VGL Softech Limited

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

39. Related party transactions *(contd.)*

B. Details of material related party transactions and balances:

Particulars	Ultimate Holding Company	Subsidiaries / Step down subsidiaries								Total
	Brett Enterprises Private Limited	Shop TJC Limited	Shop LC Global Inc.	STS Jewels Inc.	STS Gems Limited	VGL Retail Ventures Limited	PT STS Bali	STS (Guangzhou) Trading Limited	STS Gems Thai Limited	
Transactions during the year ending 31st March, 2020:										
Sale of goods	-	8,575.97	26,645.01	923.06	1,746.82	-	-	-	697.11	38,587.97
Purchase of goods	-	-	-	1,545.00	2,091.69	-	33.78	5.96	1,468.68	5,145.11
Expenses reimbursement (net)	-	131.56	(83.72)	31.39	123.10	14.90	8.63	-	5.28	231.14
Dividend paid	5,737.88	-	-	-	-	-	-	-	-	5,737.88
Dividend received	-	-	-	-	-	10,423.41	-	-	-	10,423.41
Interest Income	-	-	-	-	-	-	-	-	46.00	46.00
Purchase of intangible assets	-	244.31	-	-	-	-	-	-	-	244.31

Particulars	Ultimate Holding Company	Subsidiaries / Step down subsidiaries								Total
	Brett Enterprises Private Limited	Shop TJC Limited	Shop LC Global Inc.	STS Jewels Inc.	STS Gems Limited	VGL Retail Ventures Limited	PT STS Bali	STS (Guangzhou) Trading Limited	STS Gems Thai Limited	
Transactions during the year ending 31st March, 2019:										
Sale of goods	-	8,385.30	26,408.31	5,702.66	3,717.68	-	26.31	-	650.70	44,890.96
Purchase of goods	-	77.00	131.61	2,627.64	3,431.94	-	83.02	-	1,317.48	7,668.69
Expenses reimbursement (net)	-	(209.64)	655.75	(108.45)	(99.77)	-	8.87	-	7.88	254.64
Dividend paid	912.64	-	-	-	-	-	-	-	-	912.64
Dividend received	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	46.60	46.60
Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-

Particulars	Subsidiaries / Step down subsidiaries							Total
	Shop TJC Limited	Shop LC Global Inc.	STS Jewels Inc.	STS Gems Limited	VGL Retail Ventures Limited	PT STS Bali	STS Gems Thai Limited	
Balances as at 31st March, 2020:								
Amount receivable	1,852.78	1,879.41	136.22	771.65	14.90	40.74	266.43	4,962.13
Amount payable	292.75	9.49	69.61	130.21	-	0.45	482.38	984.89
Advance received	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	11.90	11.90
Loan receivable	-	-	-	-	-	-	1,889.55	1,889.55

Particulars	Subsidiaries / Step down subsidiaries							Total
	Shop TJC Limited	Shop LC Global Inc.	STS Jewels Inc.	STS Gems Limited	VGL Retail Ventures Limited	PT STS Bali	STS Gems Thai Limited	
Balances as at 31st March, 2019:								
Amount receivable	852.63	-	1,837.97	2,137.54	-	59.21	313.46	5,200.81
Amount payable	45.08	44.37	412.04	367.55	-	15.00	109.25	993.29
Advance received	-	5,342.38	-	-	-	-	-	5,342.38
Interest receivable	-	-	-	-	-	-	46.79	46.79
Loan receivable	-	-	-	-	-	-	1,733.78	1,733.78

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

39. Related party transactions *(contd.)*

C. Details of related party transactions and balances with others, key managerial persons along with their relatives:

Type of transaction	Key Managerial Persons and their relatives							Others	
	Mr. Sunil Agrawal	Mr. Rahimullah	Mr. Puru Aggarwal	Mr. Vineet Ganeriwala	Mr. Sushil Sharma	Other Directors	Total	VGL Softech Limited	Total
Transaction during the year ending :									
Remuneration									
- 31st March, 2020	-	17.50	152.98	33.44	19.25	106.19	329.36	-	-
- 31st March, 2019	-	42.00	122.45	-	16.45	82.84	263.74	-	-
Share based payment to employees *									
- 31st March, 2020	-	-	32.82	2.55	3.01	-	38.38	-	-
- 31st March, 2019	-	-	33.20	-	2.62	-	35.82	-	-
Dividend paid									
- 31st March, 2020	8.93	5.00	1.25	0.24	-	82.04	97.46	-	-
- 31st March, 2019	1.41	20.64	0.52	-	-	90.70	113.27	-	-
Dividend paid to relatives of Key Managerial Persons									
- 31st March, 2020	86.03	-	1.10	-	0.02	52.44	139.59	-	-
- 31st March, 2019	27.30	0.05	0.46	-	0.02	-	27.83	-	-
Directors commission/ sitting fees									
- 31st March, 2020	-	-	-	-	-	35.40	35.40	-	-
- 31st March, 2019	-	-	-	-	-	25.65	25.65	-	-
Balance as at :									
- 31st March, 2020	-	-	-		-	23.47	23.47	52.07	52.07
- 31st March, 2019	-	-	-		-	22.66	22.66	52.07	52.07
Less: Impairment loss recognised									
- 31st March, 2020	-	-	-		-			(52.07)	(52.07)
- 31st March, 2019	-	-	-		-	-	-	(52.07)	(52.07)

* Refer note 3(g)(ii)

Note: The working capital borrowings of the Company are secured by the personal guarantee of Mr. Sunil Agrawal, Managing Director of the Company. (Refer note 16)

40. 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 at 31st March, 2020	Note No.	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets					
Cash and cash equivalents	11A	-	-	1,672.90	1,672.90
Bank balance other than above	11B	-	-	6,188.73	6,188.73
Loans- current	12	-	-	1,924.99	1,924.99
Trade receivables	10	-	-	4,577.95	4,577.95
Investments *	6B	517.54	-	-	517.54
Other non current financial asset	7	-	-	169.57	169.57
Other current financial asset	7	-	-	1,049.17	1,049.17
		517.54	-	15,583.31	16,100.85
Financial liabilities					
Borrowings- current	16	-	-	6,443.23	6,443.23
Trade payables	17	-	-	3,633.50	3,633.50
Other financial liabilities	18	-	-	437.95	437.95
		-	-	10,514.68	10,514.68

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

40. Fair value measurements *(contd.)*

As at 31st March, 2019	Note No.	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets					
Cash and cash equivalents	11A	-	-	18,028.72	18,028.72
Bank balance other than above	11B	-	-	1.81	1.81
Loans- current	12	-	-	1,752.54	1,752.54
Trade receivables	10	-	-	5,669.03	5,669.03
Investments *	6B	1,800.73	-	-	1,800.73
Other non current financial asset	7	-	-	385.41	385.41
Other current financial asset	7	-	-	160.21	160.21
		1,800.73	**-**	**25,997.72**	**27,798.45**
Financial liabilities					
Borrowings- current	16	-	-	6,639.55	6,639.55
Trade payables	17	-	-	3,466.00	3,466.00
Other financial liabilities	18	-	-	156.45	156.45
		-	**-**	**10,262.00**	**10,262.00**

* Investments excludes investment in subsidiaries which are accounted at historical cost.

(ii) Fair value hierarchy

The table shown below analysis 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.

(a) Financial assets and liabilities measured at fair value- recurring fair value measurements

Financial instruments	31st March, 2020		
	Level 1	Level 2	Level 3
Financial assets			
Investments (unquoted)	-	517.54	-
Total	**-**	**517.54**	**-**

Financial instruments	31st March, 2019		
	Level 1	Level 2	Level 3
Financial assets			
Investments (unquoted)		1,800.73	-
Total	**-**	**1,800.73**	**-**

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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

41. Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company 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 Note 6, 7, 10, 11, 12, 16, 17 and 18.

Risk management framework

Company is being driven by the market forces, its businesses are subject to several risks and uncertainties including financial risks. The Company'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 Company has in place risk management processes in line with the Company'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 Company 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 & regulations; and
- Improve financial returns

Treasury management

The Company'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 Company 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 Company'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 and interest rate derivatives. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies.

Commodity price risk

Fluctuation in commodity price in market affects directly or indirectly the price of raw material and components used by the Company. The Company sells its products mainly to its Group Compannies whereby there is a regular negotiation / adjustment of prices on the basis of changes in the commodity prices.

Financial risk

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

(a) Liquidity

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company 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 Company has been rated by Care Ratings Ltd (CARE) for its banking facilities in line norms.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

41. Financial risk management objective and policies *(contd.)*

to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

Financial liabilities	31st March, 2020			
	< 1 year	1-3 Years	> 3 Years	Total
Current borrowings	6,443.23	-	-	6,443.23
Trade and other payables	3,633.50	-	-	3,633.50
Other financials liabilities	437.95	-	-	437.95
Total	**10,514.68**	**-**	**-**	**10,514.68**

Financial liabilities	31st March, 2019			
	< 1 year	1-3 Years	> 3 Years	Total
Current borrowings	6,639.55	-	-	6,639.55
Trade and other payables	3,466.00	-	-	3,466.00
Other financials liabilities	156.45	-	-	156.45
Total	**10,262.00**	**-**	**-**	**10,262.00**

Collateral

The Company has hypothecated its trade receivables, inventory, advances and other current assets in order to fulfil the collateral requirements for the financial facilities in place. There are no other significant terms and conditions associated with the use of collateral.

(b) Foreign exchange risk

The Company operates internationally and exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollar and Great British Pound. The Company is subject to the risk that changes in foreign currency values impact the Company exports revenue and purchases from overseas suppliers in foreign currency and foreign currency denominated borrowings.

The exchange rate between Indian Rupee and foreign currencies has impact on results of the Company's operations. Consequently, the results of the Company's operations get effected as the Rupee appreciates/depreciates against these foreign currencies.

	31st March, 2020		
	US$	GBP	EURO
Financial assets	34,627.03	1,885.62	-
Financial liabilities	6,904.66	808.53	3.36

	31st March, 2019		
	US$	GBP	EURO
Financial assets	30,990.09	852.63	111.32
Financial liabilities	7,734.36	48.06	4.38

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 Company.

A 5% appreciation / depreciation of the respective foreign currencies with respect to the functional currency would result in net decrease / increase in the Company's profit or loss and equity for the fiscal year 2020 and 2019 by ₹1,439.81 lacs and ₹1,208.36 lacs respectively.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

41. Financial risk management objective and policies *(contd.)*

(c) Interest rate risk

The Company is exposed to interest rate risk on short-term rate instruments. The borrowings of the Company are principally denominated in US dollars and Great British Pound with floating rates of interest. The debt is of floating rates linked to LIBOR. These exposures are reviewed by appropriate levels of management on a monthly basis.

The exposure of the Company's financial liabilities as at Balance sheet date to interest rate risk is as follows:

Particulars	31st March, 2020	31st March, 2019
Floating rate financial liabilities	6,443.23	6,639.55

The table below illustrates the impact of a 0.5% to 1.50% movement in interest rates on interest expense on loans and borrowings. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

Movement in interest rates	Year ended 31st March, 2020	Year ended 31st March, 2019
0.50%	32.22	33.20
1.00%	64.43	66.40
1.50%	96.65	99.59

(d) 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 Company. The Company 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 Company 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 Receivable

Customer credit risk is managed by each business unit subject to the Company'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 Company. An impairment analysis is performed quarterly. 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 10 for exposure to trade receivables and note 3 for accounting policy on financial instruments.

Financial assets other than trade receivables

With regards to other financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for excepted credit loss has been provided on these financial assets. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes. The carrying value of other financial assets other than cash and bank represents the maximum credit exposure. The Company's maximum exposure to credit risk at 31st March, 2020 is ₹8,069.65 lacs, 31st March, 2019 is ₹9,382.51 lacs.

Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities and forecast cash flows denominated in foreign currency. The use of derivatives to hedge United States of Dollar forecasted cash flows is governed by the Company's strategy, which provides principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The counterparty in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as insignificant. The Company had entered into a series of foreign exchange forward contracts

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

41. Financial risk management objective and policies *(contd.)*

that are designated as cash flow hedges. The Company does not use forward covers and currency options for speculative purposes.

During the previous year, the Company had incurred losses on acount of cash flow hedging derivatives amounting to ₹1,467.13 lacs. The above loss was reclassified into net sales on occurrence of hedged transactions. All the foreign exchange forward contracts designated as cash flow hedges along with related forecasted transactions were matured within the previous financial year.

The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

42. During the current year, VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited) 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.

43. The Company's manufacturing units located at Jaipur (India) closed the operation on 24 March 2020 due to outbreak of the COVID-19 pandemic and resumed operations from 27th April, 2020 pursuant to government directives. Operations have resumed at partial capacity and production will be scaled to normalised level in a phased manner based on government directives. All the necessary approvals have been obtained and various directives issued by Central/State/Municipal authorities, in India, have been complied with. The Company has taken appropriate precautionary measures to ensure safety and health of all its employees.

Our global retail businesses i.e. Shop LC in US and TJC in UK, continue to operate as usual supported by our global supply chain. 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 Company is taking necessary precautions for the safety of its employees, partners and customers. While Indian manufacturing operations were temporarily closed. We haven't witnessed any material disruption in local sourcing in US and UK. Further, we resumed operations in China on 02 March 2020 and are sourcing for our retail business.

The Company 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 Company'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's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27th May, 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27th May, 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27th May, 2020

Independent Auditors' Report

To the Members of
Vaibhav Global Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vaibhav Global Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter:

Revenue recognition
See note 20 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Revenue recognition See note 3(k) to the consolidated financial statements • Revenue from the sale of goods is recognised when control is transferred to the customer. • The Group's major part of revenue relates to retail sales which comprises of high volumes of individually small transactions recorded in the books. This increase the risk of revenue being recognised inappropriately and which highlights the criticality of sound internal processes of summarizing and recording sales revenue to mitigate the risk of error and fraud. • The timing of revenue recognition is also relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidences: • Assessed the appropriateness of the accounting policy for revenue recognition as per relevant accounting standard. • Evaluated the design and implementation of key internal financial controls with respect to the revenue recognition and tested the operating effectiveness of such controls including those related to the reconciliation of sales records with collections from payment channels, preparation, posting and approval of journal entries on the basis of selected transactions. • For samples selected using statistical sampling method, performed detailed testing of retail sale transactions during the year by examining the underlying documents and agreeing them with the collection from payment channels.

The key audit matter	How the matter was addressed in our audit
In view of the above, we have identified revenue recognition as a key audit matter. Net realisable value (NRV) of Gemstone Inventories See note 3(g) to the consolidated financial statements • The Group deals in fashion jewellery and lifestyle products goods which may be subject to changing consumer demands and fashion trends. Group uses Gemstones primarily in manufacturing the above products. Significant degree of judgment is thereby required to assess the NRV of the inventories and appropriate write down of items which may be ultimately sold below cost. Such judgment include Group's expectations for future sale volumes, inventory liquidation plans and future selling prices less cost to sell. • In view of the above, assessment of NRV and its consequential impact, if any on the carrying value of Gemstone inventory has been identified as a key audit matter.	• Verified the reconciliation of retail sales as per books of account with the sales as per Indirect tax records and testing the reconciliation, if any. • Tested journal entries passed during the year which were selected on specified risk-based criteria to identify unusual items. • Performed analytical procedures on revenue recognised during the year, to identified unusual variances and verified the reasons for unusual variances. In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidence: • Assessed the appropriateness of the accounting policy for inventories as per relevant accounting standards. • Evaluated the design and implementation of key internal financial controls with respect to determination of NRV and tested the operating effectiveness of such controls on selected transactions. • Verified inventory ageing report by testing samples, selected using statistical sampling method. • Tested the moving weighted average rate computation of Gemstone inventory, selected using statistical sampling method. • Evaluated the judgement and assumptions taken for valuation of inventory by involving subject matter expert, wherever required.

Other information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' 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 and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹6,793.83 lacs as at 31st March, 2020, total revenues of ₹998.37 lacs and net cash outflows amounting to ₹1,738.70 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the

Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors. These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31st March, 2020 on the consolidated financial position of the Group. Refer note 33(a) to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March, 2020.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2020.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31st March, 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 101248W/W-10022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN:20094549AAAADW2288

Place: Gurugram
Date: 27th May, 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Vaibhav Global Limited for the period ended 31st March, 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Vaibhav Global Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March, 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 101248W/W-10022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 20094549AAAADW2288

Place: Gurugram
Date: 27 May 2020

Consolidated Balance Sheet as at 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Note No.	31st March, 2020	31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4A	7,454.76	6,971.92
Capital work-in-progress	4B	364.10	-
Right-of-use asset	4C	3,545.03	-
Goodwill	5A	2,868.32	2,868.32
Other intangible assets	5A	1,548.95	1,746.15
Intangible assets under development	5B	493.40	139.39
Financial assets			
Investments	6A	0.35	0.31
Others	7	754.27	933.96
Deferred tax assets (net)	29	2,095.59	1,049.34
Other non-current assets	8	1,339.95	1,140.78
Total non-current assets		**20,464.72**	**14,850.17**
Current assets			
Inventories	9	42,017.36	39,613.34
Financial assets			
Investments	6B	8,173.03	1,800.73
Trade receivables	10	13,479.77	11,777.61
Cash and cash equivalents	11A	7,058.29	22,595.53
Bank balance other than above	11B	10,486.48	1.81
Loans	12	206.00	108.25
Others	7	178.15	113.42
Other current assets	13	7,035.62	3,389.72
Total current assets		**88,634.70**	**79,400.41**
Total assets		**1,09,099.42**	**94,250.58**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14A	3,227.50	3,266.24
Other equity	14B	71,903.70	66,401.36
Total equity		**75,131.20**	**69,667.60**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		2,517.63	-
Provisions	15	374.46	384.07
Total non-current liabilities		**2,892.09**	**384.07**
Current liabilities			
Financial liabilities			
Borrowings	16	6,443.23	6,639.56
Lease liabilities		1,213.04	-
Trade payables	17	14,314.13	12,302.92
Other financial liabilities	18	369.87	286.75
Other current liabilities	19	5,243.90	2,578.50
Provisions	15	1,957.62	2,201.34
Current tax liabilities (net)		1,534.34	189.84
Total current liabilities		**31,076.13**	**24,198.91**
Total liabilities		**33,968.22**	**24,582.98**
Total equity and liabilities		**1,09,099.42**	**94,250.58**
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's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27 May 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27 May 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27 May 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27 May 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27 May 2020

Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from operations	20	1,98,646.98	1,81,397.68
Other income	21	1,453.27	1,417.19
Total income		**2,00,100.25**	**1,82,814.87**
EXPENSES			
Cost of materials consumed	22	27,579.84	30,251.52
Purchases of stock-in-trade	23	42,331.34	35,109.36
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(216.13)	(4,933.71)
Employee benefits expense	25	35,848.63	33,691.48
Finance costs	26	864.83	465.75
Depreciation and amortisation expense	27	3,136.21	2,460.74
Other expenses	28	66,921.37	66,953.99
Total expenses		**1,76,466.09**	**1,63,999.13**
Profit before tax		**23,634.16**	**18,815.74**
Tax expense	29		
Current tax		5,336.25	1,156.27
Tax pertaining to earlier years		(7.92)	102.01
Deferred tax		(719.90)	2,140.43
Tax expense		**4,608.43**	**3,398.71**
Profit for the year (A)		**19,025.73**	**15,417.03**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		30.58	48.64
(ii) Income tax relating to items that will not be reclassified to profit or loss		(10.69)	(10.48)
		19.89	**38.16**
(i) Items that will be reclassified to profit or loss		2,354.97	502.86
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		2,354.97	502.86
Total other comprehensive income for the year, net of tax (B)		**2,374.86**	**541.02**
Total comprehensive income for the year (A + B)		**21,400.59**	**15,958.05**
Of the total comprehensive income above			
- Profit for the year attributable to owners of the parent		19,025.73	15,417.03
- Other comprehensive income attributable to owners of the parent		2,374.86	541.02
Earnings per equity share	30		
Basic		58.65	47.27
Diluted		57.92	45.84
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's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27 May 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27 May 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27 May 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27 May 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27 May 2020

Consolidated statement of changes in Equity for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

A. Equity share capital:

Equity shares of ₹10 each issued, subscribed and fully paid	31st March, 2020		31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	3,26,62,384	3,266.24	3,25,84,390	3,258.44
Add: Shares issued to employee benefit trust (refer note 14A)	5,17,637	51.76	1,14,846	11.48
Balance at the end of the year	**3,31,80,021**	**3,318.00**	**3,26,99,236**	**3,269.92**
Less: Shares bought back (refer note 14A(f))	8,65,675	86.57	-	-
Less: Treasury shares (refer note 32)	39,273	3.93	36,852	3.68
	3,22,75,073	**3,227.50**	**3,26,62,384**	**3,266.24**

B. Other equity

For the year ended 31st March, 2020	Share application money pending allotment	Reserves and Surplus						Items of OCI	Total
		Securities premium	Share based payment reserve	Capital redemption reserve	Capital reserve	General reserve	Retained earnings	Exchange difference on translation of foreign operations	
Balance as at 1st April, 2019	-	33,221.23	1,874.09	4,400.00	954.76	1,296.47	25,293.11	(638.30)	66,401.36
Transition impact of Ind AS 116	-	-	-	-	-	-	(463.33)	-	(463.33)
Profit of the year	-	-	-	-	-	-	19,025.73	-	19,025.73
Other comprehensive income (net of tax) (refer note 29)	-	-	-	-	-	-	19.89	2,354.97	2,374.86
Total comprehensive income	-	-	-	-	-	-	**19,045.62**	**2,354.97**	**21,400.59**
Final dividend of ₹5/- per share (including tax on dividend of ₹337.33 lacs)	-	-	-	-	-	-	(1,978.40)	-	(1,978.40)
Interim dividend for the year ended 31st March, 2020	-	-	-	-	-	-	(2,256.61)	-	(2,256.61)
Special interim dividend for the year ended 31st March, 2020 (including tax on dividend of ₹311.49 lacs)	-	-	-	-	-	-	(6,690.34)	-	(6,690.34)
Amount transferred to capital redemption reserve upon buyback	-	(86.57)	-	86.57	-	-	-	-	-
Share options exercised	-	2,386.62	-	-	-	-	-	-	2,386.62
Buyback of equity shares	-	(7,113.42)	-	-	-	-	-	-	(7,113.42)
Transaction cost relating to buyback	-	(75.95)	-	-	-	-	-	-	(75.95)
Transfer from share based payment reserve on allotment	-	775.39	(775.39)	-	-	-	-	-	-
Share based payments to employees	-	-	513.75	-	-	-	-	-	513.75
Treasury shares	-	(220.57)	-	-	-	-	-	-	(220.57)
Balance as at 31st March, 2020	-	**28,886.73**	**1,612.45**	**4,486.57**	**954.76**	**1,296.47**	**32,950.05**	**1,716.67**	**71,903.70**

