

**INDEPENDENT AUDITORS' REPORT**

**To the Members of
Satva Jewellery and Design Limited.**

Report on the Audit of the Financial Statements**1. Opinion**

We have audited the financial statements of **M/s Satva Jewellery and Design Limited** ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

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4. Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. The Company is in process of merger with its holding company KDDL Ltd. as reported/disclosed at Note no-21 of attached Balance Sheet.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(ii) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss, the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company, As per the Board of Directors of the company, in view of the MCA Notification No. G.S.R. 583(E) dated 13 June 2017, the company is exempt from the requirements of clause (i) of section 143(3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made.

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- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There have been no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(iii) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Company is a private limited company and accordingly the requirements as stipulated by the provisions of section 197(16) of the Act are not applicable to the Company.

Place: Chandigarh
Dated: 20.05.2019

For Singhal Karun & Co.,
Chartered Accountants
(Firm Registration no-004496N)


(Anil K. Goyal)
Proprietor
M.Ship No.FCA-80255



Based on audit procedures performed and taking into consideration the information and explanations given to us and the books of accounts and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification.

© As explained to us the company does not own any immoveable property.
2. The Company does not have any inventory during the year. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable.
3. The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) of the Order are not applicable.
4. The Company has not entered into any transaction covered u/s 185 and 186 of the Act. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable.
5. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (v) of the Order are not applicable.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable.
7. According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India. The provisions of Employees Provident Fund Act and The Employees' State Insurance Act are not applicable to the Company. Further no undisputed amounts were outstanding at the year end for a period of more than 6 months from they became payable.
8. According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable.
9. As the company did not raise any money by way of either Term Loan or by Public Issue, therefore, the question of application of such money does not arise.

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10. We have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
11. As per information provided to us the company has not paid any managerial remuneration during the year. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable.
12. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
13. In our opinion all transactions with the related parties, are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully/partly paid debentures.
15. In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
16. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chandigarh
Date: 20.05.2019

For Singhal Karun & Co.
Chartered Accountants

(Anil K. Goyal)
Proprietor

M.ship No.FCA-80255



1. Reporting entity

The company was incorporated in 2004 and had set up a facility to carry out business of Diamond and stone fixation on watch accessories and jewellery items. The company has given its facility on lease to KDDL Ltd vide extended agreement dt 15.5.2018 for a period of is two years, as such the operations in the plant are presently being carried out by the lessee. The agreement is effective upto 31.3.2020 or till the completion of Merger of Satva Jewellery & design limited whichever is earlier.

Address:

Regd office: SCO-88-89, sector-8C, Chandigarh-160008

CIN No.: U36911CH2004PLC027767

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Effective 1 April 2016, the Company had transitioned to Ind AS while the standalone financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2014 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance of Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to certain exemptions which are listed as below:

- The Company had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognized in the standalone financial statements prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date.
- The Company had opted to continue with the carrying value for its investments in subsidiaries, associates and joint ventures as recognized in the standalone financial statements prepared under previous GAAP and use the same as its deemed cost in the financial statement as at the transition date.
- The Company had opted not to apply Ind AS 102 Share-Based Payment to equity instruments that vested prior to the date of transition to Ind AS.

The standalone financial statements of the Company for the year ended 31 March 2019 were approved by the Company's Board of Directors on 20 May 2019.

ii) Changes in Significant Accounting Policies

The Company has initially applied Ind AS 115 from 1 April 2018. A number of other new standards and amendments are also effective from 1 April 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the company in applying the above standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 in recognizing revenue by the Company.

iii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.



iv) Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations

v) Use of estimates and judgments

The preparation of standalone financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the standalone financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 2(a)(vi) - Fair value measurement
- Note 2(b) and 2 - Assessment of useful life of Property, plant and equipment
- Note 2(c) - Assessment of useful life of Intangible assets
- Note 2(f), 2(g) - Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(l) - Recognition of tax expense including deferred tax
- Note 2(n) - Impairment of financial assets
- Note 2(o) - Impairment test of non-financial assets: key assumptions underlying recoverable amounts and

vi) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.



[Signature]

Further information about the assumptions made in measuring fair values used in preparing these standalone financial statements is included in the respective notes.

b) Property, plant and equipment ('PPE')

Recognition and measurement

Items of PPE are measured at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Subsequent expenditure

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

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the Statement of Profit and Loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Particulars	Useful life as per Schedule II	Management estimate of useful life
Buildings – factory	30 Years	30 Years
Plant and equipment	3 - 15 Years	3 - 15 Years
Furniture and fittings	10 Years	10 Years
Office equipment	5 Years	5 Years
Vehicles	8 Years	8 Years

Depreciation on leasehold land and improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower.

