INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Gemmological Institute B.V

Report on the Audit of the Special Purpose Consolidated Financial Statements

Opinion

We have audited the accompanying Special Purpose Consolidated Financial Statements of International Gemmological Institute B.V (the "Holding Company") and its subsidiary (together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at December 31, 2024, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended December 31, 2024, and notes to the Special Purpose Consolidated Financial Statements, including material accounting policy information and other explanatory information and disclosure (collectively referred to as the "Special Purpose Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Consolidated Financial Statements of the Group as at December 31, 2024 are prepared, in all material respects, in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Special Purpose Consolidated Financial Statements, 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2.1 to the Special Purpose Consolidated Financial Statements, which describes the purpose and basis of preparation of the Special Purpose Consolidated Financial Statements. This Special Purpose Consolidated Financial Statements have been prepared by the management of the Holding Company for the purposes of providing information to Board of Directors of International Gemmological Institute (India) Limited (the "Parent Company") to enable it to prepare the consolidated financial statements of the Parent Company. As a result, this Special Purpose Consolidated Financial Statements may not be suitable for another purpose.

Our report is addressed to the Board of Directors of the Holding Company, solely for the purposes stated above and should not be distributed to or used by any other parties. M S K A & Associates shall not be liable to the Group or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Our Opinion is not modified in respect of the above matter.

Responsibilities of Management and Board of Directors for Special Purpose Consolidated Financial Statements

The Holding Company's Management and Board of Directors is responsible for the preparation and fair presentation of this Special Purpose Consolidated Financial Statements in accordance with Ind AS notified under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended and general accounting principles accepted in India; and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of Special Purpose Consolidated Financial Statements that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Consolidated Financial Statements, the respective Management and Board of Directors of the Companies included in the Group are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the companies included in the Group 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 are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Special Purpose 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 Special Purpose Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing our opinion on whether the group has internal financial controls with reference to Special Purpose Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Special Purpose 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 Special Purpose Consolidated Financial Statements, including the disclosures, and whether the Special Purpose Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Ankush Agrawal
Partner
Membership No. 159694
UDIN: 25159694BMLWGD4376

Place: Mumbai
Date: February 26, 2025

International Gemmological Institute BV

Special Purpose Consolidated Balance Sheet as at 31 December 2024

(Amounts in Rs million, unless otherwise stated)

Particulars	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	215.31	224.04
(b)Right-of-use assets	6.1	767.57	775.05
(c) Goodwill	7	519.80	537.85
(a) Financial assets			
(i) Loans	8	-	66.58
(ii) Other non-current financial assets	9	33.01	102.48
(b) Income tax assets (net)	11	96.93	-
(c) Deferred tax asset	28	48.97	70.91
Total non-current assets		**1,681.59**	**1,776.91**
Current assets			
(a) Financial assets			
(i) Trade receivables	12	181.92	179.89
(ii) Cash and cash equivalents	13	195.83	267.63
(iii) Loans	8	47.29	-
(iv) Other financial assets	9	83.74	66.10
(b) Current tax asset (net)	11	-	95.50
(c) Other current assets	10	27.38	20.08
Total current assets		**536.16**	**629.20**
TOTAL ASSETS		**2,217.75**	**2,406.11**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	5.01	5.01
(b) Other equity	15	907.42	1,183.96
Total equity		**912.43**	**1,188.97**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	16	925.38	961.13
(b) Employee benefit obligations	17	16.32	19.16
Total non-current liabilities		**941.70**	**980.29**
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	16	65.08	73.40
(ii) Trade payables	21	112.45	37.96
(iii) Other financial liabilities	18	158.28	109.31
(b) Other current liabilities	19	19.53	13.54
(c) Employee benefit obligations	17	2.32	2.64
(d) Income tax liabilities (net)	20	5.96	-
Total current liabilities		**363.62**	**236.85**
Total liabilities		**1,305.32**	**1,217.14**
TOTAL EQUITY AND LIABILITIES		**2,217.75**	**2,406.11**
See accompanying notes to the Special Purpose Consolidated Financial Statements.	1 - 37		

As per our report of even date attached

For M S K A & Associates
Chartered Accountants
Firm's Registration No : 105047W

For and on behalf of the Board of Directors
International Gemmological Institute BV

Ankush Agrawal
Partner
Membership No : 159694

Place: Mumbai
Date: 26 February 2025

Eashwar Iyer
Director

Place: Mumbai
Date: 26 February 2025

Tehmasp Printer
Director

Place: Mumbai
Date: 26 February 2025

International Gemmological Institute BV

Special Purpose Consolidated Statement of Profit and Loss for the year ended 31 December 2024

(Amounts in Rs million, unless otherwise stated)

Particulars	Note	For the year ended 31 December 2024	For the year ended 31 December 2023
Income			
Revenue from operations	22	1,328.26	1,515.84
Other income	23	73.33	12.44
Total income		**1,401.59**	**1,528.28**
Expenses			
Employee benefit expense	24	949.16	858.09
Finance costs	25	51.91	61.98
Depreciation and amortisation expense	26	115.47	176.79
Other expenses	27	513.92	437.27
Total expenses		**1,630.46**	**1,534.13**
Loss before tax		**(228.87)**	**(5.85)**
Tax expense:	28		
- Current tax		(6.25)	(47.30)
- Deferred tax		(23.57)	38.42
Total tax expense		**(29.82)**	**(8.88)**
Loss for the year		**(258.69)**	**(14.73)**
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Foreign currency translation difference of foreign operations		(17.85)	28.30
		(17.85)	**28.30**
Other comprehensive (loss) for the year, net of tax		**(17.85)**	**28.30**
Total comprehensive loss for the year		**(276.54)**	**13.57**
Loss for the year attributable to			
Owners of the Holding Company		(258.69)	(14.73)
Non-controlling interests		-	-
		(258.69)	**(14.73)**
Other comprehensive (loss)/ income or the year attributable to			
Owners of the Holding Company		(17.85)	13.57
Non-controlling interests		**-**	**-**
		(17.85)	**13.57**
Total comprehensive loss for the year attributable to			
Owners of the Holding Company		(276.54)	(1.16)
Non-controlling interests		-	-
		(276.54)	**(1.16)**
Loss per share (in Rs) of face value of Euro 74.40 each			
Basic	34	**(344,913.84)**	**(19,633.53)**
Diluted	34	**(344,913.84)**	**(19,633.53)**

See accompanying notes to the Special Purpose Consolidated Financi: 1 - 37

As per our report of even date attached

For M S K A & Associates
Chartered Accountants
Firm's Registration No : 105047W

For and on behalf of the Board of Directors
International Gemmological Institute BV

Ankush Agrawal
Partner
Membership No : 159694

Place: Mumbai
Date: 26 February 2025

Eashwar Iyer
Director

Place: Mumbai
Date: 26 February 2025

Tehmasp Printer
Director

Place: Mumbai
Date: 26 February 2025

International Gemmological Institute BV

Special Purpose Consolidated Statement of changes in equity for the year ended 31 December 2024

(Amounts in Rs million, unless otherwise stated)