Statement of changes in Equity for the year ended 31st March, 2020 *(contd.)*

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

B. Other equity

For the year ended 31st March, 2019	Share application money pending allotment	Reserves and Surplus						Items of OCI	Total
		Securities premium	Share based payment reserve	Capital redemption reserve	Capital reserve	General reserve	Retained earnings	Exchange difference on translation of foreign operations	
Balance as at 1st April, 2018	4.22	32,911.72	1,526.53	4,400.00	954.76	1,296.47	11,804.28	(1,141.16)	51,756.82
Profit of the year	-	-	-	-	-	-	15,417.03	-	15,417.03
Other comprehensive income (net of tax) (refer note 29)	-	-	-	-	-	-	38.16	502.86	541.02
Total comprehensive income	-	-	-	-	-	-	**15,455.19**	**502.86**	**15,958.05**
Interim dividend of ₹5/- per share (including tax on dividend of ₹335.27 lacs)	-	-	-	-	-	-	(1,966.36)	-	(1,966.36)
Share options exercised	(4.22)	330.54	-	-	-	-	-	-	326.32
Transfer from share based payment reserve on allotment	-	84.78	(84.78)	-	-	-	-	-	-
Share based payments to employees	-	-	432.34	-	-	-	-	-	432.34
Treasury shares	-	(105.81)	-	-	-	-	-	-	(105.81)
Balance as at 31st March, 2019	-	**33,221.23**	**1,874.09**	**4,400.00**	**954.76**	**1,296.47**	**25,293.11**	**(638.30)**	**66,401.36**

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's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27 May 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27 May 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27 May 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27 May 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27 May 2020

Consolidated Cash Flow Statement for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Cash flow from operating activities		
Profit for the year	23,634.16	18,815.74
Adjustment for :		
Depreciation and amortisation expenses	3,136.21	2,460.74
Unrealised foreign exchange difference (net)	(243.08)	55.67
Share based payments to employees	513.77	432.29
Loss / (gain) on sale of property, plant and equipment and broadcasting rights	9.48	(186.75)
Liabilities no longer required written back	(0.55)	(95.22)
Gain on sale of current investments (including change in fair value)	(141.91)	(227.51)
Allowances for / write off doubtful debts and advances	1,868.99	2,103.91
Interest income	(576.15)	(337.82)
Finance costs	864.83	465.75
Operating profit before working capital changes:	29,065.75	23,486.80
Working capital adjustments :		
(Increase) / decrease in trade receivable	(2,416.29)	(749.96)
(Increase) / decrease in inventories	(953.34)	(4,454.82)
(Increase) / decrease in other assets	(3,604.85)	512.93
Increase / (decrease) in trade payables, provisions, other current liabilities	3,562.09	3,691.34
Cash generated from operating activities	25,653.36	22,486.29
Income taxes paid	4,303.79	2,060.91
Net cash generated from operating activities (A)	21,349.57	20,425.38
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(2,998.24)	(2,222.91)
Proceeds from sale of property, plant and equipment	4.61	185.44
Payment for right-of-use of assets	(488.00)	-
Movement in deposits (net)	(10,034.69)	(220.00)
Interest received	600.30	235.19
Purchase of current investments in liquid mutual funds	(45,251.24)	(58,166.15)
Proceed from sale of current investments in liquid mutual funds	39,427.09	57,743.77
Net cash used in investing activities (B)	(18,740.17)	(2,444.66)

Consolidated Cash Flow Statement for the year ended 31st March, 2020 *(contd.)*

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
C. Cash flow from financing activities		
Proceeds from exercise of share options	2,213.88	232.53
Buyback of equity shares including transaction cost	(7,275.96)	-
Movement in short term borrowings	(348.71)	(81.85)
Dividend paid	(10,276.53)	(1,631.09)
Dividend distribution tax	(648.82)	(335.27)
Payment of lease liabilities	(1,413.33)	-
Interest paid	(689.43)	(465.75)
Net cash used in financing activities (C)	**(18,438.90)**	**(2,281.43)**
D. **Impact of movement of exchange rates**		
Exchange difference on translation of foreign operations	**292.26**	**240.35**
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	**(15,537.24)**	**15,939.62**
Opening balance of cash and cash equivalents	22,595.53	6,655.91
Closing balance of cash and cash equivalents	**7,058.29**	**22,595.53**
Cash and cash equivalents comprises		
Balance with bank in current accounts	6,836.64	6,395.87
Term deposits with original maturity of less than 3 months	115.50	15,118.69
Cash on hand	30.79	214.45
Funds-in-transit	75.36	866.52
	7,058.29	**22,595.53**

Significant accounting policies 3

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

Significant accounting policies

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 31st March, 2020	Year ended 31st March, 2019
Opening balance of short term borrowings	**6,639.56**	**6,657.82**
Movement in short term borrowings	(348.71)	(81.85)
Non cash changes - effect of foreign currency translation	152.38	63.59
Closing balance of short term borrowings	**6,443.23**	**6,639.56**

As per our attached report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27 May 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

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Managing Director
DIN: 00061142
Place: Austin
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Place: Jaipur
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Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27 May 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27 May 2020

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

1. Reporting entity

Vaibhav Global Limited (hereinafter referred to as 'the Company' or 'VGL') is a company domiciled in India, with its registered office situated at K-6B, Fateh Tiba, Adarsh Nagar, Jaipur - 302004. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in India. The consolidated financial statements comprise financial statements of Vaibhav Global Limited and its subsidiaries (hereinafter collectively referred to as "the Group") for the year ended 31st March, 2020. The Group deals in fashion jewellery and lifestyle products.

2. Basis of preparation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 27 May 2020.

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

b. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts have been round off to the nearest lacs, except share data and as stated otherwise

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 (including derivative instruments)	Fair value
Liabilities for equity - settled share based payment arrangements	Fair value
Net defined benefit (assets) / liability	Fair value of plan assets less present value of defined benefit obligations

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 31st March, 2020 is included in the following notes:

- Note 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 31 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 40 – 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

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

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.

Certain assets are measured at fair value on a non-recurring basis. The assets consist primarily of non-financial assets such as goodwill. Goodwill and intangible assets recognised in business combination are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognised. 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 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 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 32 – share-based payment; and
- Note 39 – 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.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

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.

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.

3. Significant accounting policies

a. Basis of consolidation

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

Name of the Subsidiaries	Country of incorporation	% holding as at 31st March, 2020	% holding as at 31st March, 2019
Direct Subsidiaries:			
VGL Retail Venture Limited (formerly Genoa Jewelers Ltd.)	Mauritius	100%	100%
STS Gems Japan Ltd.	Japan	100%	100%
STS Gems Limited	Hong Kong	100%	100%
STS Gems Thai Limited	Thailand	100%	100%
STS Jewels Inc	USA	100%	100%
Step-down Subsidiaries:			
Shop TJC Limited (formerly The Jewellery Channel Limited)	United Kingdom	100%	100%
Shop LC Global Inc.	USA	100%	100%
Pt. STS Bali	Indonesia	100%	100%
STS (Guangzhou) Trading Limited Company	China	100%	100%

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.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

The financial statements of the subsidiaries in the Group are added on a line-by-line basis and intercompany balances and transactions including unrealised 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. Business combinations and goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, after reassessing the fair values of the net assets, the excess is recognised as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

c. 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 or loss, except exchange differences arising from the long term investments in unquoted and quoted equity shares are recognised at fair value through OCI (FVOCI);

ii. Foreign operation

The translation of foreign operations from respective functional currency into INR (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)'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

d. 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.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

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).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

Financial assets: 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 or 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 profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or 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 profit or loss.

Notes to the consolidated financial statements for the year ended 31st March, 2020

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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 profit or 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 profit or loss. Any gain or loss on de-recognition is also recognised in profit or 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 profit or 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.

v. **Derivative financial instruments and hedge accounting**

The Group designates certain foreign exchange forward as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Group uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors of the Company. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Group.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve.

The Group separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in the statement of other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies

Notes to the consolidated financial statements for the year ended 31st March, 2020

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for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss.

e. 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 profit or 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. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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)	Useful life as per schedule II (in years)
Building	30	30
Plant and equipment	15	15
Electric installation	10	10
Furniture and fixtures	10	10
Office equipment	5	5
Computers	3	3
Vehicles	8	8
Lease hold improvement	Over the lease period or useful life of the asset, whichever is lower	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 amortised 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.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

f. Goodwill and other intangible assets

Goodwill on consolidation

For measurement of goodwill that arises on a business combination (see Note 3(b)). Subsequent measurement is at cost less any accumulated impairment losses.

Other intangible assets

Intangible assets includes computer software. 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 profit or loss as incurred.

Amortisation

Goodwill is not amortised and is tested for impairment annually.

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 or loss when the asset is derecognised.

g. 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, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Identification of a specific item and determination of estimated net realizable value involve technical judgments of the management supported by valuation from an independent valuer.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

h. 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, investment securities and derivative instruments. The cash resources of the Group are invested in 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

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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) recognised during the period is recognised as income / expense in the statement of profit and loss. This amount is reflected in a separate line in the 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. Goodwill is tested annually for impairment.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

i. 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**

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (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 increase in share-based payment (SBP) reserves in equity, 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 expense / credit in statement of profit and loss 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

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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 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or 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.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

v. Other long term employee benefits

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognised in the statement of profit and loss in the period in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

vi. Other foreign defined contribution plans

Contributions to other foreign defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

j. Provision (other than for employee benefits)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it

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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 Company's 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

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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 1st 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 (1st 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 1st April, 2019.

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Refer note 3(m) – Significant accounting policies – Leases in the Annual report of the Group for the year ended 31st 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 1st April, 2019. Accordingly, a right-of-use asset of ₹2,794.35 lacs and lease liability of ₹3,223.24 lacs have been recognised. The cumulative effect on transition in retained earnings net of taxes is ₹463.33 lacs. 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 ₹388.28 lacs 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 profit or 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

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

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.

iii. Minimum Alternative Tax (MAT)

Minimum Alternative Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

o. Sales / Value Added Taxes (VAT) / Goods and Services Tax (GST)

Expenses and assets are recognised net of the amount of sales/ value added taxes/ goods and services tax 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. Treasury shares

The group has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. Company issue shares to EBT for allotting them to the employees of Group. EBT is treated as an extension of the Group, and accordingly, shares held by EBT are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets, liabilities, income and expenses of the Group, except for profit / loss on issue of shares to the employees and the dividend earned by the trust which are directly taken to the Share Based Payment Reserve.

r. 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.

s. Dividend

Final dividends proposed by the Board of Directors are recognised upon approval by the shareholders who have the right

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

to decrease but not increase the amount of dividend recommended by the Board of Directors. Interim dividends are recognised on declaration by the Board of Directors.

t. 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.