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

Depreciation on additions (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Derecognition

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.



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c) Other intangible assets

Acquired Intangible

Intangible assets that are acquired by the Company are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation expense in Statement of Profit and Loss.

The estimated useful lives are as follows:

- Technical know-how 4 Years
- Software 6 Years
- Web Portal 6 Years

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Derecognition

Intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Traded Goods	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

e) Employee benefits

Short-term employee benefits

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



Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

*Post-employment benefits*Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Certain employees of the Company are also participants in the superannuation plan ("the Plan"), a defined contribution plan. The Company makes contributions to Life Insurance Corporation of India (LIC). Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Company's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

f) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet



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date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

g) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

h) Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

i) Revenue

The Company has initially applied Ind AS 115 from 1 April 2018.

Revenue recognition under Ind AS 18 (applicable before 1 April 2018)

Sale of products and rendering of services

Revenue from contract with customers for sale of products and rendering of services is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts.

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Use of significant judgements in revenue recognition

a) The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be



either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- d) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Sale of services

The Company offers services in fixed term contracts and short term arrangement. Revenue from service is recognized when obligation is performed or services are rendered.

j) Recognition of interest income or expense

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

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

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

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

k) Borrowing costs

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

l) Income taxes

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any,



related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

Deferred tax

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

m) Leases

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease based on the substance of the lease arrangement.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payment are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Finance leases

Leases of property, plant and equipment that transfer to the Company substantially all the risk and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

n) Financial instruments

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.

Financial assets

Initial recognition and measurement



All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Company makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.



Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

Derecognition of financial assets

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 Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or



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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

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

o) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest Company of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to CGU) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in Statement of Profit and Loss. An impairment loss is



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reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

p) Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

s) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in statement of profit and loss.

u) Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019:

Ind AS 116 – Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to



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the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of offices, factory facilities, Plant and equipment and Computers (see Note 40). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected for the Company's finance leases.

Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will reclassify two sub-leases as a finance lease.

No significant impact is expected for other leases in which the Company is a lessor.

Transition

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach [1]. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any



significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.



SATVA JEWELLERY AND DESIGN LIMITED
Balance Sheet as at 31st March, 2019
(Amount in Rupees unless stated otherwise)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Fixed assets			
Tangible Assets	2	8,266,390	9,269,029
Intangible Assets			
Long-Term Loans And Advances	3	94,550	94,550
Total non-current assets		8,360,940	9,363,579
Current assets			
Financial Assets			
-Cash and cash equivalents	4	2,331,997	2,209,326
Other Current Assets	5	216,158	185,849
Total current assets		2,548,155	2,395,175
Total Assets		10,909,095	11,758,754
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	6	30,000,000	30,000,000
Other Equity	7	(36,133,198)	(34,675,813)
Total Equity		(6,133,198)	(4,675,813)
LIABILITIES			
Current liabilities			
Financial Liabilities			
-Borrowings	8	10,394,200	10,394,200
-Trade payables	9	5,513,503	4,520,764
-Other financial liabilities	10	1,105,000	1,483,850
Other current liabilities	11	29,590	35,753
Total current liabilities		17,042,293	16,434,567
Total liabilities		17,042,293	16,434,567
Total Equity and Liabilities		10,909,095	11,758,754

Significant accounting policies 1

The notes referred to above form an integral part of the Ind AS financial statements.

As per our report attached for the balance sheet

For Singhal Karun & Co.
Chartered Accountants

CA Anil K. Goyal
Proprietor
M/ship No. FCA80255

Place: Chandigarh
Dated: 20th May, 2019



For and on behalf of the Board of directors
Satva Jewellery and Design Limited

Y Saboo
Director
DIN:00012158

S.K. Masown
Director
DIN:03542390

SATVA JEWELLERY AND DESIGN LIMITED

Statement of Profit and Loss for the period ended 31st March, 2019

(Amount in Rupees unless stated otherwise)