A) Equity share capital

Particulars	Number of shares	Amount
For the year ended 31 December 2023		
Balance as at 1 January 2023	750	5.01
Changes in equity share capital during the year	-	-
Balance as at 31 December 2023	**750**	**5.01**
For the year ended 31 December 2024		
Balance as at 1 January 2024	750	5.01
Changes in Equity share capital during the year	-	-
Balance as at 31 December 2024	**750**	**5.01**

B) Other equity

Particulars	Reserve and Surplus					Other Comprehensive Income	Total
	Retained Earnings	Securities premium	Statutory reserve	Investment reserve	Taxed reserve	Foreign currency translation reserve	
Balance as at 1 January 2023	574.96	534.92	0.50	1.68	2.54	55.79	**1,170.39**
Loss for the year	(14.73)	-	-	-	-	-	**(14.73)**
Foreign currency translation difference during the year	-	-	-	-	-	28.30	**28.30**
Balance as at 31 December 2023	**560.23**	**534.92**	**0.50**	**1.68**	**2.54**	**84.09**	**1,183.96**

Particulars	Reserve and Surplus					Other Comprehensive Income	
	Retained Earnings	Securities premium	Statutory reserve	Investment reserve	Taxed reserve	Foreign currency translation reserve	Total
Balance as at 1 January 2024	560.23	534.92	0.50	1.68	2.54	84.09	**1,183.96**
Loss for the year	(258.69)	-	-	-	-	-	**(258.69)**
Foreign currency translation difference during the year	-	-	-	-	-	(17.85)	**(17.85)**
Balance as at 31 December 2024	**301.54**	**534.92**	**0.50**	**1.68**	**2.54**	**66.24**	**907.42**

See accompanying notes to the Special Purpose Consolidated Financial Statements.

As per our report of even date attached

For M S K A & Associates
Chartered Accountants
Firm's Registration No : 105047W

For and on behalf of the Board of Directors
International Gemmological Institute BV

Ankush Agrawal
Partner
Membership No : 159694

Place: Mumbai
Date: 26 February 2025

Eashwar Iyer
Director

Place: Mumbai
Date: 26 February 2025

Tehmasp Printer
Director

Place: Mumbai
Date: 26 February 2025

International Gemmological Institute BV

Special Purpose Consolidated Statement of Cash Flows for the year ended 31 December 2024

(Amounts in Rs million, unless otherwise stated)

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash flow from operating activities		
Loss before tax	**(228.87)**	**(5.85)**
Adjustments for:		
Depreciation on property, plant and equipment	34.69	26.48
Depreciation on right-of-use assets	80.78	150.31
Notional interest income on security deposit	(7.05)	(8.82)
Interest income on loan to related parties	(4.84)	(2.34)
Interest expense on lease liabilities	51.69	61.21
Reversal of excess provision/ balance written back	(57.88)	-
Provision for doubtful debts	11.46	14.21
Provision for doubtful loans	8.11	-
Operating profit before changes in working capital	**(111.91)**	**235.20**
Changes in working capital :		
Increase in other financial liabilities	48.98	1.09
Increase/(Decrease) in trade payables	74.48	(17.87)
(Decrease)/Increase in provisions	(3.18)	0.02
Increase in other current liabilties	5.99	4.76
Decrease/(Increase) in other financial assets	2.69	(5.60)
(Increase)/Decrease in other current assets	(7.30)	6.18
Decrease/(Increase) in trade receivables	44.39	(43.25)
Cash generated from operating activities before taxes	**54.14**	**180.53**
Income tax paid (net)	(1.72)	(46.08)
Net cash generated from operating activities (A)	**52.42**	**134.45**
Cash flows from investing activities		
Payment for property, plant and equipment	(25.96)	(49.13)
Loans given to related parties	-	(66.58)
Proceeds from loans repaid by related parties	11.18	-
Rental income from sub-lease	60.02	54.62
Interest Income on loan to related parties	0.99	2.34
Net cash generated from/(used in) investing activities (B)	**46.23**	**(58.75)**
Cash flows from financing activities		
Principal payment of lease liabilities	(89.63)	(44.08)
Interest paid	(51.69)	(61.21)
Net cash (used in) financing activities (C)	**(141.32)**	**(105.29)**
Net (decrease) in cash and cash equivalents (A+B+C)	(42.67)	(29.59)
Foreign currency translation difference of foreign operations	(29.13)	9.27
Cash and cash equivalents at the beginning of the year (Note 13)	267.63	287.95
Cash and cash equivalents at the end of the year (Note 13)	**195.83**	**267.63**

The Statement of Cash flow has been prepared under the 'Indirect Method' set out in Ind AS 7 'Statement of Cash flows'.
Refer Note 6.1 for reconciliation of movements of lease liabilities to cash flows arising from financing activities.

See accompanying notes to the Special Purpose Consolidated Financial Statements.

As per our report of even date attached

For M S K A & Associates
Chartered Accountants
Firm's Registration No : 105047W

For and on behalf of the Board of Directors
International Gemmological Institute BV

Ankush Agrawal
Partner
Membership No : 159694

Place: Mumbai
Date: 26 February 2025

Eashwar Iyer
Director

Place: Mumbai
Date: 26 February 2025

Tehmasp Printer
Director

Place: Mumbai
Date: 26 February 2025

International Gemmological Institute BV

Special Purpose Consolidated Notes to the financial statements for year ended 31 December 2024

1 Corporate Information

International Gemmological Institute B.V. (the "Company" or the "Holding Company" or the "Parent Company") is a Private Limited Company register in Belgium, with its registered office situated at Schupstraat, Postal Number 2018, Gemeente - Antwerpen and having corporate identification number (CIN) 0415.201.273.

The Special Purpose Consolidated Financial Statements include the financial statements of the Holding Company and it's subsidiary, as mentioned below (collectively referred to as the "Group").

Name of the subsidiary	Country of incorporation	Percentage holding
International Gemological Institute Inc.	USA	100%

The Group is primarily engaged in the business of certification of diamonds, gemstones and jewellery with comprehensive analysis and clear documentation for consumers. The Group is having school of Gemmology at various locations and offers a variety of courses designed for professionals and consumer enthusiasts.

The Special Purpose Consolidated Financial Statements of the Group for the year ended 31 December 2024 were authorized for issue in accordance with the resolution of the Board of Directors on 26 February 2025.

2 Material accounting policies

2.1 Basis of preparation

The Special Purpose Consolidated Financial Statements have been prepared on a going concern basis under the historical cost convention except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

These Special Purpose Consolidated Financial Statements (Financial Statements') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

These Special Purpose Consolidated Financial Statements have been prepared by the management of the Holding Company for the purposes of providing financial information to Board of Directors of International Gemmological Institute (India) Limited (the "Holding Company") to assist it prepare the consolidated financial statements of the Holding Company.

All amounts included in the Special Purpose Consolidated Financial Statements are reported in Indian Rupees in million (Rs million) except share and per share data, unless otherwise stated. Amount presented as "0" are non-zero numbers rounded off in Rs million. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

2.2 Principles of Consolidation

Subsidiary

Subsidiary is an entity controlled by the Holding company. Control exists when the Holding company is exposed to or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, derecognises any non-controlling interests, derecognizes the cumulative translation difference recorded in equity, recognizes the fair value of the consideration received related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in Special Purpose Consolidated Statement of Profit and Loss.

