



To,

The Board of Directors,

LAVA INTERNATIONAL LIMITED

A56, Sector-64, Block-A
Noida,
Uttar Pradesh - 201301

Xolo International (HK) Limited

Unit 13, 16/F, Asia Trade Centre,
No. 79 Lei Muk Road, Kwai Chung,
New Territories, Hong Kong.

Re: Proposed initial public offering of equity shares of LAVA INTERNATIONAL LIMITED

Dear Sirs,

We have verified the translated version of the audited financial statements of **Xolo International (HK) Limited** (the "**Company**") for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 ("Financial years"). These Financials statements have been translated by the Company in Indian Rupee in accordance with Ind AS 21, "The Effect of Changes in Foreign Currency Rates". The work carried out by us is in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A Item No. (11)(I)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). We have verified the translated financial information contained in the Annexure attached to this Certificate which is proposed to be uploaded on the website of **LAVA INTERNATIONAL LIMITED** in connection with its proposed initial public offering of equity shares of Face Value of Rs. 5/- each (the "**Offer**").

We did not audit the financial statements of **Xolo International (HK) Limited**. These financial statements have been audited by other audit firms, whose reports have been furnished to us by the Company. These translated financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited financial statements referred to herein.

These translated financials are intended solely for use of the management for uploading on website of **LAVA INTERNATIONAL LIMITED** in connection with its proposed initial public offering of equity shares of Face Value of Rs. 5/- each.

Based on our examination, we confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.



Restriction on use

This certificate has been provided by A C Gupta & Associates, Chartered Accountants, at the request of the LAVA International Limited and solely for the information of **Axis Capital Limited, DAM Capital Advisors Limited, BOB Capital Markets Limited and SBI Capital Markets Limited** and any other book running lead managers appointed by LAVA International Limited (Collectively referred to as the "Book Running Lead Managers" or the "BRLMs") to assist them in conducting their due-diligence and documenting their investigations of the affairs of LAVA International Limited in connection with the proposed offer. This certificate may be relied on by the BRLMs, their affiliates and legal counsel in relation to the Offer.

This certificate is not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior consent in writing, other than the purpose stated above. We, however, hereby give consent for inclusion of our name and this information (in full or in part) in the Draft Red Herring Prospectus, Updated Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus proposed to be filed by LAVA International Limited with the Securities and Exchange Board of India ("SEBI"), the stock exchanges where the Equity Shares of LAVA International Limited are proposed to be listed (the "Stock Exchanges") and the Registrar of Companies, Delhi and Haryana ("RoC") and any other material used in connection with the Offer and submission of this certificate to SEBI, Stock Exchanges, or RoC in connection with the proposed Offer, as the case may be. Additionally, we hereby give our consent for the submission of this certificate to any other regulatory authority as may be required under applicable law in connection with the proposed Offer, as the case may be.

This certificate is being issued in supersession of the certificate issued vide UDIN No. 21008565AAAAAV3767 dated 18.09.2021. New Certificate has been issued due to certain clerical errors in the underlying financial statement of the aforementioned certificate. This is to confirm that there are no changes in the financial numbers certified vide the earlier certificate.