Particulars	Note	For the year ended 31st March, 2019	For the year ended 31st March, 2018
REVENUE			
Other income	12	791,930	776,112
Total Income		791,930	776,112
EXPENSE			
Depreciation and amortization expense	13	1,002,639	1,412,182
Financial costs	14	1,200,000	1,464,217
Other expenses	15	46,675	47,470
Total expenses		2,249,314	2,923,869
Profit (loss) before tax		(1,457,384)	(2,147,757)
Tax expense:			
Current tax charge		-	-
MAT Credit Entitlement		-	-
Deferred tax charge (credit)		-	-
Profit/(loss) for the year		(1,457,384)	(2,147,757)
Earnings per equity share [Nominal value of Rs.10 (previous year Rs.10)]			
Basic (Rs.)		(0.49)	(0.72)
Diluted (Rs.)		(0.49)	(0.72)


Significant accounting policies

1

The notes referred to above form an integral part of the Ind AS financial statements.

As per our report attached to the balance sheet

For Singhal Karun & Co.
Chartered Accountants


CA Anil K. Goyal
Proprietor
Membership No. FCA80255

Place : Chandigarh
Dated: 20th May 2019



For and on behalf of the Board of directors
Satva Jewellery and Design Limited


Y Saboo
Director
DIN:00012158


S.K. Masown
Director
DIN:03542390

SATVA JEWELLERY AND DESIGN LIMITED
Cash flow statement for the year ended 31st March, 2019
(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
A. Cash flow from operating activities:		
Net profit before tax	(1,457,384)	(2,147,757)
Adjustments for:		
Depreciation	1,002,639	1,412,182
Interest expense	1,080,000	1,450,000
Interest income	(171,930)	(176,112)
Operating profit before working capital changes		
Adjustments for:		
(Increase) / decrease in loans and advances	(30,309)	(131,122)
Increase / (decrease) in trade payables	992,739	1,044,521
Increase / (decrease) in other current liabilities	(378,850)	(48,646)
Cash flow from operating activities before taxes	1,036,905	1,403,066
Direct taxes paid / (refunds) (net)	6,163	1,934
Net cash flow from operating activities	1,030,742	1,401,132
B. Cash flow from investing activities:		
Interest received	171,930	176,112
Net cash used in investing activities	171,930	176,112
C. Cash flow from financing activities:		
Interest paid	(1,080,000)	(1,450,000)
Net cash used in financing activities	(1,080,000)	(1,450,000)
Net increase/(decrease) in cash and cash equivalents	122,672	127,244
Opening cash and cash equivalents	2,209,326	1,153,504
Closing cash and cash equivalents	2,331,997	1,280,748
Excluding the following:		
Pledge in fixed deposit account against margin money	-	928,578

Notes:

1 Cash and cash equivalents include:

Cash in Hand	31,552	11,552
Balances with banks in current accounts	217,601	268,551
Fixed deposit with banks in deposit account	2,028,368	928,578
Interest accrued on deposits	54,476	1,000,645
	2,331,997	2,209,326

2 The cash flow statement has been prepared in accordance with "Indirect Method" as set out in Indian Accounting Standard-7 on "Statement on Cash Flows"

3 Refer note no.1 for significant accounting policies.

For Singhal Karun & Co.
Chartered Accountants



CA Anil K. Goyal
Proprietor
Membership No. FCA80255

Place : Chandigarh
Dated: 20th May 2019



For and on behalf of the Board of directors



Y Saboo
Director
DIN: 00012158



S.K. Masown
Director
DIN: 03542390

SATVA JEWELLERY AND DESIGN LIMITED

Statement of changes in Equity for the year ended 31st March,2019

a. Equity share capital

Total

Balance as at 1st April,2017				30,000,000
Changes in equity share capital during 2017-18				-
Balance as at 31st March,2018				30,000,000
Changes in equity share capital during 2018-19				-
Balance as at 31st March,2019				30,000,000

b. Other Equity

Particulars	Retained earnings	Compulsory convertible cumulative shares	Securities premium	Total
Balance as at 1st April,2017	(32,528,056)	-	-	(32,528,056)
-Loss for the year	(2,147,757)	-	-	(2,147,757)
As at 31st March,2018	(34,675,813)	-	-	(34,675,813)
-Loss for the year	(1,457,384)	-	-	(1,457,384)
As at 31st March,2019	(36,133,198)	-	-	(36,133,198)

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements.