u. Recent accounting pronouncements

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

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

4A. Property, plant and equipment*

Reconciliation of carrying amount

Particulars	Leasehold land	Freehold land	Leasehold improvement	Building	Plant and equipment	Electric installation	Furniture & fixture	Office equipment	Computers	Vehicles	Total
Cost or deemed cost											
Balance as at 1st April, 2018	**380.60**	**-**	**1,237.27**	**1,760.13**	**3,267.11**	**572.69**	**814.34**	**344.57**	**1,315.33**	**62.13**	**9,754.17**
Additions	24.71	-	136.43	217.60	288.58	197.96	101.63	87.39	338.31	49.08	1,441.69
Written off / disposals	-	-	-	-	(2.64)	(0.88)	-	-	-	-	(3.52)
Exchange differences on translation of foreign operations	-	-	128.98	-	(4.77)	99.92	73.83	18.98	120.01	1.24	438.19
Balance as at 31st March, 2019	**405.31**	**-**	**1,502.68**	**1,977.73**	**3,548.28**	**869.69**	**989.80**	**450.94**	**1,773.65**	**112.45**	**11,630.53**
Transition impact of Ind AS 116	(405.31)	-	-	-	-	-	-	-	-	-	(405.31)
Restated cost as at 1 April 2019	**-**	**-**	**1,502.68**	**1,977.73**	**3,548.28**	**869.69**	**989.80**	**450.94**	**1,773.65**	**112.45**	**11,225.22**
Additions	-	34.24	481.26	175.65	464.01	211.68	99.23	375.87	291.74	69.79	2,203.47
Written off / disposals	-	-	-	-	(0.17)	-	(7.56)	(2.05)	(5.67)	(3.60)	(19.05)
Exchange differences on translation of foreign operations	-	-	175.52	15.87	23.20	130.10	111.36	25.19	171.42	0.92	653.58
Balance as at 31st March, 2020	**-**	**34.24**	**2,159.46**	**2,169.25**	**4,035.32**	**1,211.47**	**1,192.83**	**849.95**	**2,231.14**	**179.56**	**14,063.22**
Accumulated depreciation											
Balance as at 1st April, 2018	**15.01**	**-**	**355.04**	**212.61**	**893.65**	**189.10**	**389.63**	**159.60**	**803.51**	**22.09**	**3,040.24**
Depreciation charge for the year	2.02	-	250.61	55.94	275.69	228.85	143.21	73.14	268.83	11.00	1,309.29
Exchange differences on translation of foreign operations	-	-	82.41	-	(4.80)	64.09	57.29	7.06	101.89	1.14	309.08
Balance as at 31st March, 2019	**17.03**	**-**	**688.06**	**268.55**	**1,164.54**	**482.04**	**590.13**	**239.80**	**1,174.23**	**34.23**	**4,658.61**
Transition impact of Ind AS 116	(17.03)	-	-	-	-	-	-	-	-	-	(17.03)
Restated cost as at 1st April, 2019	**-**	**-**	**688.06**	**268.55**	**1,164.54**	**482.04**	**590.13**	**239.80**	**1,174.23**	**34.23**	**4,641.58**
Depreciation charge for the year	-	-	293.06	64.26	285.57	235.90	125.84	97.13	331.29	17.01	1,450.06
Exchange differences on translation of foreign operations	-	-	130.16	0.48	16.17	102.72	93.78	16.71	155.46	1.34	516.82
Balance as at 31st March, 2020	**-**	**-**	**1,111.28**	**333.29**	**1,466.28**	**820.66**	**809.75**	**353.64**	**1,660.98**	**52.58**	**6,608.46**
Carrying amount (net)											
Balance as at 1st April, 2018	**365.59**	**-**	**882.23**	**1,547.52**	**2,373.46**	**383.59**	**424.71**	**184.97**	**511.82**	**40.04**	**6,713.93**
Balance as at 31st March, 2019	**388.28**	**-**	**814.62**	**1,709.18**	**2,383.74**	**387.65**	**399.67**	**211.14**	**599.42**	**78.22**	**6,971.92**
Restated balance as at 1st April, 2019	**-**	**-**	**814.62**	**1,709.18**	**2,383.74**	**387.65**	**399.67**	**211.14**	**599.42**	**78.22**	**6,583.64**
Balance as at 31st March, 2020	**-**	**34.24**	**1,048.18**	**1,835.96**	**2,569.04**	**390.81**	**383.08**	**496.31**	**570.16**	**126.98**	**7,454.76**

* Refer note 34 for assets hypothecated as security against bank borrowings.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

4B. Capital work in progress

Particulars	Capital work in progress
Balance as on 1st April, 2019	-
Additions	364.10
Capitalisation	-
Balance as at 31st March, 2020	**364.10**

4C. Right-of-use assets and lease liability:

Information about leases for which the Company is a lessee is presented below.

Particulars	Land	Buildings	Right - of - use assets
Balance as at 31st March, 2019	-	-	-
Transition impact of Ind AS 116	388.28	2,406.07	2,794.35
Restated cost as at 1st April, 2019	**388.28**	**2,406.07**	**2,794.35**
Additions	488.00	1,061.09	1,549.09
Depreciation charge for the year	(8.00)	(912.62)	(920.62)
Exchange differences on translation of foreign operations	-	122.21	122.21
Balance as at 31st March, 2020	**868.28**	**2,676.75**	**3,545.03**

The aggregate depreciation expense on Right-of-use assets amounting to ₹920.62 lacs 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 31st March, 2020:

Lease Liability	31st March, 2020
Balance as at 31st March, 2019	-
Transition impact of Ind AS 116	3,223.24
Restated cost as at 1st April, 2019	**3,223.24**
Addition for new leases	1,489.16
Interest expenses	165.25
Payment of lease liability	(1,248.08)
Exchange differences on translation of foreign operations	101.10
Balance as on 31st March, 2020	**3,730.67**
Current	1,213.04
Non - current	2,517.63

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 cash flow statement.

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

Maturity analysis – contractual undiscounted cash flows	31st March, 2020
Less than one year	1,213.04
After one year but not longer than five years	2,517.63
More than five years	-
Total	**3,730.67**

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 ₹820.21 lacs for the year ended 31st March, 2020.

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

5A. Goodwill and Other intangible assets

Particulars	Goodwill on consolidation	Softwares (a)	Broadcast rights (b)	Other intangible assets (a) + (b)
Cost or deemed cost				
Balance as at 1st April, 2018	2,868.32	5,198.12	1,725.33	6,923.45
Additions	-	418.70	-	418.70
Exchange differences on translation of foreign operations	-	302.78	(10.01)	292.77
Balance as at 31st March, 2019	2,868.32	5,919.60	1,715.32	7,634.92
Additions	-	519.37	-	519.37
Exchange differences on translation of foreign operations	-	418.28	24.20	442.48
Balance as at 31st March, 2020	2,868.32	6,857.25	1,739.52	8,596.77
Accumulated amortisation				
Balance as at 1st April, 2018	-	3,508.14	1,022.62	4,530.76
Amortisation charge for the year	-	1,050.72	100.74	1,151.46
Exchange differences on translation of foreign operations	-	213.93	(7.38)	206.55
Balance as at 31st March, 2019	-	4,772.79	1,115.98	5,888.77
Amortisation charge for the year	-	666.54	98.99	765.53
Exchange differences on translation of foreign operations	-	381.10	12.42	393.52
Balance as at 31st March, 2020	-	5,820.43	1,227.39	7,047.82
Carrying amount (net)				
Balance as at 1st April, 2018	2,868.32	1,689.98	702.71	2,392.69
Balance as at 31st March, 2019	2,868.32	1,146.81	599.34	1,746.15
Balance as at 31st March, 2020	2,868.32	1,036.82	512.13	1,548.95

During the year, there has been no impairment loss recognised on goodwill generated on acquisition of VGL Retails Ventures Limited, Mauritius (formerly Genoa Jewelers Limited) and STS Group of Entities

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes

Goodwill of ₹2,867.05 lacs has been allocated to the acquisition of STS Group of Entities and ₹1.27 lacs has been allocated to the acquisition of VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited). The recoverable amount of this CGU is based on fair value less costs to sell, estimated using discounted cash flows. The fair value measurement has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been assigned based on historical data both from external and internal sources.

Particulars	31st March, 2020	31st March, 2019
Discount rate	14.62%	15.07%
Terminal value rate	5.00%	5.00%
Budgeted EBITDA growth rate	8.00% to 10.00%	8.00% to 10.00%

The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA has been estimated taking into account past experience.

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

5B. Intangible assets under development

Particulars	Intangible assets under development
Cost or deemed cost	-
Balance as at 1st April, 2018	139.39
Balance as at 31st March, 2019	139.39
Additions	731.94
Capitalisation	(377.93)
Balance as at 31st March, 2020	493.40

6. Financial assets - investments

	Particulars	31st March, 2020	31st March, 2019
A	Non-current investments		
	Unquoted investment		
	Investment in equity instruments at FVTPL		
	1,000 (31st March, 2019: -1,000) equity shares of Yen 50 each Asahi Shinkin Bank Stock	0.35	0.31
	Others		
	360,000 (31st March, 2019: - 360,000) equity shares of ₹10 each of VGL Softech Limited	52.07	52.07
	Less: Impairment loss recognised on unquoted investment	(52.07)	(52.07)
		-	-
	Total unquoted non current investments	0.35	0.31
B	Current investments		
	Unquoted Investments at FVTPL		
	Wells Fargo Treasury Plus Money Market Fund- 10,242,367.97 units (31st March, 2019: Nil units]	7,655.49	-
	SBI Short Term Debt Fund - Regular Plan Growth - 2,189,007.679 units (31st March, 2019: - Nil units)	510.42	-
	Aditya Birla Sun Life Arbitrage Fund - Direct Growth - 35,397.768 units (31st March, 2019: - Nil units)	7.12	-
	SBI Magnum Ultra Short Duration Fund - Direct Daily Dividend - Nil units (31st March, 2019: - 107,461 units)	-	1,800.73
	Total current investment at FVTPL	8,173.03	1,800.73
	Note:-		
	Aggregate amount of unquoted investments	8,173.38	1,801.03
	Aggregate amount of impairment in value of investments	52.07	52.07

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

7. Financial assets - others

Particulars	31st March, 2020	31st March, 2019
Non- Current		
Bank deposits- pledged *	78.66	295.64
Security deposits, unsecured, considered good	675.61	638.32
	754.27	933.96
Current		
Interest accrued on bank deposits	178.15	113.42
	178.15	113.42

* Pledged with custom authority, bank for credit card and vendors against the procurement of raw material

8. Other non- current assets

Particulars	31st March, 2020	31st March, 2019
Deposits with tax authorities	1,227.04	915.70
Capital advances	112.91	225.08
	1,339.95	1,140.78

9. Inventories*

Particulars	31st March, 2020	31st March, 2019
Raw materials (including gemstone inventory of ₹7,400.53 lacs (31st March, 2019: ₹7,297.99 lacs)	9,164.84	8,814.04
Work in progress	120.72	27.54
Finished goods	32,583.55	30,595.88
Stores and consumables	148.25	175.88
Total inventories at the lower of cost and net realisable value	42,017.36	39,613.34

* Refer note 34 for current assets hypothecated as security against bank borrowings.

10. Financial assets - trade receivables*

Particulars	31st March, 2020	31st March, 2019
Unsecured, considered good	13,479.77	11,777.61
Doubtful	-	-
	13,479.77	11,777.61
Loss allowance		
Unsecured, considered good	695.78	764.74
Doubtful	(695.78)	(764.74)
	-	-
Net trade receivables	13,479.77	11,777.61

* Refer note 34 for current assets hypothecated as security against bank borrowings.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

11. Financial assets - cash and cash equivalents *

Particulars	31st March, 2020	31st March, 2019
A Cash and cash equivalents		
(i) Balances with banks:		
Balance with bank - current accounts	6,836.64	6,395.87
Term deposits with original maturity of less than 3 months	115.50	15,118.69
	6,952.14	21,514.56
(ii) Cash on hand	30.79	214.45
(iii) Funds-in-transit	75.36	866.52
	7,058.29	22,595.53
B Bank balances other than above		
(i) Unpaid dividend account **	6.73	1.81
(ii) Bank deposits (due for realisation within 12 months of the reporting date)	10,479.75	-
	10,486.48	1.81

* Refer note 34 for current assets hypothecated as security against bank borrowings.