Consolidation procedure

The Special Purpose Consolidated Financial Statements of the Group has been combined on a line-by-line basis by adding assets, liabilities, income, expense and cash flows. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these Special Purpose Consolidated Financial Statements. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary has been eliminated. The accounting policies of subsidiary have been harmonised to ensure consistency with the policies adopted by the Holding Company.

Foreign subsidiary

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities are translated at the closing rate at the date of the balance sheet
• income and expenses are translated at average exchange rates
• Equity and reserves are translated at historical exchange rates

On Consolidation, exchange differences are recognized as foreign currency translation reserve("FCTR") in Other Comprehensive income and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation).

3 Significant accounting judgements, estimates and assumptions

The preparation of Special Purpose Consolidated Financial Statements in conformity with Ind AS requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The key assumptions concerning 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 Group based its assumptions and estimates on parameters available when the 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 Group. Such changes are reflected in the assumptions when they occur.

3.1 Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon likely timing and level of future taxable profits, together with future tax planning strategies.

3.2 Provision for expected credit losses of trade receivables and contract assets

The Group uses past data and experience based on historical default rates to measure the ECL on trade receivables. Based on evaluation carried out and to the best estimate of management, historical loss sufficiently covers expected loss as well as future contingencies. Adjustment for forward looking factors are not considered significant, hence no adjustment for forward looking factors is made.

3.3 Employee retirement plans

The cost of the compensated absences is based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

3.4 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded, cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.5 Leases - Estimating the incremental borrowing rate and lease term

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates).

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

3.6 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The fair value less costs of disposal calculation is based on observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted cashflow model (DCF model). The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

3.7 Impairment of Goodwill

For testing of impairment of goodwill, if events or changes in circumstances indicate a potential impairment, as part of the review process, the carrying amount of the Cash Generating Units ('CGUs') (including allocated goodwill) is compared with its recoverable amount by the Company. The recoverable amount is the higher of fair value less costs to sell and value in use, both of which are calculated by the Company using a discounted cash flow analysis. Calculating the future net cash flows expected to be generated to determine if impairment exists and to calculate the impairment involves material assumptions, estimation and judgment. The estimation and judgments involve, but are not limited to, industry trends including pricing, estimating longterm revenues growth rates and operating results. The estimated cash flows are developed using internal forecasts. The cash flows are discounted using a discount rate in order to compute present values. An impairment loss recognized for goodwill is not reversed in subsequent periods as per Ind-AS 36 – 'Impairment of assets'.

4 Summary of Material accounting policies

4.1 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is treated as current when it is:
• Expected to be realized or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realized within twelve months after the reporting period
Or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period
Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.

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

Based on the nature of activities of the Group and the time between the acquisition of assets for processing and their realization in Cash or cash equivalents, the Group has ascertained its normal operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

4.2 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Special Purpose Consolidated Statement of Profit and Loss during the year in which they are incurred.

The economic useful life is determined by the Management, basis industry trends, nature of asset and past experience.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

De-recognition: An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4.3 Goodwill and Impairment of Goodwill

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the
(i) fair values of the assets transferred;
(ii) liabilities incurred to the former owners of the acquired business;
(iii) equity interests issued by the group; and
(iv) fair value of any asset or liability resulting from a contingent consideration arrangement.

The excess of the
(i) consideration transferred;
(ii) amount of any non-controlling interest in the acquired entity, and
(iii) acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired and liabilities assumed is recorded as goodwill.

4.4 Foreign Currency Transactions

(a) **Functional and presentation currency**

The functional currency of International Gemological Institute BV is the EURO. Items included in the Special Purpose Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Special Purpose Consolidated Financial Statements are presented in Indian rupee (Rs).

(b) **Transactions and balances**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Special Purpose Consolidated Statement of Profit and Loss.
All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Special Purpose Consolidated Statement of Profit and Loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

4.5 Leases

The Group’s lease asset classes primarily consist of leases of premises. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases, except for short-term leases and leases of low-value assets.

(a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In such cases, the Group reviews the estimated residual values and expected useful lives of assets at least annually.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

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

Lease payments and receipts under operating leases are recognized as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

4.6 Security Deposits

Security deposits are initially recognized at fair value and subsequently measured at amortized cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight-line basis over the lease term.

4.7 Revenue

(a) **Revenue from grading and certification services**

The Group recognizes revenue from grading and certification of diamonds, colored stones and jewellery which is measured at a point in time upon satisfaction of the performance obligation, when the report/certificate in relation to completion of such activities is generated and is ready to be issued to the customer. There are no significant activities undertaken between the time that the report is generated and the time that the customer obtains the report. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts or rebates, if any, as specified in the contract with the customer. Revenue is recognized exclusive of taxes.

(b) **Revenue from educational courses**

Revenue from providing gemological education on sorting and grading of gems, diamond and jeweller is recognized over a period of time as and when the educational course is completed.

4.8 Other Income

(a) Interest income

Interest income is accounted for on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

4.9 Contract Balances

Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognized as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment on the same basis as financial assets that are within the scope of Ind AS 109.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Holding company performs under the contract (i.e. transfers control of the related goods or services to the customer).

4.10 Fair Value Measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability

Or

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

The principal or the most advantageous market must be accessible at the measurement date.

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 asset in its highest and best use or by selling it to another market participant that would use 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the Special Purpose Consolidated Financial Statements, are categorized 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

For assets and liabilities that are recognized in the Special Purpose Consolidated Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.11 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or Cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

4.12 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Group’s rent and other trade receivables do not contain a significant financing component or for which the Group has applied the practical expedient, they are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Subsequent measurement

Financial assets measured at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, security deposit and financial assets included in other receivables.

Financial assets designated at fair value through OCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled in profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Special Purpose Consolidated financial statement at fair value with net changes in fair value recognized in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognized as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward looking information.

Simplified approach

For trade receivables and contract assets, that do not contain a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(b) Financial Liabilities

The Group recognizes a financial liability when it first becomes a party to the contractual rights and obligations in the contract. All financial liabilities are initially recognized at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortized cost, using the effective interest method unless the Group opted to measure a liability at FVTPL. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Financial liabilities included in trade and other payables, borrowings and other financial liabilities. The effective interest rate amortization is included in finance costs in profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(c) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(d) Offsetting of financial instruments

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

4.13 Employee benefits

(i) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, wages and bonus. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

(ii) Long-term employment benefits

(A) Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related services are recognized as a liability at the present value of the other long-term employment benefits which is determined at each balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognized immediately in the Other Comprehensive Income.

4.14 Taxes

Income tax expenses comprises of current tax expenses and deferred tax charge / credit.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

(I) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

(i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.15 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprises cash at bank and on hand subject to an insignificant risk of changes in value.

4.16 Provisions and contingencies

Provisions: A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent Liability: A contingent liability is

(a) a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or

(b) a present obligation that arises from past events but is not recognized because;
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognize a contingent liability but discloses the same as per the requirements of Ind AS 37.

Contingent Asset: A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Group does not recognize a contingent assets but discloses the same as per the requirements of Ind AS 37.