Yours Sincerely,

For A C Gupta & Associates

Chartered Accountants

FRN No. – 08079N

A C Gupta

Partner

M. No. 008565

Date: 19.05.2022

UDIN:22008565AJGJDC8728

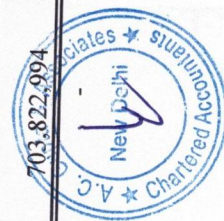


SOLO INTERNATIONAL (HK) LIMITED

TRANSLATED VERSION OF AUDITED STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	<u>31st March 2021</u>	<u>31st March 2020</u>	<u>31st March 2019</u>	<u>31st March 2021</u>	<u>31st March 2020</u>	<u>31st March 2019</u>
		USD	USD	USD	INR	INR	INR
ASSETS							
Non Current Assets							
Property, Plant & Equipment	6	2,890,539	-	-	214,600,964	-	-
Current assets							
Trade and other receivables	10	15,291,523	16,644,210	9,674,329	1,135,281,399	1,079,187,297	627,119,000
Inventories		8,045,000	5,843,557	9,342,929	597,281,166	378,888,055	605,636,696
Cash and bank balances		519,300	45,550	97,384	38,554,176	2,953,394	6,312,732
		<u>23,855,824</u>	<u>22,533,317</u>	<u>19,114,642</u>	<u>1,771,116,740</u>	<u>1,461,028,746</u>	<u>1,239,068,428</u>
Current liabilities							
Trade and other payables	11	16,765,899	17,803,844	17,838,638	1,244,742,783	1,154,376,339	1,156,354,044
Accruals		500,413	598,005	595,925	37,151,928	38,773,802	38,629,641
Tax payable		-	299,875	-	-	19,443,443	-
		<u>17,266,312</u>	<u>18,701,724</u>	<u>18,434,563</u>	<u>1,281,894,710</u>	<u>1,212,593,584</u>	<u>1,194,983,685</u>
NET CURRENT ASSETS		6,589,512	3,831,594	680,079	489,222,030	248,435,162	44,084,743
NET ASSETS		<u>9,480,051</u>	<u>3,831,594</u>	<u>680,079</u>	<u>703,822,994</u>	<u>248,435,162</u>	<u>44,084,743</u>
CAPITAL AND RESERVES							
Issued capital	14	12,889	12,889	12,889	828,000	828,000	828,000
Accumulated profits		9,467,162	3,818,704	667,189	670,081,477	256,577,742	44,829,701
Foreign Exchange Translation Reserve		-	-	-	32,913,517	(8,970,580)	(1,572,958)
		<u>9,480,051</u>	<u>3,831,594</u>	<u>680,079</u>	<u>703,822,994</u>	<u>248,435,162</u>	<u>44,084,743</u>
NET EQUITY							

The accompanying notes no. 1 to 15 form an integral part of these financial statements.



XOLO INTERNATIONAL (HK) LIMITED
TRANSLATED VERSION OF AUDITED DETAILED STATEMENT OF COMPREHENSIVE INCOME

	<u>31st March 2021</u>	<u>31st March 2020</u>	<u>31st March 2019</u>	<u>31st March 2021</u>	<u>31st March 2020</u>	<u>31st March 2019</u>
	USD	USD	USD	INR	INR	INR
TURNOVER						
Sales of goods - onshore	-	107,654,553	15,668,640	-	7,233,232,954	1,008,947,241
Sales of goods - offshore	179,218,253	66,956,162	-	13,119,941,029	4,498,736,975	-
	179,218,253	174,610,715	15,668,640	13,119,941,029	11,731,969,929	1,008,947,241
COST OF SALES						
Opening Stock	5,843,557	9,342,929	-	427,786,356	627,744,773	-
Purchases - onshore	-	96,166,484	23,738,034	-	6,461,357,777	1,528,557,954
Purchases - offshore	161,226,940	57,162,696	-	11,802,859,947	3,840,720,921	-
Cost variance	-	3,544	-	-	238,110	-
Freight cost	-	-	3,852	-	-	248,061
Closing stock	(8,045,000)	(5,843,557)	(9,342,929)	(588,946,293)	(392,624,444)	(601,617,153)
	159,025,497	156,832,096	14,398,958	11,641,700,010	10,537,437,137	927,188,862
	20,192,756	17,778,619	1,269,682	1,478,241,020	1,194,532,792	81,758,380
GROSS PROFIT						
OTHER REVENUE/(LOSS)						
Exchange gain/(loss)	134,588	3,544	(1,692)	9,852,716	238,122	(108,974)
Interest income	-	115	-	-	7,754	-
Other income	5,700	338	-	417,241	22,687	-
	140,288	3,997	(1,692)	10,269,958	268,563	(108,974)
LESS: DISTRIBUTION EXPENSES						
Freight charges	507,553	501,323	-	37,156,152	33,683,556	-
Marketing expenses	5,715,045	5,587,514	-	418,378,454	375,421,066	-
	6,222,598	6,088,837	-	455,534,607	409,104,622	-
LESS: OPERATING EXPENSES						
Software testing fees	-	-	807,055	-	-	51,968,502
Warranty expenses	4,949,638	5,212,367	156,686	362,345,696	350,215,263	10,089,472
Storage fee	20,862	31,601	8,066	1,527,209	2,123,232	519,399
Packing expenses	5,454	-	14,800	399,246	-	953,013
Depreciation Expenses	123,553	-	-	9,044,869	-	-
	5,099,506	5,243,968	986,607	373,317,020	352,338,495	63,530,387
LESS: ADMINISTRATIVE EXPENSES						
Auditor's remuneration	17,002	5,284	1,920	1,244,690	355,031	123,634
Professional fee	53,716	134,605	235,188	3,932,348	9,044,039	15,144,420
Bank charges	1,724	3,066	2,530	126,220	206,014	162,918
Sundry expenses	11,009	33,055	25,941	805,924	2,220,956	1,670,384
Overseas salaries and wages	3,279,032	2,820,513	-	240,046,434	189,508,243	-
	3,362,483	2,996,523	265,579	246,155,615	201,334,283	17,101,356
LESS: FINANCE COSTS						
Bank interest	-	-	-	-	-	-
	5,648,457	3,453,288	15,804	413,503,735	232,023,955	1,017,663
PROFIT BEFORE TAXATION	5,648,457	3,453,288	15,804	413,503,735	232,023,955	1,017,663