** Does not include any amount payable to Investor Education and Protection Fund

12. Financial assets - loans

Particulars	31st March, 2020	31st March, 2019
Current		
Other receivables	206.00	108.25
	206.00	108.25

13. Other current assets *

Particulars	31st March, 2020	31st March, 2019
Unsecured, considered good		
Advances other than capital advances		
Advance to suppliers	2,770.75	574.38
Others		
Balances with tax authorities	1,367.98	805.75
Prepaid expenses	1,726.91	1,995.86
Other receivables	16.25	13.73
Other advances	1,153.73	-
	7,035.62	3,389.72

* Refer note 34 for current assets hypothecated as security against bank borrowings.

14A. Equity share capital

Particulars	31st March, 2020	31st March, 2019
Authorised shares		
4,10,00,000 (31st March, 2019: 4,10,00,000) equity shares of ₹10 each	4,100.00	4,100.00
45,00,000 (31st March, 2019: 45,00,000) unclassified equity shares of ₹100 each	4,500.00	4,500.00
	8,600.00	8,600.00
Issued, subscribed and fully paid-up shares		
3,22,75,073 (31st March, 2019:- 3,26,62,384) equity shares of ₹10 each	3,227.50	3,266.24
Total issued, subscribed and fully paid-up share capital	3,227.50	3,266.24

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(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

14A. Equity share capital *(contd.)*

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

Equity shares of ₹10 each issued, subscribed and fully paid	31st March, 2020		31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	3,26,62,384	3,266.24	3,25,84,390	3,258.44
Shares issued to employee benefit trust	5,17,637	51.76	1,14,846	11.48
	3,31,80,021	3,318.00	3,26,99,236	3,269.92
Less: Shares bought back (refer note 14A(f))	8,65,675	86.57	-	-
Less: Treasury shares (refer note 32)	39,273	3.93	36,852	3.68
Balance at the end of the year	**3,22,75,073**	**3,227.50**	**3,26,62,384**	**3,266.24**

b) Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held . The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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) Employee stock option scheme

Terms attached to stock options granted to employees are described in note 32 regarding share-based payments.

d) Details of shareholding more than 5% shares in the Company

Name of the shareholder	31st March, 2020		31st March, 2019	
	% of Holding	No. of shares	% of Holding	No. of shares
Brett Enterprises Private Limited*	56.01%	1,80,77,764	56.11%	1,83,27,764
Nalanda India Fund Limited	10.41%	33,59,713	10.29%	33,59,713
Motilal Oswal Multicap 35 Fund	7.67%	24,75,833	-	-
Malabar India Fund Limited	**6.77%**	**21,84,818**	**7.00%**	**22,86,613**

*The ultimate holding company (formerly Brett Plastics Private Limited) (also refer note 38)

e) Shares reserved for issue under options

Particulars	31st March, 2020		31st March, 2019	
	No of shares	Amount	No of shares	Amount
Under VGL Employee Stock Option Scheme, 2006: Equity shares of ₹10 each, at an weighted average exercise price of ₹625.75 per share (previous ₹541.77 per share) (refer note 32)	12,08,714	120.87	13,83,529	138.35

f) 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, except for the shares bought back during the current financial year as below :

The shareholders approved the proposal of buyback of equity shares recommended by the Board of Directors, in its meeting held on 30th May, 2019, through the postal ballot that concluded on 5th August, 2019. The buyback was offered to all eligible equity shareholders of the Company (except promoters, promoter group and the persons in control of the Company) under the open market route through the stock exchange. The buyback of equity shares through the stock exchange commenced on 20th August, 2019 and was completed on 25th November, 2019 and the Company has bought back and extinguished a total of 865,675 equity shares at an average buyback price of ₹831.72 per equity share, comprising 2.63% of the pre-buyback paid-up equity share capital of the Company. The buyback resulted in a cash outflow of ₹7,199.99 lacs (excluding transaction costs). The Company funded the buyback from its securities premium. In accordance with section 69 of the Companies Act, 2013, as at 31st March, 2020, the Company has created 'Capital Redemption Reserve' of ₹86.57 lacs equal to the nominal value of the shares bought back as an appropriation from securities premium.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

14B. Other equity

Particulars	31st March, 2020	31st March, 2019
a) Share application money pending allotment:		
Opening balance	-	4.22
Exercise of share based options	-	(4.22)
Closing balance	**-**	**-**
b) Reserves and Surplus		
Capital reserve:		
Opening balance	954.76	954.76
Transfer from retained earnings	-	-
Closing balance	**954.76**	**954.76**
Capital redemption reserve:		
Opening balance	4,400.00	4,400.00
Transfer from retained earnings	-	-
Amount transferred from securities premium reserve upon buyback	86.57	-
Closing balance	**4,486.57**	**4,400.00**
Securities premium reserve:		
Opening balance	33,221.23	32,911.72
Security premium received on share issue	2,386.62	330.54
Amount transferred to capital redemption reserve upon buyback	(86.57)	-
Buyback of equity shares	(7,113.42)	-
Transaction cost relating to buyback	(75.95)	-
Transfer from share based payment reserve on allotment	775.39	84.78
Treasury shares (refer note 32)	(220.57)	(105.81)
Closing balance	**28,886.73**	**33,221.23**
Share based payment reserve:		
Opening balance	1,874.09	1,526.53
Expenses for the year	513.75	432.34
Transfer to securities premium reserve on allotment	(775.39)	(84.78)
Closing balance	**1,612.45**	**1,874.09**
General reserve:		
Opening balance	1,296.47	1,296.47
Transfer from retained earnings	-	-
Closing balance	**1,296.47**	**1,296.47**
Retained earnings:		
Opening balance	25,293.11	11,804.28
Transition impact of Ind AS 116	(463.33)	-
Net profit for the year	19,025.73	15,417.03
Other comprehensive income for the year	19.89	38.16
Final dividend for the year ended 31st March, 2019	(1,641.07)	-
Interim dividend for the year ended 31st March, 2020	(2,256.61)	-
Interim dividend for the year ended 31st March, 2019	-	(1,631.09)
Special interim dividend for the year ended 31st March, 2020	(6,378.85)	-
Dividend distribution tax	(648.82)	(335.27)
Closing balance	**32,950.05**	**25,293.11**
c) Items of other comprehensive income (net of tax)		
Foreign Currency Translation Reserve		
Opening balance	(638.30)	(1,141.16)
Movement during the year	2,354.97	502.86
Closing balance	**1,716.67**	**(638.30)**
Total (a+b+c)	71,903.70	66,401.36

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

14C. Nature of reserve

a. Capital reserve
The Group recognises profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

b. Capital redemption reserve
As per the Companies Act, 2013, capital redemption reserve is created when the Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve.

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

d. Share based payment reserve
The share option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employees Stock Option Schemes. Refer to note 32 for further details of the plan.

e. General reserve
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

f. Retained earnings
Retained earnings comprises of undistributed earnings after taxes.

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

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
₹5 per equity share final dividend for the year ended 31st March, 2019	1,641.07	-
Dividend distribution tax (DDT) on final dividend to equity shareholders	648.82	-
₹7 per equity share interim dividend for the year ended 31st March, 2020	2,256.61	-
₹19.74 per equity share special interim dividend for the year ended 31st March, 2020	6,378.85	-
₹5 per equity share interim dividend for the year ended 31st March, 2019	-	1,631.09
Dividend distribution tax (DDT) on interim dividend to equity shareholders	-	335.27
	10,925.35	1,966.36

After the reporting date following dividend is proposed by the directors subject to the approval at annual general meeting. The dividends have not been recognised as liabilities.

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
₹7 per equity share (31st March, 2019: ₹5) *	2,262.00	1,634.96

* calculated on the basis number of shares outstanding as on 31st March, 2020 i.e. 32,314,346 shares (31st March, 2019: 32,699,236 shares).

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

15. Provisions

Name of the shareholder	Non-Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Provision for employee benefits (refer note 31)				
Provision for gratuity	235.44	139.75	30.72	135.73
Provision for compensated absences	139.02	109.95	41.22	24.20
Other provision				
Provision for expected sales return	-	-	1,885.68	2,000.54
Provision for lease equalisation	-	134.37	-	40.87
	374.46	**384.07**	**1,957.62**	**2,201.34**

Name of the shareholder	Provision for lease equalisation	
	31st March, 2020	31st March, 2019
Opening balance at the beginning of the year	175.25	212.80
Transition impact of Ind AS 116	(175.25)	-
Restated opening balance at the beginning of the year	-	-
Provision made during the year	-	-
Provision utilised during the year	-	(37.55)
Closing balance at the end of the year	**-**	**175.25**

16. Borrowings

Particulars	31st March, 2020	31st March, 2019
Loan repayable on demand (from bank)		
Pre-shipment credit (secured) ^	5,684.26	6,505.12
Post-shipment credit (secured) ^	758.97	134.44
Net current borrowings	**6,443.23**	**6,639.56**

Notes

Information about company exposure to interest rate foreign currency and liquidity risk is given in note 40.

^ Nature of security:-

(i) Secured by charge on all the current assets viz inventory, bill receivable, book debts and all other current assets.

(ii) Further Secured, on parri-passu basis, by :-

a. Equitable Mortgage of land and buildings situated at K-6A & K-6B, Adarsh Nagar, E-68 & E-69, EPIP Zone, Sitapura, E-1 & E-2, SEZ-II, Sitapura, Jaipur and Office No. HW4070, BKC Mumbai.

b. First charge on block of assets of the Company (excluding land & building) situated at K-6A & K-6B, Adarsh Nagar and E-68, Sitapura, Jaipur

(iii) Pledge of 200 common shares with no par value of STS Jewels Inc., USA

(iv) Pledge of 87,500 Ordinary Shares of HK $100 each of STS Gems Limited, Hong Kong.

(v) Pledge of 1,25,76,633 equity shares of US $ 1 each of VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited)

(vi) Personal guarantee of Mr. Sunil Agrawal, Managing Director of the Company. (refer note 38)

17. Trade payables

Particulars	31st March, 2020	31st March, 2019
Trade payables	14,314.13	12,302.92
	14,314.13	**12,302.92**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

18. Other financial liabilities

Particulars	31st March, 2020	31st March, 2019
Employee benefit payables	314.65	283.70
Unclaimed dividend	6.73	1.81
Other payables	48.49	1.24
	369.87	**286.75**

19. Other current liabilities

Particulars	31st March, 2020	31st March, 2019
Statutory dues payable	2,456.50	987.09
Advance from customers	812.87	290.03
Other liabilities	1,974.53	1,301.38
	5,243.90	**2,578.50**

20. Revenue from operations

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of products	1,98,480.34	1,81,158.51
Other operating revenues	166.64	239.17
	1,98,646.98	**1,81,397.68**

21. Other income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest	576.15	337.82
Dividend received	0.01	0.01
Gain on sale of current investments (including change in fair value)	141.91	227.51
Gain on sale of broadcasting rights and property plant and equipment	1.26	186.75
Liabilities no longer required written back	0.55	95.22
Miscellaneous income	733.39	569.88
	1,453.27	**1,417.19**

22. Cost of material consumed

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening stock	8,814.04	10,408.78
Add: Purchases during the year	27,930.64	28,656.78
	36,744.68	39,065.56
Less: Closing stock	(9,164.84)	(8,814.04)
Cost of material consumed during the year	**27,579.84**	**30,251.52**

23. Purchases of stock-in-trade

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Purchases of stock-in-trade	42,331.34	35,109.36
	42,331.34	**35,109.36**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

24. Changes in inventories of finished goods, stock-in-trade and work in progress

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Inventory at the beginning of the year		
Work in progress	27.54	115.41
Finished goods *	30,595.88	24,528.90
Inventory at the end of the year		
Work in progress	120.72	27.54
Finished goods*	32,583.55	30,595.88
Loss on translation of stock at average rate	1,864.72	1,045.40
	(216.13)	**(4,933.71)**