4.17 Segment reporting

The operating segments have been identified based on the conditions specified in paragraph 5 to Ind AS 108, i.e. an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

5 Recent accounting pronouncements

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

1. Ind AS 117 Insurance Contracts - Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement as well as presentation and disclosure requirements for insurance arrangements. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts and reinsurance contracts regardless of the type of entities that issues them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 would not have any material impact on the Group's financial statements as the Group has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

2. Amendment to Ind AS 116 Leases – Lease Liability in a Sale and Leaseback -The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 April 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116. The amendment would not have a material impact on the Group's financial statements.

(Amounts in Rs million, unless otherwise stated)

6 (a) Property, plant and equipment

Particulars	Land	Leasehold Improvements	Buildings	Fitment rented buildings	Furniture and Fixtures	Equipment and Tools	Precious Stones & Laboratory Master Sets	Total
Gross carrying amount								
Balance as at 1 January 2023	8.33	32.49	0.81	4.55	11.98	101.18	75.02	234.36
Additions		13.74	-	3.67	12.28	16.44	0.34	46.47
Deductions/ adjustments		-	-	-	-	(1.96)	-	(1.96)
Translation exchange difference		0.15	0.35	0.24	0.08	2.55	1.46	4.83
Balance as at 31 December 2023	**8.33**	**46.38**	**1.16**	**8.46**	**24.34**	**118.21**	**76.82**	**283.70**
Accumulated Depreciation								
Balance as at 1 January 2023	-	3.94	0.33	1.34	0.67	26.70	-	32.98
Deductions/ adjustments	-	3.10	0.18	1.17	2.74	19.29	-	26.48
Translation exchange difference	-	0.02	0.02	0.07	0.01	0.08	-	0.20
Balance as at 31 December 2023	**-**	**7.06**	**0.53**	**2.58**	**3.42**	**46.07**	**-**	**59.66**
Net carrying amount as at 31 December 2023	**8.33**	**39.32**	**0.63**	**5.88**	**20.92**	**72.14**	**76.82**	**224.04**
Balance as at 1 January 2024	8.33	46.38	1.16	8.46	24.34	118.21	76.82	283.70
Additions	-	0.31	-	-	-	30.12	-	30.42
Deductions/ adjustments	-	-	-	-	-	-	(7.67)	(7.67)
Translation exchange difference	(0.28)	1.42	(0.32)	(0.29)	0.71	0.87	1.41	3.52
Balance as at 31 December 2024	**8.05**	**48.11**	**0.84**	**8.17**	**25.05**	**149.20**	**70.56**	**309.97**
Accumulated Depreciation								
Balance as at 1 January 2024	-	7.06	0.53	2.58	3.42	46.07	-	59.66
Depreciation charge during the year	-	4.58	0.14	1.06	3.62	25.29	-	34.69
Disposals/adjustments	-	-	-	-	-	-	-	-
Translation exchange difference	-	0.32	(0.04)	(0.09)	0.18	(0.05)	-	0.31
Balance as at 31 December 2024	**-**	**11.96**	**0.63**	**3.55**	**7.22**	**71.31**	**-**	**94.66**
Net carrying amount as at 31 December 2024	**8.05**	**36.15**	**0.21**	**4.62**	**17.83**	**77.89**	**70.56**	**215.31**

Note 1: No revaluation of property, plant and equipment were carried out during the current and previous year.

Note 2: The title deeds of all the immovable properties (other than properties where the group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group.

(Amounts in Rs million, unless otherwise stated)

6.1 Leases

A Leases as lessee

i. Right-of-use asset

Set out below are the carrying amounts of right-of-use assets

Particulars	Leasehold Premises	Total
Gross carrying amount		
Opening balance as at 1 January 2023	**335.44**	**335.44**
Additions	861.34	861.34
Derecognition of right-of-use assets*	(78.49)	(78.49)
Translation exchange difference	3.04	3.04
As at 31 December 2023	**1,121.33**	**1,121.33**
Accumulated depreciation		
Balance as at 1 January 2023	194.89	194.89
Depreciation expense	150.31	150.31
Translation exchange difference	1.08	1.08
As at 31 December 2023	**346.28**	**346.28**
Net Carrying amount	**775.05**	**775.05**
Gross carrying amount		
Opening balance as at 1 January 2024	**1,121.33**	**1,121.33**
Additions	49.00	49.00
Deletions/Adjustments	-	-
Translation exchange difference	35.35	35.35
As at 31 December 2024	**1,205.68**	**1,205.68**
Accumulated depreciation		
Balance as at 1 January 2024	346.28	346.28
Depreciation expense	80.78	80.78
Translation exchange difference	11.05	11.05
As at 31 December 2024	**438.11**	**438.11**
Net Carrying amount	**767.57**	**767.57**

*Derecognition of the right-of-use assets is as a result of entering into a finance sub-lease

ii. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	As at 31 December 2024	As at 31 December 2024
Balance as at the beginning of the year	**1,034.53**	**268.09**
Addition/ Adjustments	37.60	807.78
Accretion of interest	51.69	61.21
Rent Payments	(141.32)	(105.29)
Translation exchange difference	7.96	2.74
Balance as at the end of the year	**990.46**	**1,034.53**

Refer note in cash flow for reconciliation with cash flow of lease payment

(Amounts in Rs million, unless otherwise stated)

The following is the break-up of lease liabilities as at reporting date

Particulars	As at 31 December 2024	As at 31 December 2024
Non-current lease liabilities	925.38	961.13
Current lease liabilities	65.08	73.40
Total	**990.46**	**1,034.53**

The following are the amounts recognized in profit or loss:

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Depreciation expense of right-of-use assets	80.78	150.31
Interest expense on lease liabilities	51.69	61.21
Expense relating to short-term leases	5.89	12.70

The below table provides the details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Less than 1 year	130.85	139.72
1-5 years	509.45	415.79
More than 5 years	938.80	1,116.53
Total	**1,579.10**	**1,672.04**

The Company had total cash outflows for leases of Rs 141.32 million for the year ended 31 December 2024 (31 December 2023: Rs 105.29 million).

B Leases as lessor

The Group has sub-leased a property that has been presented as a right-of-use asset.

During the year ended 31 December 2024, the Group recognised interest income on lease receivables of Rs 5.53 Millions (31 December 2023: Rs 5.53 Millions).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Particulars	As at 31 December 2024	As at 31 December 2023
Less than 1 year	39.79	64.97
1-5 years	-	38.61
More than 5 years	-	-
Total	**39.79**	**103.58**

(Amounts in Rs million, unless otherwise stated)

7 Goodwill

Particulars	Goodwill	Total
As at 1 January 2023	518.25	**518.25**
Additions during the year	-	-
Foreign currency translation reserve	19.60	19.60
As at 31 December 2023	**537.85**	**537.85**
Additions during the year	-	-
Foreign currency translation reserve	(18.05)	**(18.05)**
As at 31 December 2024	**519.80**	**519.80**

Goodwill is arising on account of acquisition of International Gemological Institute Inc.