As per our report attached to the balance sheet

For Singhal Karun & Co.
Chartered Accountants

CA Anil K. Goyal
Proprietor
Membership No. FCA80255

Place : Chandigarh
Dated: 20-5-2019



For and on behalf of the Board of directors
Satva Jewellery and Design Limited

(Signature)
Y Saboo S.K. Masown
Director Director
DIN:00012158 DIN:03542390

SATVA JEWELLERY AND DESIGN LIMITED

Notes to the Financial Statements for the year ended 31st March, 2019

2 Plant and equipment**Reconciliation of carrying amount**

	Plant and machinery	Total
Deemed cost (gross carrying amount)		
Balance as at 1 April 2017	30,652,098	30,652,098
Additions	-	-
Disposals	-	-
Balance as at 31 March 2018	30,652,098	30,652,098
Balance as at 1 April 2018	30,652,098	30,652,098
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	30,652,098	30,652,098

Accumulated depreciation

Balance as at 1 April 2017	19,970,887	19,970,887
Depreciation for the year	1,412,182	1,412,182
Disposals	-	-
Balance as at 31 March 2018	21,383,069	21,383,069
Balance as at 1 April 2018	21,383,069	21,383,069
Depreciation for the year	1,002,639	1,002,639
Balance as at 31 March 2019	22,385,708	22,385,708

Carrying amounts (net)

At 1 April 2017	10,681,211	10,681,211
At 31 March 2018	9,269,029	9,269,029
At 31 March 2019	8,266,390	8,266,390

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SATVA JEWELLERY AND DESIGN LIMITED
Notes forming part of the accounts as on 31 March, 2019
(Amount in Rupees unless stated otherwise)

	As at 31st March, 2019	As at 31st March, 2018
3. Long-Term Loans And Advances		
Security Deposit		
UHBVN - Panchkula (Haryana)	94,550	94,550
	<u>94,550</u>	<u>94,550</u>
4. Cash and cash equivalents		
Cash in Hand	31,552	11,552
Balances with banks in current accounts	217,601	268,551
Fixed deposit with banks in deposit account	2,028,368	928,578
Interest accrued on deposits	54,476	1,000,645
	<u>2,331,997</u>	<u>2,209,326</u>
5. Other Current Assets		
TDS recoverable	99,498	69,189
MAT Recoverable	116,660	116,660
	<u>216,158</u>	<u>185,849</u>

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	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
6. Share capital				
<u>Authorised</u>				
Equity shares of Rs. 10 each	3,000,000	30,000,000	3,000,000	30,000,000
	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
<u>Issued, optionally, subscribed and paid up</u>				
Equity shares of Rs.10 each fully paid up	3,000,000	30,000,000	3,000,000	30,000,000
	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
(a) Reconciliation of share capital outstanding as at the beginning and at the end of the year				
a) Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	3,000,000	30,000,000	3,000,000	30,000,000
Add: converted during the year	-	-	-	-
At the end of the year	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
(b) i) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except for the members whose calls are in arrears. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
(c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates				
	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up	3,000,000	30,000,000	3,000,000	30,000,000
KDDL Limited (holding company / ultimate holding company)				
(d) Details of shareholders holding more than 5% shares of the Company				
	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by				
KDDL Limited	3,000,000	100.00	3,000,000	100.00
7. Other Equity	As at 31st March, 2019		As at 31st March, 2018	
(i) Retained Earnings				
Balance at beginning of the year		(34,675,813)		(32,528,056)
Add: Profit / (loss) for the year		(1,457,384)		(2,147,757)
Balance at the end of the year		<u>(36,133,198)</u>		<u>(34,675,813)</u>
	As at 31st March, 2019		As at 31st March, 2018	
8. Short term borrowing				
KDDL Ltd		10,394,200		10,394,200
		<u>10,394,200</u>		<u>10,394,200</u>
9. Trade payable				
Other trade payables				
- To related parties		5,513,503		4,520,764
		<u>5,513,503</u>		<u>4,520,764</u>
# There are no micro, small and medium enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.				
# The previous year figures have been reclassified and regrouped wherever necessary.				
10. Other financial liabilities				
Interest due but not paid		1,080,000		1,450,000
Expenses payable		25,000		33,850
		<u>1,105,000</u>		<u>1,483,850</u>
11. Other current liabilities				
TDS Payable		29,590		35,753
		<u>29,590</u>		<u>35,753</u>



SATVA JEWELLERY AND DESIGN LIMITED

Notes forming part of the accounts as on 31 March, 2019

(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
12. Other income		
Interest Income	171,930	176,112
Lease Rent	600,000	600,000
Misc Income	20,000	-
	791,930	776,112
13. Depreciation		
Depreciation	1,002,639	1,412,182
	1,002,639	1,412,182
14. Financial costs		
Interest Expenses	1,200,000	1,464,217
	1,200,000	1,464,217
15. Other expenses		
Legal and professional Expenses	1,500	8,850
Audit fees	25,000	25,000
Rates, Taxes & Fees	15,600	5,056
General Expenses	4,575	8,564
	46,675	47,470