The financial information on this page is not the Company's statutory annual financial statements. As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies and has not done so. The Company's auditor has reported on those financial statements. The auditor's report was unqualified, did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying its report: and did not contain a statement under section 406(2) or 407(2) or (3) of the Hong Kong Companies Ordinance.



XOLO INTERNATIONAL (HK) LIMITED
TRANSLATED VERSION OF AUDITED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31st March 2021		31st March 2020		31st March 2019	
		USD	USD	USD	USD	INR	INR
Turnover							
Cost of sales	4	179,218,253	174,610,715	15,668,640	13,119,941,029	11,731,969,929	1,008,947,241
Gross profit		(159,025,497)	(156,832,096)	(14,398,958)	(11,641,700,010)	(10,537,437,137)	(927,188,862)
Other revenue/(loss)		20,192,756	17,778,619	1,269,682	1,478,241,020	1,194,532,792	81,758,380
Distribution expenses	4	140,288	3,997	(1,692)	10,269,958	268,563	(108,974)
Operating expenses		(6,222,598)	(6,088,837)	-	(455,534,607)	(409,104,622)	-
Administrative expenses		(5,099,506)	(5,243,968)	(986,607)	(373,317,020)	(352,338,495)	(63,530,387)
Profit from operation		(3,362,483)	(2,996,523)	(265,579)	(246,155,615)	(201,334,283)	(17,101,356)
Finance costs		5,648,457	3,453,288	15,804	413,503,735	232,023,955	1,017,663
Profit before taxation	5	5,648,457	3,453,288	15,804	413,503,735	232,023,955	1,017,663
Income tax	9	-	(301,773)	-	-	(20,275,913)	-
Other comprehensive income:							
Total comprehensive income for the year		5,648,457	3,151,515	15,804	413,503,735	211,748,041	1,017,663

The accompanying notes no. 1 to 15 form an integral part of these financial statements.