The aggregate carrying amounts of goodwill allocated to acquisition is as follows :

	31 December 2024	31 December 2023
International Gemological Institute Inc	519.80	537.85

The recoverable amount of the CGUs have been determined based on the value in use, determining by discounting the future cash flows to be generated from the continuing use of the CGU. Discount rates reflect Management's estimate of risk specific to each CGU. The cashflow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on Management's estimate which is consistent with the internal / external sources of information.

Based on the above assumptions and analysis, no impairment was identified for any of the cash generating unit as at 31 December 2024 and 31 December 2023 as the recoverable value of the cash generating unit exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used for revenue growth and discount rate applied. An analysis of the sensitivity for the computation to a change in key parameters discount rates and average growth rate, based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the cash generating units would decrease below its carrying amount.

(Amounts in Rs million, unless otherwise stated)

8 Loans

	Non current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Loans to related parties*	-	66.58	55.40	-
Less: Loss allowance	-	-	(8.11)	-
	-	**66.58**	**47.29**	**-**

* Refer note 30

9 Other financial assets

	Non current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Security deposits	33.01	64.49	37.87	-
Interest accrued on loan to related parties	-	-	6.07	2.18
Less: Loss allowance	-	-	(0.05)	-
Sublease receivable	-	37.99	39.13	61.16
Other receivables	-	-	0.72	2.76
	33.01	**102.48**	**83.74**	**66.10**

* Refer note 30

10 Other assets

	Non current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Advances to suppliers	-	-	7.63	0.22
Balance With Government authorities	-	-	2.89	1.44
Prepaid expenses	-	-	16.86	18.42
	-	**-**	**27.38**	**20.08**

11 (b) Income tax assets (net)

	Non current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Tax receivables (net)	96.93	-	-	95.50
	96.93	**-**	**-**	**95.50**

(Amounts in Rs million, unless otherwise stated)

12 Trade receivables

Particulars	As at 31 December 2024	As at 31 December 2023
Trade receivables*		
Unsecured, considered good	173.70	179.89
Unsecured, considered dobutful	37.79	58.68
	211.49	**238.57**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(29.57)	(58.68)
	(29.57)	**(58.68)**
	181.92	**179.89**

** Refer note 30*

13 Cash and cash equivalents

Particulars	As at 31 December 2024	As at 31 December 2023
Cash on hand	3.77	4.47
Balances with banks:		
In Current accounts	192.06	263.16
	195.83	**267.63**

Special Purpose Consolidated Notes to the financial statements for the year ended 31 December 2024

(Amounts in Rs million, unless otherwise stated)

14 (a) Equity share capital

Particulars	As at 31 December 2024	As at 31 December 2023
Authorized:		
750 (31 December 2023: 750) Equity Shares of Euro 74.40 each	5.01	5.01
	5.01	**5.01**
Issued, subscribed and paid-up capital:		
750 (31 December 2023: 750) Equity Shares of Euro 74.40 each fully paid-up	5.01	5.01
	5.01	**5.01**

15 (b) Other equity

Particulars	As at 31 December 2024	As at 31 December 2023
Retained earnings	301.54	560.23
Securities premium	534.92	534.92
Statutory reserve	0.50	0.50
Investment reserve	1.68	1.68
Taxed Reserves	2.54	2.54
Foreign currency translation reserve	66.24	84.09
	907.42	**1,183.96**

(a) Retained earnings

	As at 31 December 2024	As at 31 December 2023
Opening balance	560.23	574.96
Loss for the year	(258.69)	(14.73)
Closing balance	**301.54**	**560.23**

(b) Securities premium

	As at 31 December 2024	As at 31 December 2023
Opening balance	534.92	534.92
Addition/(Deletion)	-	-
Closing balance	**534.92**	**534.92**

(c) Legal reserve

	As at 31 December 2024	As at 31 December 2023
Opening balance	0.50	0.50
Addition/(Deletion)	-	-
Closing balance	**0.50**	**0.50**

(d) Investment reserve

	As at 31 December 2024	As at 31 December 2023
Opening balance	1.68	1.68
Addition/(Deletion)	-	-
Closing balance	**1.68**	**1.68**

(e) Taxed Reserves

	As at 31 December 2024	As at 31 December 2023
Opening balance	2.54	2.54
Addition/(Deletion)	-	-
Closing balance	**2.54**	**2.54**

(Amounts in Rs million, unless otherwise stated)

(f) Foreign currency translation reserve

	As at 31 December 2024	As at 31 December 2023
Opening balance	84.09	55.79
Addition/(Deletion)	(17.85)	28.30
Closing balance	**66.24**	**84.09**

Nature & Purpose of Reserves

General Reserve: General reserve is created from time to time by transferring profits from retained earnings and can be utilized for purposes such as dividend payout, bonus issue, etc.

Retained Earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to general reserves, dividends or other distributions paid to shareholders.

Legal reserve: The legal reserve is part of a Company's equity that cannot be distributed to shareholders. According to the Thai Civil and Commercial Code : Section 1202 Reserve Fund. The Company must also appropriate a reserve fund (called "Legal Reserve"), at each distribution of dividend, being at least one-twentieth (5%) of the net profit after tax (Retained earnings and annual net profit) or more until such appropriation reaches one-tenth (10%) of the registered capital of the Company. This requirement is included in the law for protection to creditors who will have the right to receive payment before shareholders when dissolution of company.

Share Premium: Share premium account comprises of premium on issue of shares

Foreign currency translation reserve: Gains/losses arising on translation of foreign operations are recognised in FCTR.

Investment reserve: This reserve is transferred from retained earnings.

Taxed reserve: This reserve is transferred from retained earnings.

Legal reseve, Investment reserve and Taxed reserve pertains to the Holding Company.

(Amounts in Rs million, unless otherwise stated)

16 Lease liabilities

	Non Current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Lease liabilities (Refer note 6.1)	925.38	961.13	65.08	73.40
	925.38	**961.13**	**65.08**	**73.40**

17 (b) Employee benefit obligations

	Non Current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Compensated absences, unfunded (Refer note 29)	16.32	19.16	2.32	2.64
	16.32	**19.16**	**2.32**	**2.64**

18 Other financial liabilities

	Non Current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Employee related payables*	-	-	152.78	56.90
Other payables	-	-	5.50	52.41
	-	**-**	**158.28**	**109.31**

** Refer note 30*

19 Other current liabilities

	Non Current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Advance from customers	-	-	15.94	4.29
Statutory dues payable	-	-	3.59	9.25
	-	**-**	**19.53**	**13.54**

20 Income Tax liabilities (net)

	Non Current		Current	
Particulars	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
Tax payable	-	-	5.96	-
	-	**-**	**5.96**	**-**

21 Trade payables

Particulars	**As at 31 December 2024**	**As at 31 December 2023**
Trade payables *	112.45	37.96
	112.45	**37.96**

**Refer note 30*

(Amounts in Rs million, unless otherwise stated)

22 Revenue from operations

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Sale of services		
Certification services	1,222.78	1,414.96
Educational courses	47.08	55.74
	1,269.86	**1,470.70**
Other Operating Revenue		
Commission income	58.40	45.14
	58.40	**45.14**
Total Revenue from operations	**1,328.26**	**1,515.84**

23 Other income

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest income for financial assets measured at amortised cost	7.05	8.82
Interest income on loan to related parties (Refer note 30)	4.84	2.34
Foreign exchange gain	0.82	-
Reversal of excess provision	57.88	-
Miscellaneous income	2.74	1.28
Total Other income	**73.33**	**12.44**