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16 . Related parties

a. Related parties and nature of related party relationship, where control exists:

Description of Relationship	Name of the Party
Holding / Ultimate Holding Company	KDDL Limited

b. Transactions with related parties

Nature of transactions	As at 31 March 2019	As at 31 March 2018
Interest expenses	1,200,000	1,450,000
- KDDL Ltd	1,200,000	1,450,000
Lease Rent	600,000	600,000
- KDDL Ltd	600,000	600,000
Reimbursement of Expenses	4,575	273,839
- KDDL Ltd	4,575	273,839

d) Outstanding balances as at year end

Particulars	As at 31 March 2019	As at 31 March 2018
Long Term Borrowing Payables	10,394,200	10,394,200
- KDDL Ltd	10,394,200	10,394,200
Other trade payables	5,513,503	4,520,764
- KDDL Ltd	5,513,503	4,520,764
Other financial liabilities	1,080,000	1,450,000
- KDDL Ltd	1,080,000	1,450,000

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SATVA JEWELLERY AND DESIGN LIMITED

Notes to the financial statements for the year ended 31st March, 2019

17 Financial instruments - fair values and risk management

Financial instruments – fair values and risk management				
I. Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2019	As at 31 March 2018
			Amortised cost	Amortised cost
Financial assets				
Current				
Cash and cash equivalents	(a)		2,331,997	2,209,326
Total			2,331,997	2,209,326
Financial liabilities				
Current				
Borrowings			10,394,200	10,394,200
Trade payables	(a)		5,513,503	4,520,764
Other financial liabilities	(b)		1,105,000	1,483,850
Total			17,012,703	16,398,814

Note:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.



SATVA JEWELLERY AND DESIGN LIMITED

Notes to the financial statements for the year ended 31st March, 2019

II. Financial risk management

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii));and
- Market risk (see (iv))

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Company's receivable from customers and loans.

Trade receivables

The Company is presently not carrying out any business. It earns its income by leasing out of its plant & equipments to its holding company only. The amount being received as lease money is being adjusted with amount payable to them. As such there is no risk in Trade Receivable for the time being.

Cash and cash equivalents

The Company holds cash and cash equivalents of Rs.2,331,997 at 31 March 2019 (31 March 2018: Rs.2,209,326). The cash and cash equivalents are held in office and with scheduled banks.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company has suffered losses and is liable to pay its liabilities but its liquidity is struck up with Bank in Margin Money and is not able to use its surplus funds to pay its liabilities.



18 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2019

	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
-Borrowings(including current maturities)	10,394,200	10,394,200	10,394,200	-	-
-Trade payables	5,513,503	5,513,503	5,513,503	-	-
-Interest accrued & due	1,080,000	1,080,000	1,080,000	-	-
	16,987,703	16,987,703	16,987,703	-	-

31 March 2018

	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
-Borrowings(including current maturities)	10,394,200	10,394,200	10,394,200		
-Trade payables	4,520,764	4,520,764	4,520,764		
-Interest accrued & due	1,450,000	1,450,000	1,450,000		
	16,364,964	16,364,964	16,364,964	-	-

19 Market Risk

In the present market scinerio, the Company has given its prime machine (CNC) to its holding Company on lease.

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20 Capital Management

(i) Risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Company's adjusted net debt to equity ratio was as follows.

	31 March 2019	31 March 2018
Total liabilities	17,042,293	16,434,567
Less: cash and cash equivalents	(2,331,997)	(2,209,326)
Adjusted net debt	14,710,296	14,225,241
Total equity	(6,133,198)	(4,675,813)
Adjusted net debt to equity ratio	(2.40)	(3.04)

21 Amalgamation with KDDL Ltd

- (i) The Shareholders of the Company in its meeting held on 07.02.2018 has approved the Merger of SJDL in its holding Company KDDL Ltd. An application under section 233(2) of the Companies Act, 2013 for said amalgamation with holding Company was filed with Ministry of Corporate Affairs, Govt of India, on February 13, 2018. The matter is subjudice. The amalgamation will be effective from 01.04.2017 only after receiving the approval from the Concerned Ministry/ Court of Law.