XOLO INTERNATIONAL (HK) LIMITED
TRANSLATED VERSION OF AUDITED STATEMENT OF CHANGES IN EQUITY

	<u>Issued capital</u>	<u>Accumulated profits</u>	<u>Total</u>	<u>Issued capital</u>	<u>Accumulated profits</u>	<u>Foreign Currency Translation Reserve (FCTR)</u>	<u>Total</u>
	USD	USD	USD	INR	INR	INR	INR
At 31st March 2018	12,889	651,385	664,275	828,000	43,812,038	1,408,815	46,048,853
Profit for the year	-	15,804	15,804	-	1,017,663	-	1,017,663
FCTR- Change During the year	-	-	-	-	-	(2,981,773)	(2,981,773)
At 31st March 2019	12,889	667,189	680,079	828,000	44,829,701	(1,572,958)	44,084,743
Profit for the year	-	3,151,515	3,151,515	-	211,748,041	-	211,748,041
FCTR- Change During the year	-	-	-	-	-	(7,397,622)	(7,397,622)
At 31st March 2020	12,889	3,818,704	3,831,594	828,000	256,577,742	(8,970,580)	248,435,162
Profit for the year	-	5,648,457	5,648,457	-	413,503,735	-	413,503,735
FCTR- Change During the year	-	-	-	-	-	41,884,022	41,884,022
At 31st March 2021	12,889	9,467,161	9,480,050	828,000	670,081,477	32,913,443	703,822,920



XOLO INTERNATIONAL (HK) LIMITED
TRANSLATED VERSION OF AUDITED STATEMENT OF CASH FLOWS

	<u>31st March 2021</u>	<u>31st March 2020</u>	<u>31st March 2019</u>	<u>31st March 2021</u>	<u>31st March 2020</u>	<u>31st March 2019</u>
	USD	USD	USD	INR	INR	INR
Cash flows from operating activities						
Profit before taxation	5,648,458	3,453,288	15,804	413,503,808	232,023,957	1,017,663
Depreciation	123,553	-	-	9,044,869	-	-
(Increase)/decrease in accounts receivable	(302,999)	(6,969,882)	3,323,383	(22,495,408)	(451,917,377)	215,431,685
Decrease in advance to Vendor	1,655,686	-	-	122,922,320	-	-
Decrease/(increase) in inventory	(2,201,443)	3,499,372	(9,342,929)	(163,440,701)	226,894,391	(605,636,696)
(Decrease)/increase in accounts payable	(1,037,945)	(34,161)	5,879,778	(77,059,689)	(2,214,948)	381,144,862
Increase in accrued charges	(97,592)	2,080	156,926	(7,245,471)	134,864	10,172,440
Cash (used in)/generated from operations	3,787,717	(49,303)	32,963	275,229,727	4,920,887	2,129,954
Provisional profits tax paid	(299,875)	(2,531)	-	(21,952,763)	(170,087)	-
Net cash (used in)/generated from operating activities	3,487,843	(51,834)	32,963	253,276,965	4,750,800	2,129,954
Cash flow from Investing activities						
Purchase of Fixed Assets	(3,014,092)	-	-	(223,773,837)	-	-
Net cash generated from Investing activities	(3,014,092)	-	-	(223,773,837)	-	-
Net (decrease)/increase in cash and cash equivalents	473,750	(51,834)	32,963	29,503,128	4,750,800	2,129,954
Cash and cash equivalents at beginning of the year	45,550	97,384	64,421	2,953,394	6,312,732	4,175,979
Foreign Currency Translation Reserve	-	-	-	(6,097,654)	8,110,138	(6,799)
Cash and cash equivalents at end of the year	519,300	45,550	97,384	38,554,176	2,953,394	6,312,732
Representing:-						
Cash and bank balances	519,300	45,550	97,384	38,554,176	2,953,394	6,312,732



XOLO INTERNATIONAL (HK) LIMITED
TRANSLATED VERSION OF AUDITED NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

Corporate information

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. At the date of issue of these financial statements, the registered office of the Company is at Unit 13, 16/F Asia Trade Centre, No 79 Lei Muk Road, Kwai Chung, New Territories, Hong Kong. The Company is a smartphone and accessories trader. Its principal activities consist of the research, development and marketing of smartphone accessories.