24 Employee benefit expense

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Salaries, wages and bonus	877.54	761.31
Staff welfare expense	14.31	36.86
Contribution to provident and other funds	60.50	59.98
Compensated absences expenses (Refer note 29)	(3.19)	(0.06)
Total Employee benefit expenses	**949.16**	**858.09**

25 Finance costs

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest expenses on financial liabilities measured at amortized cost:		
Interest expense and other finance charges	0.22	0.77
Interest on lease liabilities	51.69	61.21
	51.91	**61.98**
Total Finance costs	**51.91**	**61.98**

26 Depreciation and amortisation expense

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Depreciation on property, plant and equipment	34.69	26.48
Depreciation on right-of-use assets	80.78	150.31
Total Depreciation and amortisation expense	**115.47**	**176.79**

(Amounts in Rs million, unless otherwise stated)

27 Other expenses

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Legal and professional fees	158.72	85.77
Stationery and consumables	98.27	111.00
Advertising and exhibition expenses	12.50	35.66
Rent expense	5.89	12.70
Travelling and conveyance	21.66	23.46
Office and administrative expenses	20.09	13.65
Computer expenses	10.55	13.13
Business promotion expenses	72.90	25.94
Repair and maintenance - others	7.48	6.89
Communication fee	7.17	8.03
Freight and forwarding expenses	11.26	11.91
Electricity Expenses	1.18	0.92
Insurance expense	14.31	7.52
Rates and taxes	8.19	8.59
Bad debts	24.65	3.77
Bank charges	2.03	2.34
Foreign exchange losses	-	5.17
Laboratory Expenses	-	0.60
Provision for doubtful debts	11.46	14.21
Provision For doubtful loans	8.11	-
Commission expense	3.37	19.65
Miscellaneous expenses	13.51	18.00
Repairs and maintenance - equipment & tool	0.62	-
Repairs and maintenance - buildings	-	8.36
Total Other expenses	**513.92**	**437.27**

(Amounts in Rs million, unless otherwise stated)

28 Tax expense

(i) The major components tax expense are:

Statement of profit or loss

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Current income tax:		
Current income tax charge	6.25	47.30
Deferred tax charge/(credit)		
Relating to origination and reversal of temporary differences	23.57	(38.42)
Income tax expense reported in the statement of profit or loss	**29.82**	**8.88**

(ii) Reconciliation of tax expense and the accounting profit multiplied by tax rate is, as follows:

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Accounting loss before income tax	**(228.87)**	**(5.85)**
Computed tax expense	25%	25%
At statutory income tax rate of 25%	**(57.22)**	**(1.46)**
Adjustments:		
Tax impact on permanent differences	5.42	2.45
Tax paid on profits of holding company	6.25	-
Tax impact of items charged at different rate	7.05	7.73
Deferred tax not recognised	68.32	0.16
Net tax expense	**29.82**	**8.88**

(iii) Deferred tax assets/ (deferred tax liabilities) relates to the following:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Property Plant and equipment	(17.71)	(13.42)
Provision for expected credit loss	5.40	6.31
Provision for compensated absences	7.93	16.83
Right of use assets	287.51	300.29
Lease liabilities	(222.80)	(239.10)
Sublease receivable	(11.36)	-
Deferred tax assets/(Liabilities) net	**48.97**	**70.91**

Reflected in the statement of financial position as follows:

Particulars	As at 31 December 2024	As at 31 December 2023
Deferred tax assets	48.97	70.91
Deferred tax liabilities	-	-
Deferred tax assets/(Liabilities) net	**48.97**	**70.91**

(iv) Movement in deferred tax assets/ (liabilities)

Particulars	As at 1 January 2023	Impact on Profit and loss	Impact on other comprehensive income	Exchange Difference	As at 31 December 2023
Property Plant and equipment	(4.74)	(8.64)	-	(0.04)	(13.42)
Provision for compensated absences	5.69	0.61	-	0.02	6.31
Provision for expected credit loss	11.33	5.44	-	0.06	16.83
Lease liabilities	70.06	229.45	-	0.78	300.29
Right to use of asset	(54.87)	(183.63)	-	(0.60)	(239.10)
Others	4.80	(4.81)	-	0.01	-
Total	**32.27**	**38.42**	**-**	**0.23**	**70.91**

Particulars	As at 1 January 2024	Impact on Profit and loss	Impact on other comprehensive income	Exchange Difference	As at 31 December 2024
Property Plant and equipment	(13.42)	(3.83)	-	(0.47)	(17.71)
Provision for compensated absences	6.31	(1.13)	-	0.22	5.40
Provision for expected credit loss	16.83	(9.48)	-	0.58	7.93
Lease liability	300.29	(22.37)	-	9.59	287.51
Right to use of asset	(239.10)	24.60	-	(8.30)	(222.80)
Sublease receivable	-	(11.36)	-	-	(11.36)
	70.91	**(23.57)**	**-**	**1.62**	**48.97**

(Amounts in INR millions, unless otherwise stated)

29 Employee benefits

(A) Defined benefit plans

I. Compensated absences

The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The value of the liabilities equal to the benefits accrued on the valuation date but based on the salaries projected to the assumed date of exit i.e. retirement, death or resignation.

Amount recognized in the Special Purpose Consolidated Balance Sheet

Particulars	As at 31 December 2024	As at 31 December 2023
Present value of defined benefit obligation	18.64	21.80
Current portion	2.32	2.64
Non current portion	16.32	19.16

International Gemological Institute BV

Special Purpose Consolidated Notes to the financial statements for year ended 31 December 2024
(Amounts in INR millions, unless otherwise stated)

30 Related party disclosures

a) Name of related parties & relationship

Relationship	Name of party
Holding Company (Upto 19 May 2023)	Alpha Yu B.V.
Holding Company (Upto 19 May 2023)	Lorie Holdings B.V.
Holding Company (From 19 May 2023 till 18 December 2024)	BCP Asia ll Topco Pte. Ltd.
Holding Company (From 19 December 2024)	International Gemmological Institute (India) Limited
Wholly Owned Subsidiary	International Gemmological Institute Inc.
Fellow subsidiary	IGI Gemmological Institute Turkey Precious Stone Certification Services Joint Stock Company
Fellow subsidiary	International Gemmological Institute Netherlands BV
Fellow subsidiary	International Company For Gemological Consulting (IGI)
Fellow subsidiary	I.G.I International Gemmological Institute (Israel) Ltd.
Fellow subsidiary	International Gemological Institute DMCC
Fellow subsidiary	International Gemological Institute (HK) Limited
Fellow subsidiary	International Gemmological Identification (Thailand) Limited
Fellow subsidiary	IGI (Shanghai) Business Consulting Co., Ltd.
Fellow subsidiary	IGI (Shanghai) Gemological Research and Testing Ltd.
Fellow subsidiary	IGI (Shanghai) Gemological Training Co., Ltd.
Fellow subsidiary	IGI (Shenzhen) Gemological Testing Ltd.
Key Management Personnel (till 31 January 2025)	Deborah Morgane T Grosman
President (w.e.f. 06 July 2024)	Stevens Tiffany
President (Until 15 July 2024)	Avi Levy
Key Management Personnel (CFO) (wef 26 October 2023)	Eashwar Iyer