* Include stock-in-trade, since they are stocked together

25. Employee benefits expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages	29,931.46	28,038.06
Contribution to provident and other funds	2,726.01	2,315.83
Share based payments to employees	513.77	432.29
Staff welfare expenses	2,677.39	2,905.30
	35,848.63	**33,691.48**

26. Finance costs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest on debts and borrowings	147.36	144.94
Other borrowing costs	717.47	320.81
	864.83	**465.75**

27. Depreciation and amortisation expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation of property, plant and equipment	1,450.06	1,309.29
Depreciation of right-of-use assets	920.62	-
Amortisation of intangible assets	765.53	1,151.45
	3,136.21	**2,460.74**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

28. Other expenses

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a Manufacturing and direct expenses		
Job work charges	4,473.99	4,994.16
Stores and consumables	471.13	555.91
Power and fuel	436.34	459.56
Repairs and maintenance - machinery	82.79	97.57
Other manufacturing and direct expenses	1,036.41	1,561.12
	6,500.66	**7,668.32**
b Administrative and selling expenses		
Rent	820.21	1,612.14
Rates and taxes	789.03	399.49
Insurance	456.11	438.53
Travelling and conveyance	1,418.40	1,492.64
Legal and professional fees (refer note 28A)	892.65	944.29
Repairs and maintenance - building and others	362.29	328.03
Advertising and sales promotion	2,274.07	2,432.53
Packing and forwarding	2,025.50	2,502.64
Postage and telephone	495.18	469.26
Printing and stationery	158.59	141.73
Security expenses	567.81	511.44
Directors' remuneration	106.19	97.23
Directors' sitting fees	36.46	25.65
CSR and donations (refer note 28B)	473.89	446.35
Allowances for doubtful debts and advances (including written off)	1,868.99	2,103.91
Content and broadcasting	21,628.46	22,705.35
Call handling and collection charges	8,284.06	8,007.19
Packing and distribution charges	15,214.41	12,370.57
Information technology expenses	1,369.88	1,275.35
Miscellaneous expenses	1,178.53	981.35
	60,420.71	**59,285.67**
	66,921.37	**66,953.99**

28A. Payment to auditors

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Statutory audit	67.41	50.21
Limited review	48.33	36.00
Other services	9.40	7.00
Reimbursement of expenses	28.86	21.50
	154.00	**114.71**

28B. CSR and donation:

As required by the Companies Act, 2013, the gross amount required to be spent by the Company on CSR activities is ₹70.19 lacs (31st March, 2019: ₹61.97 lacs) and the amount spent by the Company during the year is ₹129.76 lacs (31st March, 2019: ₹125.32 lacs). Further, ₹344.13 lacs (31st March, 2019: ₹321.03 lacs) has been spent by overseas group subsidiaries on charities and donations.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

29. Tax expense

(a) Tax expense charged to statement of profit or loss

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax	5,336.25	1,156.27
Tax pertaining to earlier years	(7.92)	102.01
	5,328.33	**1,258.28**
Deferred tax		
Attributable to:		
Original and reversal of temporary differences	(719.90)	2,140.43
	(719.90)	**2,140.43**
	4,608.43	**3,398.71**

(b) Income tax charged to other comprehensive income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Remeasurement of the net defined benefit liability	(10.69)	(10.48)

(c) Reconciliation of effective tax rate

Particulars	31st March, 2020		31st March, 2019	
	%	Amount	%	Amount
Profit before tax		23,634.16		18,815.74
Tax expense as per statutory income tax rate	34.94%	8,258.71	34.94%	6,574.97
Differences in tax rates in foreign jurisdictions	-13.49%	(3,187.63)	-14.11%	(2,654.36)
Net tax impact on deduction/ disallowances in ascertaining taxable income as per Income Tax Act 1961	0.05%	12.65	0.02%	3.15
Net of timing difference reversed within tax exemption period and prior period deferred taxation	0.09%	21.09	0.07%	13.35
Less: Exempted tax as per provisions for section 10AA of income tax exemption	-2.07%	(488.47)	-3.40%	(640.41)
Income tax adjustment related to earlier year	-0.03%	(7.92)	0.54%	102.01
Income tax reported in statement of profit and loss and effective tax rate	**19.50%**	**4,608.43**	**18.06%**	**3,398.71**

The Holding Company has benefited from certain tax incentives that the Government of India has provided for the units situated in Special Economic Zones (SEZs) under the Special Economic Zone Act, 2005, which began providing services on or after April 1, 2005. The eligible units are eligible for a deduction of 100% of profits or gains derived from the export of services

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

29. Tax expense *(contd.)*

for the first five years from commencement of provision of services and 50% of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. The aforesaid tax benefits will not be available to Units commencing operations on or after April 1, 2020.

The Holding Company is subject to Minimum Alternate Tax (MAT) on its book profits, which gives rise to future economic benefits in the form of adjustment of future income tax liability. MAT paid for a year can be set-off against the normal tax liability within fifteen subsequent years, expiring between the years 2023 to 2034.

(d) MAT credit entitlement

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening balance	329.61	303.77
Add: MAT credit entitlement for current year	86.95	25.84
Closing balance	**416.56**	**329.61**

(e) Recognised deferred tax assets / (liabilities)

Deferred tax assets / (liabilities) are attributable to the following:

Particulars	31st March, 2020	31st March, 2019
Property, plant and equipment	(200.25)	(226.86)
Provision for employee benefits	134.78	158.74
MAT credit entitlement	416.54	329.61
Tax losses carried forward	162.78	36.75
Other items	1,581.74	751.10
	2,095.59	**1,049.34**

(f) Movement in temporary differences

	Property, plant and equipment	Provision-employee benefits	Other items	MAT credit entitlement and tax losses carried forward	Total
Balance as at 1st April, 2018	(16.71)	124.03	314.02	2,719.88	3,141.22
Recognised in profit and loss during the year	(210.15)	34.71	449.38	(2,379.36)	(2,105.42)
Recognised in OCI during the year	-	-	(12.30)	-	(12.30)
MAT credit entitlement during the year	-	-	-	25.84	25.84
Balance as at 31st March, 2019	**(226.86)**	**158.74**	**751.10**	**366.36**	**1,049.34**
Recognised in profit and loss during the year	26.61	(23.96)	830.85	-	833.50
Recognised in OCI during the year	-	-	(0.21)	-	(0.21)
MAT credit entitlement during the year	-	-	-	212.96	212.96
Balance as at 31st March, 2020	**(200.25)**	**134.78**	**1,581.74**	**579.32**	**2,095.59**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

30. Earnings per share

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A Basic earnings per share		
The calculation of profit attributable to equity shareholders and weighted average numbers of equity shares outstanding for purpose of basic earnings per share calculation are as folllows-		
i. Profit for the year, attributable to equity holders	19,025.73	15,417.03
ii. Weighted average number of equity shares for basic EPS		
Opening balance *	3,26,62,384	3,25,84,390
Effect of share options excercised	2,01,026	31,680
Effect of buyback of equity share	(4,21,455)	-
Weighted average number of equity shares *	3,24,41,955	3,26,16,070
iii. Basic earnings per share	58.65	47.27
B Diluted earnings per share		
The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:		
i. Profit for the year, attributable to equity holders	19,025.73	15,417.03
ii. Weighted average number of equity shares for diluted EPS		
Opening balance *	3,26,62,384	3,25,84,390
Effect of share options excercised	2,01,026	31,680
Effect of buyback of equity share	(4,21,455)	-
Dilution of equity	4,07,923	10,15,893
Weighted average number of equity shares (diluted) for the year *	3,28,49,878	3,36,31,963
iii. Diluted earnings per share	57.92	45.84

* Excludes treasury shares (refer note 32)

31. Employee benefit obligation

(A) Defined contribution plan

The Company has recognised the following amount in the Statement of profit and loss:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Employer's contribution to Employee's Provident Fund	236.12	179.00
Employer's contribution to Employee's State Insurance	47.33	70.18
Employer's contribution to National Pension Scheme	16.80	16.09
	300.25	**265.27**

The Group has contributed ₹1,044.13 lacs (31st March, 2019: ₹798.19 lacs) towards defined contribution plans of subsidiaries companies.

B) Defined benefit plan

(i) Gratuity

The Company has a defined benefit gratuity plan. Every employee gets a gratuity on retirement/termination/resignation at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

31. Employee benefit obligation *(contd.)*

Details of actuarial valuation carried out on balance sheet date is as under:

(a) Net benefit expense recognised in the statement of profit or loss:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current service cost	89.70	129.45
Interest cost on benefit obligation	17.26	22.90
Net benefit expenses	**106.96**	**152.35**

(b) Position of the assets and obligation

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Fair value of plan assets	522.54	472.77
Defined benefit obligation	(716.29)	(702.96)
Assets / (liability) recognised in balance sheet	**(193.75)**	**(230.19)**

(c) Changes in the defined benefit obligation and fair value of plan assets:

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year ended 31st March, 2020		
	Defined benefit obligation	Fair value of plan assets	Benefit liability / (assets)
Opening balance	702.96	472.77	230.19
Gratuity cost charged to profit or loss			
Service cost	89.70	-	89.70
Net interest expense	52.72	35.46	17.26
Benefits paid	(71.50)	(55.85)	(15.65)
Remeasurement gains/(losses) in other comprehensive income			
Return on plan assets (excluding amounts included in net interest expense)	-	(27.01)	27.01
Actuarial changes arising from changes in demographic assumptions	3.67	-	3.67
Actuarial changes arising from changes in financial assumptions	(49.64)	-	(49.64)
Experience adjustments	(11.62)	-	(11.62)
Contributions by employer	-	97.17	(97.17)
	716.29	**522.54**	**193.75**

Particulars	Year ended 31st March, 2019		
	Defined benefit obligation	Fair value of plan assets	Benefit liability / (assets)
Opening balance	645.72	357.87	287.85
Gratuity cost charged to profit or loss			
Service cost	129.45	-	129.45
Net interest expense	49.03	26.12	22.91
Benefits paid	(77.12)	(55.84)	(21.28)

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

31. Employee benefit obligation *(contd.)*

Particulars	Year ended 31st March, 2019		
	Defined benefit obligation	Fair value of plan assets	Benefit liability / (assets)
Remeasurement gains / (losses) in other comprehensive income			
Return on plan assets (excluding amounts included in net interest expense)	-	4.52	(4.52)
Actuarial changes arising from changes in demographic assumptions	(22.31)	-	(22.31)
Actuarial changes arising from changes in financial assumptions	(7.29)	-	(7.29)
Experience adjustments	(14.52)	-	(14.52)
Contribution by employer	-	140.10	(140.10)
	702.96	**472.77**	**230.19**

(d) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Funds managed by insurer	100%	100%

(e) The principal assumptions used in determining gratuity obligations for the Company's plan is shown below:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Discount rate	6.50%	7.50%
Future salary increases	7.67%	10.00%
Retirement age (years)	60.00	58.00
Mortality rates inclusive of provision for disability (2006 - 08)	100% of IALM	100% of IALM
Employee turnover Withdrawal Rate (%)		
All ages	15.46%	16.43%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(f) Sensitivity analysis

A quantitative sensitivity analysis for significant assumption as at 31st March, 2020 and 31st March, 2019 are shown as below:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Impact on defined benefit obligation		
Discount rate		
Increase by 1%	(37.62)	(34.30)
Decrease by 1%	41.87	37.98
Future salary		
Increase by 1%	39.22	35.22
Decrease by 1%	(36.38)	(32.78)

Sensitivities due to mortality and withdrawals are insignificant. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognised in the balance sheet.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

31. Employee benefit obligation *(contd.)*

(g) Defined benefit liability and employer contribution:

Expected contributions to defined benefit obligation for the year ending 31st March, 2021 are ₹97.44 lacs. The expected maturity analysis of defined benefit plan is as follows:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Year		
- Within the next 12 months (next annual reporting period)	97.44	109.68
- Above 1 to 5 years	294.33	293.24
- More than 5 years	324.52	300.04
Total expected payments	**716.29**	**702.96**

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (31st March, 2019: 8 years).