Parent Company

In the opinion of the Directors, the immediate and ultimate parent company is Lava International Limited which is a company incorporated in India.

Presentation currency and functional currency

Unless stated otherwise, all currency figures in these financial statements are presented in United States Dollars (US\$). The functional currency of the Company is United States Dollars (US\$) which is the same currency presented in these financial statements.

2 BASIS OF PREPARATION

Statement of Compliance

These financial statements comply with all of the requirements of each applicable standard and each applicable interpretation in HKFRSs effective at the beginning of the reporting period and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

Basis of measurement

The measurement bases used in preparing these financial statements are set out in note 3 to financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present financial information of the Company. The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

a) Revenue

Revenue consists of turnover and other revenue but excludes the reversal of impairment and of provisions. Turnover comprises revenue generated from the principal activities of the Company. Other revenue includes other net gain such as exchange gain (net of exchange loss), gain on disposal of capital assets and service income.

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Company and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes on the following bases.

Sale of goods is recognised when the goods are delivered and the significant risks and rewards of ownership have been passed to the buyer and the Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold.

Revenue from rendering of services is recognised when the stage of completion of the transaction at the end of reporting period and the cost incurred for the transaction as well as further cost to complete the transaction can all be measured reliably.

Interest income is recognised using the effective interest method on a time proportion basis taking into account the principal outstanding and the interest applicable.

b) Income tax

Income tax comprises current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from profit or loss as reported in the statement of profit or loss because of permanent difference and temporary difference.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither accounting profit nor taxable profit or tax loss. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of an asset and liability in a transaction that affects neither the accounting profit nor the taxable profit or tax loss.

The net carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Current and deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with a non-depreciable asset measured using valuation model or an investment property measured at fair value shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset or investment property through sale. Deferred tax is generally recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.



During the year, deferred tax is not recognized as there are no temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit.

c) Accounts and other receivables

Accounts and other receivables are measured at initial recognition at fair value (including transaction costs) and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. The carrying amount of the trade and other receivables shall be reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the trade and other receivables is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined had no impairment loss been recognised for the trade and other receivables in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d) Components of cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the statement of cash flows.

e) Accounts payable

Trade and other payables are measured at initial recognition at the fair value (including transaction costs).

f) Foreign currency transactions

The functional currency of the Company is United States Dollar. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated at the approximate rates of exchange ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at that date when the fair value was measured. Exchange differences arising on the settlement or translation of foreign currency monetary items are recognised in profit or loss.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In arriving at net realisable value an allowance has been made for deterioration and obsolescence. Inventories are recognised as cost of sales or expenses when they are sold or written-down to net realisable value. A reversal of any write-down of inventories arising from an increase in net realisable value is recognised as a reduction in the amount of inventories recognised as cost of sales or expenses in the period in which the reversal occurs.

4 REVENUE

Revenue recognised by category are as follows: -

	<u>31st March 2021</u> USD	<u>31st March 2020</u> USD	<u>31st March 2019</u> USD	<u>31st March 2021</u> INR	<u>31st March 2020</u> INR	<u>31st March 2019</u> INR
Included in turnover						
Sales of goods	179,218,253	174,610,715	15,668,640	13,119,941,029	11,731,969,929	1,008,947,241
Other (loss)/revenue						
Exchange gain/(loss)	134,588	3,544	(1,692)	9,852,716	238,122	(108,974)
Service income	5,700	453	-	417,241	30,441	-
	140,288	3,997	(1,692)	10,269,958	268,563	(108,974)
Total revenue	<u>179,358,540</u>	<u>174,614,713</u>	<u>15,666,948</u>	<u>13,130,210,987</u>	<u>11,732,238,492</u>	<u>1,008,838,268</u>

5 PROFIT BEFORE TAXATION

This is arrived at after charging:

	<u>31st March 2021</u> USD	<u>31st March 2020</u> USD	<u>31st March 2019</u> USD	<u>31st March 2021</u> INR	<u>31st March 2020</u> INR	<u>31st March 2019</u> INR
(Loss) / Gain on foreign currency translation	134,588	3,544	(1,692)	9,852,716	238,122	(108,974)