b) Related party transactions during the year

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Employee Benefit Expenses		
Deborah Morgane T Grosman	31.17	24.16
Avi Levy	64.42	38.63
Stevens Tiffany	15.45	-
Purchases		
International Gemmological Institute (India) Limited	1.36	3.20
International Gemological Institute DMCC	0.24	2.13
I.G.I. International Gemmological Institute (Israel) Ltd.	0.13	-
Purchases of Diamond sets		
International Gemmological Institute (India) Limited	0.97	
Purchase of D-check machine		
International Gemmological Institute (India) Limited	0.03	-
Sales - commission		
International Gemmological Institute (India) Limited	58.40	45.14
Commission expense		
International Gemmological Institute (India) Limited	3.37	19.65
Payment against various expense		
International Gemmological Institute (India) Limited	1.11	7.93
International Gemological Institute (HK) Limited	0.06	-
International Gemological Institute DMCC	0.01	-
Reimbursement of expenses		
IGI (Shanghai) Gemological Research and Testing Limited	0.31	-
International Gemmological Institute (India) Limited	0.05	-
International Gemological Institute (HK) Limited	0.05	-
International Gemmological Identification (Thailand) Limited	0.02	-
International Gemological Institute DMCC	0.01	-
I.G.I. International Gemmological Institute (Israel) Ltd.	0.04	-

(Amounts in INR millions, unless otherwise stated)

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Sale of Stationery		
International Gemmological Institute (India) Limited	1.57	-
International Gemological Institute (HK) Limited	0.34	-
International Gemmological Identification (Thailand) Limited	0.46	-
International Gemological Institute DMCC	0.15	-
I.G.I. International Gemmological Institute (Israel) Ltd.	3.43	-
Sales - certification		
I.G.I. International Gemmological Institute (Israel) Ltd.	-	5.04
International Gemmological Institute (India) Limited	-	1.92
Sale of Diamond		
International Gemological Institute DMCC	3.44	-
Interest Income		
I.G.I International Gemmological Institute (Israel) Ltd.	0.46	0.02
International Gemmological Institute Netherlands BV	4.38	2.32
Loan to Related Parties		
I.G.I International Gemmological Institute (Israel) Ltd.	-	8.29
International Gemmological Institute Netherlands BV	-	58.00
Loan repaid by Related Parties		
International Gemmological Institute Netherlands BV	11.18	-
Provision for doubtful debts		
I.G.I. International Gemmological Institute (Israel) Ltd.	8.11	-

c) Outstanding balances as at year end

Particulars	As at 31 December 2024	As at 31 December 2023
Trade Receivable		
International Gemmological Institute (India) Limited	39.85	23.07
International Gemological Institute DMCC	3.55	-
I.G.I International Gemmological Institute (Israel) Ltd.	7.93	4.28
Other Receivable		
IGI (Shanghai) Gemological Research and Testing Limited	0.31	-
International Gemological Institute (HK) Limited	0.38	-
International Gemmological Identification (Thailand) Limited	0.01	-
Trade Payable		
International Gemmological Institute (India) Limited	15.99	8.20
International Gemological Institute (HK) Limited	0.06	-
I.G.I International Gemmological Institute (Israel) Ltd.	-	0.56
International Gemological Institute DMCC	0.05	-
IGI (Shanghai) Gemological Training Co., Ltd.	0.64	
Loans given		
I.G.I International Gemmological Institute (Israel) Ltd.	8.11	8.30
International Gemmological Institute Netherlands BV	47.29	58.28
Accrued Interest on Loans given		
I.G.I International Gemmological Institute (Israel) Ltd.	0.05	0.02
International Gemmological Institute Netherlands BV	6.02	2.16
Employee Payables		
Deborah Morgane T Grosman	-	7.95
Avi Levy	-	2.82

(Amounts in INR millions, unless otherwise stated)

31 Financial instruments risk management objectives and policies

The Group is exposed primarily to market risk, credit risk and liquidity risk. The management of the Group oversees the management of these risks. The management advises on financial risks and the appropriate financial risk governance framework for the Group and also provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

i) Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its bank borrowings obtained with floating interest rates.
The Group is not exposed to the interest rate risk as there are no variable interest bearing borrowings/ investments.

ii) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the financial instruments dominated in foreign currency is very minimal, hence no major foreign currency risk exists.

(b) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group’s trade receivables, security deposits, loans and other financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The gross carrying amounts of following financial assets represent the maximum credit risk exposure:

	As at 31 December 2024	As at 31 December 2023
Loans	47.29	66.58
Cash and cash equivalents	195.83	267.63
Security deposits	33.01	64.49
Other financial assets	83.74	104.09
	359.87	**502.79**

Balances with banks are considered to have negligible risk or nil risk, as they are maintained with high rated banks as approved by the Board of directors.

Based on assessment carried by the Group, entire receivable under this category is classified as "Stage 1". There is no history of loss and credit risk and the amount of provision for expected credit losses on other financial assets is negligible.

Loans are given to related parties and as per the management same does not have any credit risk, hence provision for expected credit losses is not required.

Trade receivables:
The Group applies the Ind AS 109 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses past data and experience based on Group's historical default rates to measure the ECL on trade receivables. Based on evaluation carried out and to the best estimate of management, historical loss sufficiently covers expected loss as well as future contingencies. Adjustment for forward looking factors are not considered significant, hence no adjustment for forward looking factors is made.

(Amounts in INR millions, unless otherwise stated)

Computation of Allowance for impairment losses:
Specific provision: Entire trade receivables outstanding as at reporting period are assessed for specific provisioning. Items considered when determining allowance amounts include sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, availability of other financial support and realizable value of collateral and timing of expected cash flows. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention. Specific provision may be required due to various reasons such as credit deterioration, etc. Trade receivable under specific provision case, are assessed individually. The impairment allowances is recognized to the extent of trade receivables not covered by fair value of collaterals.

Collective Provisions: ECL is computed based on the trade receivable as at reporting period minus specific provision by applying the bucket wise lifetime loss rate (PDs) determined for each reporting period.

The movement in provision for expected credit loss is as follows:

	As at 31 December 2024	As at 31 December 2023
Opening provision	58.68	44.25
Impairment loss recognized	11.46	14.21
Amounts written off	(38.93)	-
Foreign exchange movement	(1.64)	0.22
Closing provision	**29.57**	**58.68**

(c) Liquidity risk
Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Group’s treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The management monitors the Group’s net liquidity position through forecasts on the basis of expected cash flows. Group has sufficient working capital to meets its financial commitments shown below.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Within 1 year	1 to 5 years	More than 5 years	Total
As at 31 December 2024				
Lease liabilities	130.85	509.45	938.80	1,579.10
Trade payables	112.45	-	-	112.45
Other financial liabilities	158.28	-	-	158.28
	401.58	**509.45**	**938.80**	**1,849.83**
As at 31 December 2023				
Lease liabilities	139.72	415.79	1,116.53	1,672.03
Trade payables	37.96	-	-	37.96
Other financial liabilities	109.31	-	-	109.31
	286.99	**415.79**	**1,116.53**	**1,819.30**

31.1 Fair value measurement hierarchy
All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized 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

All below mentioned financial assets and financial liabilities are measured using valuation techniques in accordance with level 3.