(ii) Leave obligations

The amount of the provision of ₹180.24 lacs (31st March, 2019: – ₹134.15 lacs) is presented as current and non current. The Company has provided for the liability on the basis of actuarial valuation.

32. Share-based payments

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

Under the Vaibhav Global Limited, Employee Stock Options Plan (As amended) - 2006 (herein referred as 'ESOP Plan'), the Nomination and Remuneration Committee decides upon the employees who qualify under the ESOP Plan and the number of options to be issued to such employees. 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 Company's shares on the date prior to date of meeting of the Compensation committee at which the options are granted, unless otherwise determined by the Board / 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 Company has constituted " Vaibhav Global Employee Stock Option Welfare Trust" to administer & implement various ESOP Plan. 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.

b) Vaibhav Global Limited Restricted Stock Unit Plan – 2019

During the previous financial year, the shareholders have approved the Vaibhav Global Limited Restricted Stock Unit Plan – 2019 (herein referred as 'RSU Plan') through postal ballot resolution dated 30 March 2019. According to RSU Plan, the Nomination and Remuneration Committee decides upon the employees who qualify under the Plan and the number of Restricted Stock Unit (RSU) to be issued to such employees. The exercise price of the RSU shall be the face value of the equity shares as on date of exercise unless otherwise determined by the Board / Committee. The exercise price shall not be less than the face value of equity share of the Company. Out of RSU granted, 20% RSU 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 Company has constituted " Vaibhav Global Employee Stock Option Welfare Trust" to administer & implement RSU Plan. The fair value of the RSU will be estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the RSU 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 RSU will be 3 months from the date of respective vesting. RSU under the scheme are yet to be issued.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

32. Share-based payments *(contd.)*

(c) Reconciliation of outstanding share options:-

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

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Number	WAEP	Number	WAEP
Outstanding at beginning of the year	13,83,529	541.77	12,01,500	474.73
Granted during the year	4,57,700	712.94	4,04,600	711.54
Forfeited during the year	(1,54,151)	636.56	(1,44,577)	590.77
Exercised during the year *	(4,78,364)	462.80	(77,994)	298.14
Outstanding at the end of the year	**12,08,714**	**625.75**	**13,83,529**	**541.77**
Exercisable at 31 March	4,84,210	526.05	5,59,110	541.59

* The weighted average share price at the date of exercise of these options was ₹899.12 (previous year: ₹692.22)

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2020 was 6.92 years (31st March, 2019: 7.56 years)

The weighted average fair value of options granted during the year was ₹293.31 (31st March, 2019: ₹280.76).

The range of exercise prices for options outstanding at the end of the year was ₹45.30 to ₹1,059.45 (31st March, 2019: ₹45.30 to ₹752.60)

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

Series	Year ended 31st March, 2020					Year ended 31st March, 2019		
	X	Y	Z	AA	AB	U	V	W
Stock price of option as on grant date (₹)	768.70	866.65	816.50	999.20	1,175.45	711.85	682.25	685.35
Exercise price of option (₹)	680.40	852.84	812.94	901.06	1,059.45	711.85	682.25	685.35
Risk free rate	7.82% to 8.00%	7.82% to 8.00%	5.76% to 6.41%	5.41% to 5.80%	5.41% to 5.79%	7.74% to 7.94%	7.78% to 7.98%	7.71% to 7.91%
Volatility	31.17% to 39.01%	31.13% to 38.65%	28.51% to 35.96%	27.11% to 34.93%	27.63% to 35.21%	42.22% to 43.79%	42.78% to 43.79%	42.18% to 43.68%

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

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Expense arising from equity-settled share-based payment transactions	513.77	432.29

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

(e) A summary of movement of treasury shares is as follows:

	Number of shares	Amount
Opening balance as on 1st April, 2018	6,463	0.65
Add: Shares alloted by Company	1,08,383	10.84
Less: Shares exercised by employee	(77,994)	(7.80)
Closing balance as on 31st March, 2019	**36,852**	**3.69**
Add: Shares alloted by Company	4,80,785	48.08
Less: Shares exercised by employee	(4,78,364)	(47.84)
Closing balance as on 31st March, 2020	**39,273**	**3.93**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

33. Contingent liabilities and Commitments

(a) Contingent liabilities:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Demand / show cause notices received from government authorities		
(i) Demand / show cause notice received under Income Tax Act	185.66	197.39
(b) Guarantees provided by the Company		
(i) Guarantee given by the bank on behalf of the Company	569.79	536.69
(c) Claims against the Group, not acknowledged as debt	Not quantifiable	Not quantifiable

Note :

A) The Holding Company has received a notice from the Income Tax Department under Section 148 of the Income Tax Act, 1961. Honorable High Court has granted stay order on the Holding Company's petition. Based upon the nature and external expert opinion obtained by the Holding Company, the management does not expect any liability to arise out of it. Amount is not quantifiable at this point in time.

B) During the current financial year, pursuant to the shareholder's approval, the Holding Company has bought back and extinguished a total of 865,675 equity shares at an average buyback price of ₹831.72/- per equity share. Basis external opinion obtained by the Holding Company, provisions of Section 115QA of Income Tax Act 1961 is not applicable to the Holding Company.

C) 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.

D) 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) Commitments:

Particulars	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	70.21	43.95

34. Assets hypothecated as security

Particulars	31st March, 2020	31st March, 2019
Current assets	28,717.53	37,745.52
Non-current assets		
Property, plant and equipment	3,794.65	3,985.20
Right-of-use assets	363.58	-
Investment in subsidiaries		
- 200 common shares with no par value of STS Jewels Inc., USA	7,980.32	7,980.32
- 87,500 Ordinary shares of HK $100 each of STS Gems Limited, Hong Kong	1,575.00	1,575.00
- 12,576,633 equity shares of US $ 1 each of equity investment of VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited)	6,135.39	6,135.39
Other financial assets - bank deposits	78.66	295.64
Total non-current assets hypothecated as security	**19,927.60**	**19,971.55**
Total assets hypothecated as security	**48,645.13**	**57,717.07**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

35. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The Group is engaged in manufacturing/ trading and retail of "Fashion and lifestyle products' which is the primary business segment based on the nature of products manufactured/ traded and sold. In view of same, the Group has only one reportable segment viz 'retail of fashion and lifestyle products' as required by Ind AS 108 on 'Operating Segments'.

The Group sales its product majorly in four geographies: America (including Canada), United Kingdom (including some parts of Europe), Hong Kong, India and others.

Segment revenue from customers by geographic area based on location of the customer is as follows:

Geography	Year ended 31st March, 2020	Year ended 31st March, 2019
United States of America (USA)	1,38,897.67	1,28,685.02
United Kingdom (UK)	54,819.84	47,072.44
India	3,945.03	3,041.07
Others	984.44	2,599.15
Total	**1,98,646.98**	**1,81,397.68**

36. 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 total liabilities less cash and cash equivalents. Adjusted equity comprises of all components of equity.

The Group's adjusted net debt to equity ratio as at 31st March, 2020 is as follows:

Particulars	31st March, 2020	31st March, 2019
Borrowings	6,443.23	6,639.56
Cash and cash equivalents (refer note 11A)	(7,058.29)	(22,595.53)
Bank balances other than above (refer note 11B and note 7)	(10,565.14)	(297.45)
Net debt	**(11,180.20)**	**(16,253.42)**
Equity share capital (refer note 14A)	3,227.50	3,266.24
Other equity (refer note 14B)	71,903.70	66,401.36
Total equity	**75,131.20**	**69,667.60**
Net debt to equity ratio	**(14.87%)**	**(23.33%)**

37. The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31st March, 2020.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

38. Related party transactions

A. List of related parties :

Ultimate Holding Company

Brett Enterprises Private Limited (formerly Brett Plastics Private Limited) w.e.f. 29th May, 2018.

Key Management Personnel (KMP) :

1. Mr. Sunil Agrawal - Managing Director (also chairman till 31st January, 2019)
2. Mr. Rahimullah - Whole Time Director (upto 12th October, 2019)
3. Mr. Vineet Ganeriwala - Group Chief Financial Officer (w.e.f. 21st February, 2020)
4. Mr. Puru Aggarwal - Group Chief Financial Officer (upto 21st February, 2020)
5. Mr. Sushil Sharma - Company Secretary

Non-Executive and Non-Independent Directors

1. Mr. Nirmal Kumar Bardiya
2. Mrs. Sheela Agarwal
3. Mr. Pulak Chandan Prasad

Non-Executive and Independent Directors

1. Mr. Harsh Bahadur - Chairman (w.e.f. 1st February, 2019)
2. Mr. Purushottam Agarwal (upto 14th May, 2019)
3. Ms. Monica Justice (w.e.f. 6th September, 2019)
4. Mr. Sunil Goyal
5. Mr. Santiago Roces
6. Mr. James Patrick Clarke

Relatives of key management personnel

1. Mr. Hursh Agrawal (son of Mr. Sunil Agrawal)
2. Mrs. Deepti Agrawal (wife of Mr. Sunil Agrawal)
3. Master Neil Agrawal (son of Mr. Sunil Agrawal)
4. Mr. Sanjeev Agrawal (brother of Mr. Sunil Agrawal)
5. Mrs. Renu Raniwala (sister of Mr. Sunil Agrawal)
6. Mrs. Minakshi Aggarwal (wife of Mr. Puru Aggarwal)
7. Miss Maple Aggarwal (daughter of Mr. Puru Aggarwal)
8. Mr. Rizwanullah (son of Mr. Rahimullah)

Others (significant influence)

1. VGL Softech Limited

B. Details of related party transactions and balances with others, key managerial persons along with their relatives:

Type of transaction	Ultimate Holding Company	Key Managerial Persons and their relatives						Total
	Brett Enterprises Private Limited	Mr. Sunil Agrawal	Mr. Rahimullah	Mr. Puru Aggarwal	Mr. Vineet Ganeriwala	Mr. Sushil Sharma	Other Directors	
Transaction during the year ending :								
Remuneration								
- 31st March, 2020	-	356.56	17.50	152.98	33.44	19.25	106.19	685.92
- 31st March, 2019	-	260.08	42.00	122.45	-	16.45	82.84	523.82
Remuneration paid to relatives of key managerial persons								
- 31st March, 2020	-	-	-	-	-	-	-	-
- 31st March, 2019	-	-	92.51	-	-	-	-	92.51
Share based payment to key managerial persons **								
- 31st March, 2020	-	-	-	32.82	2.55	3.01	-	38.38
- 31st March, 2019	-	-	-	33.20	-	2.62	-	35.82
Dividend paid								
- 31st March, 2020	5,737.88	8.93	5.00	1.25	0.24	-	82.04	5,835.34
- 31st March, 2019	912.64	1.41	20.64	0.52		-	90.70	1,025.91

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

38. Related party transactions *(contd.)*

Type of transaction	Ultimate Holding Company	Key Managerial Persons and their relatives						Total
	Brett Enterprises Private Limited	Mr. Sunil Agrawal	Mr. Rahimullah	Mr. Puru Aggarwal	Mr. Vineet Ganeriwala	Mr. Sushil Sharma	Other Directors	
Dividend paid to relatives of key managerial persons								
- 31st March, 2020	-	86.03	-	1.10	-	0.02	52.44	139.59
- 31st March, 2019	-	27.30	0.06	0.46		0.02	-	27.83
Directors commission/sitting fees								
- 31st March, 2020	-	-	-	-		-	35.40	35.40
- 31st March, 2019	-	-	-	-		-	25.65	25.65