6 PROPERTY, PLANT AND EQUIPMENT

	<u>31st March 2021</u> USD	<u>31st March 2020</u> USD	<u>31st March 2019</u> USD	<u>31st March 2021</u> INR	<u>31st March 2020</u> INR	<u>31st March 2019</u> INR
Cost						
Additions	3,014,092	-	-	220,651,143	-	-
Depreciation						
Charge for the year	123,553	-	-	9,044,869	-	-
Foreign Exchange Difference	-	-	-	2,994,690	-	-
Net Book Value	<u>2,890,539</u>	<u>-</u>	<u>-</u>	<u>214,600,964</u>	<u>-</u>	<u>-</u>



7 DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

The Directors received no remuneration and loans for his services to the Company during the year.

8 AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	31st March 2021	31st March 2020	31st March 2019	31st March 2021	31st March 2020	31st March 2019
	USD	USD	USD	INR	INR	INR
Auditor's remuneration	17,002	4,814	1,450	1,244,690	323,452	93,370
Auditor's expenses	-	470	470	-	31,579	30,265
	<u>17,002</u>	<u>5,284</u>	<u>1,920</u>	<u>1,244,690</u>	<u>355,031</u>	<u>123,634</u>

9 INCOME TAX

	31st March 2021	31st March 2020	31st March 2019	31st March 2021	31st March 2020	31st March 2019
	USD	USD	USD	INR	INR	INR
Tax charged for the year	-	301,773	-	-	19,566,539	-

10 TRADE AND OTHER RECEIVABLES

31.03.2021

Trade receivables
Advances to suppliers
Advances to related companies

Total	Total
USD	INR
5,988,409	444,594,674
7,423,376	551,130,227
1,879,738	139,556,498
<u>15,291,523</u>	<u>1,135,281,399</u>

31.03.2020

Trade receivables
Advances to suppliers
Advances to related companies

Total	Total
USD	INR
5,712,847	370,412,985
9,079,063	588,673,705
1,852,301	120,100,606
<u>16,644,210</u>	<u>1,079,187,296</u>

31.03.2019

Trade receivables
Advances to suppliers

Total	Total
USD	INR
610,516	39,575,479
9,063,813	587,543,521
<u>9,674,329</u>	<u>627,119,000</u>

11 TRADE AND OTHER PAYABLES

31.03.2021

Trade payable
Advances from customers

Total	Total
USD	INR
16,765,899	1,244,742,783
<u>16,765,899</u>	<u>1,244,742,783</u>

31.03.2020

Trade payable
Advances from customers

Total	Total
USD	INR
4,459,293	289,134,335
13,344,551	865,242,004
<u>17,803,844</u>	<u>1,154,376,339</u>

31.03.2019

Trade payable
Advances from customers

Total	Total
USD	INR
2,092,147	135,619,258
15,809,491	1,024,818,635
<u>17,838,638</u>	<u>1,160,437,893</u>



12 RELATED PARTY DISCLOSURES

In accordance with the requirements of Hong Kong AS 24 on "Related party disclosures" the names of related party whose control exist and/or with whom transactions have taken place during the year and description of the relationship, as identified and certified by the management are as below:

Parent Company

Lava International Limited

Key Management Personnel:

Bose Asitava (Director),
Rati Ram (Director)

Transactions with related parties

	31st March 2021 USD	31st March 2020 USD	31st March 2019 USD	31st March 2021 INR	31st March 2020 INR	31st March 2019 INR
Goods purchased from holding company –Lava International Limited	-	1,800	5,175,468	-	116,709	335,489,362
Goods sold to holding company –Lava International Limited	-	450,000	-	-	29,177,370	-

13 FAIR VALUE MEASUREMENT

The carrying value of financial instruments by categories is as under:

ASSETS	31st March 2021 USD	31st March 2020 USD	31st March 2019 USD	31st March 2021 INR	31st March 2020 INR	31st March 2019 INR
Current assets						
Trade and other receivables	15,291,523	16,644,210	9,674,329	1,135,281,399	1,079,187,297	627,119,000
Cash and bank balances	519,300	45,550	97,384	38,554,176	2,953,394	6,312,732
	<u>15,810,824</u>	<u>16,689,760</u>	<u>9,771,713</u>	<u>1,173,835,575</u>	<u>1,082,140,691</u>	<u>633,431,732</u>
Current liabilities						
Trade and other payables	16,765,899	17,803,844	17,838,638	1,244,742,783	1,154,376,339	1,156,354,044
Accruals	500,413	598,005	595,925	37,151,928	38,773,802	38,629,641
	<u>17,266,312</u>	<u>18,401,849</u>	<u>18,434,563</u>	<u>1,281,894,711</u>	<u>1,193,150,141</u>	<u>1,194,983,685</u>

14 SHARE CAPITAL

Issued and fully paid	No. of shares	HKD	Equivalent to USD	Equivalent to INR
	100,000	100,000	12,889	828,000
	<u>100,000</u>	<u>100,000</u>	<u>12,889</u>	<u>828,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company is not subject to any externally imposed capital requirements. Accordingly, the Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company's overall strategy remains unchanged. The capital structure of the Company consists of equity of the Company (comprising issued capital and accumulated profit/losses as detailed in the statement of changes in equity).

To meet its objectives for managing capital, the Company's management deliberately plans and implements an operational strategic plan with a financial budget; carefully maintains the quality of goods and/or services supplied by the Company at a competitive price with adequate control over its operating expenses and other losses such as bad debts at an optimal level; manages all kinds of risk, financial and non-financial, and hedge the most apparent risk at the lowest acceptable level; invests in capital assets in order to maintain long term growth and competitiveness of the Company; closely monitors the working capital at a level sufficient to meet the short term cash flow requirements; deposits surplus funds to time deposits in return of risk-free interest; invests surplus funds to capital market in return of dividend and/or capital gain having balanced the associated risk on investment; raises funds from financial institutions, shareholders and other related parties, capital market and/or other loan providers in order to finance the capital investments and working capital of the Company.

15 FINANCIAL RISK MANAGEMENT

The Company does not have written risk management policies and guidelines. However, the management meets periodically to analyse and formulate measures to manage the Company's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Company employs a conservative strategy regarding its risk management. As the directors considers that the Company's exposure to market risk is kept at a minimum level, the Company has not used any derivatives or other instruments for hedging purposes. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company's principal financial instrument comprises cash and bank balances. The main purpose of this financial instrument is to raise finance for the Company's capital expenditure and operations. The Company has various other financial assets and liabilities such as accounts receivables and accounts payables, which arise directly from its operations.

(a) Interest rate risk

As at the yearend date, the Group does not have any significant exposure to interest rate risk as the Group currently has no material financial assets or liabilities with floating rates.



(b) Foreign currency risk

The Company is exposed to foreign currency risk primarily through its business activities that are denominated in a currency other than the functional currency of the operations to which they relate. The Company has not used any forward currency contracts to eliminate the foreign currency exposures.

(c) Credit risk

The Company's bank balances are deposits with banks located in Hong Kong, and do not have a significant exposure to credit risk. The Company's credit risk is primarily attributable to trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(d) Liquidity risk

The management monitors and maintains a level of cash and cash equivalents considered adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows and considers that the Company's exposure to liquidity risk is insignificant.

(e) Fair values

The fair values of the Company's financial assets and financial liabilities were not materially different from their carrying amounts as at the yearend date because of the immediate or short-term maturity of these financial instruments.

No quantitative disclosures are made for the Company's credit risk, liquidity risk and market risk because their exposure is not material. No sensitivity analysis for each type of market risk is made because the effect to the profit and equity as a result of the change in other relevant risk variables is not material.