The fair value of cash and cash equivalents, trade receivables, loans, trade payables, other financial liabilities and other financial assets approximate their carrying amount largely due to short term nature of these instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security deposits are not significantly different from the carrying amount.

(Amounts in INR millions, unless otherwise stated)

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at 31 December 2024 are as follows:

	FVTPL	Amortized cost	FVTOCI	Total
Financial assets				
Non Current				
Other financial assets	-	33.01	-	33.01
Current				
Trade receivables	-	181.92	-	181.92
Cash and cash equivalents	-	195.83	-	195.83
Loans	-	47.29	-	47.29
Other financial assets	-	83.74	-	83.74
	-	**541.79**	**-**	**541.79**
Financial Liabilities				
Non Current				
Lease liabilities	-	925.38	-	925.38
Current				
Lease liabilities	-	65.08	-	65.08
Trade payables	-	112.45	-	112.45
Other financial liabilities	-	158.28	-	158.28
	-	**1,261.19**	**-**	**1,261.19**

The carrying amounts of each of the categories of financial instruments as at 31 December 2023 are as follows:

	FVTPL	Amortized cost	FVTOCI	Total
Financial assets				
Non Current				
Loans	-	66.58		66.58
Other financial assets	-	102.48	-	102.48
Current				
Trade receivables	-	179.89	-	179.89
Cash and cash equivalents	-	267.63	-	267.63
Other financial assets	-	66.10	-	66.10
	-	**682.68**	**-**	**682.68**
Financial Liabilities				
Non Current				
Lease liabilities		961.13		961.13
Current				
Lease liabilities	-	73.40	-	73.40
Trade payables	-	37.96	-	37.96
Other financial liabilities	-	109.31	-	109.31
	-	**1,181.80**	**-**	**1,181.80**

(Amounts in INR millions, unless otherwise stated)

32 Capital management

The Group's objectives when managing capital are to:
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity'. No changes were made in the objectives, policies or processes for managing capital during the reporting periods. There are no Debts taken by the Group. Therefore, Capital structure comprised of only equity as there are no external debts availed by Group.

Particulars	**As at 31 December 2024**	**As at 31 December 2023**
Interest bearing loans and borrowings	-	-
Less: Cash and Bank balances	(195.83)	(267.63)
Adjusted net debt	**(195.83)**	**(267.63)**
Total equity	**912.43**	**1,188.97**
Gearing ratio [Net debt/(total equity)]	**-**	**-**

33 Contingent liabilities and Commitments

(a) KS Trade LLC ("Complainant") has filed a complaint dated December 21, 2017 ("Complaint") against IGI International Gemmological Institute Inc. (IGI USA), International Gemmological Institute DMCC (IGI UAE) along with the Company (collectively, "IGI Entities") and others (together with IGI Entities, "Defendants"), before the Supreme Court of the State of New York. The Complainant has demanded USD 0.75 million and alleged inter alia that the Defendants conspired to misrepresent the true value of diamonds by intentionally over-grading diamonds in IGI Entities' affiliated laboratories outside of New York, thereby allowing diamond dealers and wholesalers to re-sell diamonds at artificially inflated prices. It has also been alleged that IGI USA's grading standards differs substantially from those of other IGI Entities outside New York and it offers to over-grade diamonds in line with Other IGI Entities' grading standard for an illicit fee. The Group have refuted these allegations and the matter is under litigation.

(Amounts in Rs million, unless otherwise stated)

34 Earnings per share

Basic EPS amount is calculated by dividing the profit/loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit/loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table set forth the computation of basic and dilutive earnings per share:

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Loss for the year attributable to equity shareholders	(258.69)	(14.73)
Weighted average number of shares	750	750
Earnings per equity share# [Face value of Euro 74.40 each]	**(344,913.84)**	**(19,633.53)**

Basic and diluted earnings per share during the year are same as the Group has no potentially dilutive equity shares outstanding as at the year end.

Reconciliation of shares used in computing earnings per share

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
No. of equity shares at the beginning of the year	750	750
Add: shares issued during the year	-	-
No. of equity shares at the end of the year	**750**	**750**
Weighted average number of equity shares of Euro 74.40 each used for calculation of basic and diluted earnings per share	**750**	**750**

(Amounts in Rs million, unless otherwise stated)

35 Revenue from customers

(a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Revenue from contract with customers:		
Sale of services		
Certification services	1,222.78	1,414.96
Educational courses	47.08	55.74
Gross revenue from contract with customers	1,269.86	1,470.70
Less: Consideration payable to customers	-	-
Net revenue from contract with customers	**1,269.86**	**1,470.70**
Geographical markets		
Belgium	385.42	440.32
Outside Belgium	884.44	1,030.38
Net revenue from contract with customers	**1,269.86**	**1,470.70**
Timing of revenue recognition		
Goods or services transferred at a point in time	1,222.78	1,414.96
Goods or Services transferred over time	47.08	55.74
Net revenue from contract with customers	**1,269.86**	**1,470.70**

(b) Reconciling the amount of revenue recognised in the Statement of profit and loss with the contracted price:

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Revenue as per contracted price	1,299.78	1,573.72
Less: Rebate, discount and other adjustments	(29.92)	(103.02)
Revenue from contract with customers	**1,269.86**	**1,470.70**

(c) Contract balances

The following table provides information about receivables, unbilled revenue and deferred revenue from contracts with customers:

	As at 31 December 2024	As at 31 December 2024
Trade Receivables	181.92	179.89

For details on Performance obligations (Refer accounting policy note 4.9)

36 Segment reporting

The Group's business activity primarily falls within a single business segment based on the nature of activity involved, which is in line with the business risks attached with the segment having regard to the internal organization and management structure. The CODM reviews the Group's performance as a single business segment and not at any other disaggregated level. Hence, no separate financial disclosures provided in respect of its single business segment.

a) Break up of revenue based on geographical segment

Particulars	For the year ended 31 December 2024	For the year ended 31 December 2023
Belgium	385.42	440.32
Outside Belgium	884.44	1,030.38
Total	**1,269.86**	**1,470.70**

b) The carrying amount of Non current operating assets by location of assets

Particulars	As at 31 December 2024	As at 31 December 2023
Belgium	622.55	635.34
Outside Belgium	880.12	901.62
Total	**1,502.68**	**1,536.96**

Note - There is no single external customer amount to 10% or more of group's revenues.

37 Subsequent events

There are no subsequent events after the end of reporting period which have impact on the Special Purpose Consolidated Financial Statements.

As per our report of even date attached

For M S K A & Associates
Chartered Accountants
Firm's Registration No : 105047W

For and on behalf of the Board of Directors
International Gemmological Institute BV

Ankush Agrawal
Partner
Membership No : 159694

Place: Mumbai
Date: 26 February 2025

Eashwar Iyer
Director

Place: Mumbai
Date: 26 February 2025

Tehmasp Printer
Director

Place: Mumbai
Date: 26 February 2025