* Refer note 3(g)(ii)

Note: The working capital borrowings of the Company are secured by the personal guarantee of Mr. Sunil Agrawal, Managing Director of the Company. (Refer note 16)

C. Balances as the end of the year

Particulars	VGL Softech Limited	Key Managerial Persons and their relatives
Balances as the end of the year		
Investment in VGL Softech Limited		
- 31st March, 2020	52.07	-
- 31st March, 2019	52.07	-
Less: Impairment loss recognised		
- 31st March, 2020	(52.07)	-
- 31st March, 2019	(52.07)	-
Key Managerial Persons and their relatives		
- 31st March, 2020		23.47
- 31st March, 2019		22.66

39. 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 at 31st March, 2020	Note No.	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets					
Cash and cash equivalents	11A	-	-	7,058.29	7,058.29
Bank balance other than above	11B	-	-	10,486.48	10,486.48
Loans- current	12	-	-	206.00	206.00
Trade receivables	10	-	-	13,479.77	13,479.77
Investments	6A and 6B	8,173.38	-	-	8,173.38
Other non current financial asset	7	-	-	754.27	754.27
Other current financial asset	7	-	-	178.15	178.15
		8,173.38	**-**	**32,162.96**	**40,336.34**
Financial liabilities					
Borrowings- current	16	-	-	6,443.23	6,443.23
Trade payables	17	-	-	14,314.13	14,314.13
Other financial liabilities	18	-	-	369.87	369.87
		-	**-**	**21,127.23**	**21,127.23**

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

39. Fair value measurements *(contd.)*

As at 31st March, 2019	Note No.	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets					
Cash and cash equivalents	11A	-	-	22,595.53	22,595.53
Bank balance other than above	11B	-	-	1.81	1.81
Loans- current	12	-	-	108.25	108.25
Trade receivables	10	-	-	11,777.61	11,777.61
Investments	6A and 6B	1,801.03	-	-	1,801.03
Other non current financial asset	7	-	-	933.96	933.96
Other current financial asset	7	-	-	113.42	113.42
		1,801.03	**-**	**35,530.58**	**37,331.61**
Financial liabilities					
Borrowings- current	16	-	-	6,639.56	6,639.56
Trade payables	17	-	-	12,302.92	12,302.92
Other financial liabilities	18	-	-	286.75	286.75
		-	**-**	**19,229.23**	**19,229.23**

(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.

(a) Financial assets and liabilities measured at fair value- recurring fair value measurements

Financial instruments	31st March, 2020		
	Level 1	Level 2	Level 3
Financial assets			
Investments (unquoted)	-	8,173.03	0.35
Total	**-**	**8,173.03**	**0.35**

Financial instruments	31st March, 2019		
	Level 1	Level 2	Level 3
Financial assets			
Investments (unquoted)	-	1,800.73	0.31
Total	**-**	**1,800.73**	**0.31**

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.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

40. 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 Note 6, 7, 10, 11, 12, 16, 17 and 18.

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 and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group's policies.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase. Due to the volatility of the price of the raw material (i.e. gold, silver etc.), the Group maintains a steady mix of domestic and international suppliers to cater to its requirement. The commodity price for all the imported and domestic purchases are periodically reviewed and renegotiated depending upon the market situation.

Financial risk

The Holding Company'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 Holding company has been rated by Care Ratings Ltd (CARE) for its banking facilities in line norms.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

40. Financial risk management objective and policies *(contd.)*

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.

Financial liabilities	31st March, 2020			
	< 1 year	1-3 Years	> 3 Years	Total
Current borrowings	6,443.23	-	-	6,443.23
Trade and other payables	14,314.13	-	-	14,314.13
Other financials liabilities	369.87	-	-	369.87
Total	**21,127.23**	**-**	**-**	**21,127.23**

Financial liabilities	31st March, 2019			
	< 1 year	1-3 Years	> 3 Years	Total
Current borrowings	6,639.56	-	-	6,639.56
Trade and other payables	12,302.92	-	-	12,302.92
Other financials liabilities	286.75	-	-	286.75
Total	**19,229.23**	**-**	**-**	**19,229.23**

Collateral

The Group has hypothecated its trade receivables, inventory, advances and other current assets in order to fulfil the collateral requirements for the financial facilities in place. There are no other significant terms and conditions associated with the use of collateral.

(b) Foreign exchange risk

The Group operates internationally and exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Great British Pound. The Group is subject to the risk that changes in foreign currency values impact the Group exports revenue and purchases from overseas suppliers in foreign currency and foreign currency denominated borrowings.

The exchange rate between Indian Rupee and foreign currencies has impact on results of the Group's operations. Consequently, the results of the Group's operations get affected as the Rupee appreciates/ deprecites against these foreign currencies.

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

Particulars	Financial assets	
	31st March, 2020	31st March, 2019
HKD to US$	3,195.80	1,040.25
INR to US$	2,171.62	1,837.97
INR to GBP	1,641.31	852.63
GBP to US$	27.48	-
Others	-	0.27

Particulars	Financial liabilities	
	31st March, 2020	31st March, 2019
INR to US$	81.38	5,335.07
HKD to US$	57.40	671.43
Others	-	132.71

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

40. Financial risk management objective and policies *(contd.)*

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 ₹829.70 lacs and ₹552.86 lacs respectively.

(c) Interest rate risk

The Group is exposed to interest rate risk on short-term rate instruments. The borrowings of the Group are principally denominated in US dollars and GBP with floating rates of interest. The debt is of floating rates linked to LIBOR. These exposures are reviewed by appropriate levels of management on a monthly basis.

The exposure of the Company's financial liabilities as at Balance sheet date to interest rate risk is as follows:

Particulars	31st March, 2020	31st March, 2019
Floating rate financial liabilities	6,443.23	6,639.56

Interest rate sensitivity

The table below illustrates the impact of a 0.5% to 1.50% movement in interest rates on interest expense on loans and borrowings. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

Movement in interest rates	Year ended 31st March, 2020	Year ended 31st March, 2019
0.50%	32.22	33.20
1.00%	64.43	66.40
1.50%	96.65	99.59

(d) 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 Receivable

Customer credit risk is managed by each business unit subject to the Company'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 Company. An impairment analysis is performed quarterly. 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 10 for exposure to trade receivables and note 3 for accounting policy on financial instruments.

Financial assets other than trade receivables

With regards to other financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for excepted credit loss has been provided on these financial assets. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes. The carrying value of other financial assets other than cash and bank

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

40. Financial risk management objective and policies *(contd.)*

represents the maximum credit exposure. The Group's maximum exposure to credit risk at 31st March, 2020 is ₹9,233.14 lacs; 31st March, 2019 is ₹2,662.03 lacs.

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets / liabilities and forecast cash flows denominated in foreign currency. The use of derivatives to hedge United States of Dollar forecasted cash flows is governed by the Holding Company's strategy, which provides principles on the use of such forward contracts consistent with the Holding Company's Risk Management Policy. The counterparty in these derivative instruments is a bank and the Holding Company's considers the risks of non-performance by the counterparty as insignificant. The Company had entered into a series of foreign exchange forward contracts that are designated as cash flow hedges. The Holding Company does not use forward covers and currency options for speculative purposes.

During the previous year, the Holding Company had incurred losses on acount of cash flow hedging derivatives amounting to ₹1,467.13 lacs. The above loss was reclassified into net sales on occurrence of hedged transactions. All the foreign exchange forward contracts designated as cash flow hedges along with related forecasted transactions were matured within the previous financial year.

The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

41. The Holding Company's manufacturing units located at Jaipur (India) closed the operation on 24 March 2020 due to outbreak of the COVID-19 pandemic and resumed operations from 27th April, 2020 pursuant to government directives. Operations have resumed at partial capacity and production will be scaled to normalised level in a phased manner based on government directives. All the necessary approvals have been obtained and various directives issued by Central/State/Municipal authorities, in India, have been complied with. The Group has taken appropriate precautionary measures to ensure safety and health of all its employees.

Our global retail businesses i.e. Shop LC in US and TJC in UK, continue to operate as usual supported by our global supply chain. 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. While Indian manufacturing operations were temporarily closed. We haven't witnessed any material disruption in local sourcing in US and UK. Further, we resumed operations in China on 02 March 2020 and are sourcing for our retail business

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.

42. During the current year, VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited) 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.

Notes to the consolidated financial statements for the year ended 31st March, 2020

(All amount in lacs of Indian Rupees, except share data and as stated otherwise)

43 Statutory group information

Additional information pursuant to paragraph 2 of Division II of schedule III to the Companies Act 2013:

	Net assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit	Amount	As % of consolidated OCI	Amount
Parent						
Vaibhav Global Limited	41.53%	53,994.09	28.38%	12,736.92	100.00%	19.89
Subsidiaries						
1. STS Jewels Inc., USA	1.54%	2,004.68	-1.20%	(537.20)	-	-
2. STS Gems Thai Limited, Thailand	0.88%	1,139.33	0.71%	319.37	-	-
3. STS Gems Limited, Hong Kong	4.53%	5,888.49	1.36%	608.23	-	-
4. STS Gems Japan Limited, Japan	0.00%	(6.43)	0.00%	(0.37)	-	-
5. VGL Retail Ventures Limited, Mauritius (formerly Genoa Jewelers Limited)	17.02%	22,125.88	22.78%	10,226.07	-	-
Step down subsidiaries						
6. Pt. STS Bali, Indonesia	0.59%	770.37	0.67%	299.00	-	-
7. Shop TJC Limited, UK (formerly The Jewelry Channel Limited)	16.36%	21,274.10	23.58%	10,582.67	-	-
8. Shop LC Global Inc., USA	17.47%	22,710.96	23.56%	10,573.80	-	-
9. STS (Guangzhou) Trading Limited Company,China	0.08%	109.94	0.17%	75.71	-	-
Sub total	100.00%	1,30,011.41	100.00%	44,884.20	100.00%	19.89
Less: Adjustments on acccount of consolidation		(54,880.21)		(25,858.47)		2,354.97
Net of adjustments		**75,131.20**		**19,025.73**		**2,374.86**

Note :

Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as mentioned above for respective subsidiary.

As per our attached report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. : 094549
Place: Gurugram
Date: 27th May, 2020

For and on behalf of the Board of Directors of
Vaibhav Global Limited

Sunil Agrawal
Managing Director
DIN: 00061142
Place: Austin
Date: 27th May, 2020

Nirmal Kumar Bardiya
Non-Executive Director
DIN: 00044624
Place: Jaipur
Date: 27th May, 2020

Vineet Ganeriwala
Group CFO
Place: Jaipur
Date: 27th May, 2020

Sushil Sharma
Company Secretary
ICSI Membership No: F6535
Place: Jaipur
Date: 27th May, 2020

New Gems in VGL's Crown

Vaibhav Global Ltd., India, receives Best EOU award for the year 2016-17 from EPCES

Vaibhav Global Ltd., India, receives Rajasthan State Export Award-2019 from Government of Rajasthan

Vaibhav Global Ltd., India, receives Best EOU award for the year 2017-18 from EPCES

Shop LC (US) receives Progress Level recognition in 2019 from Quality Texas Foundation

Vaibhav Global Ltd., India, recognized as a winner in the silver jewellery category for the year 2017-18 by GJEPC

Shop LC (US) recognized as Global Business of the Year for 2019 by Round Rock Chamber

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Recognized as a Great Workplace by Great Place to Work® Institute in China, UK and India

Vaibhav Global Limited

CIN: L36911RJ1989PLC004945

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