

SATVA JEWELLERY AND DESIGN LIMITED

Balance Sheet as at 31st March 2018

(Amount in Rupees unless stated otherwise)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-current assets				
Fixed assets				
Tangible Assets				
Intangible Assets	2	9,269,029	10,681,211	11,509,520
Long-Term Loans And Advances				
Total non-current assets	3	94,550	94,550	103,570
		<u>9,363,579</u>	<u>10,775,761</u>	<u>11,613,090</u>
Current assets				
Financial Assets				
-Cash and cash equivalents				
Other Current Assets	4	2,209,326	2,082,082	1,667,658
Total current assets	5	185,849	54,727	54,739
		<u>2,395,175</u>	<u>2,136,809</u>	<u>1,722,397</u>
Total Assets		<u>11,758,754</u>	<u>12,912,570</u>	<u>13,335,487</u>
EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital	6	30,000,000	30,000,000	30,000,000
Other Equity	7	(34,675,813)	(32,528,056)	(36,091,040)
Total Equity		<u>(4,675,813)</u>	<u>(2,528,056)</u>	<u>(6,091,040)</u>
LIABILITIES				
Current liabilities				
Financial Liabilities				
-Borrowings				
-Trade payables	8	10,394,200	10,394,200	15,198,059
-Other financial liabilities	9	4,520,764	3,476,243	2,177,253
Other current liabilities	10	1,483,850	1,532,496	2,000,634
Total current liabilities	11	35,753	37,687	50,581
		<u>16,434,567</u>	<u>15,440,626</u>	<u>19,426,527</u>
Total liabilities		<u>16,434,567</u>	<u>15,440,626</u>	<u>19,426,527</u>
Total Equity and Liabilities		<u>11,758,754</u>	<u>12,912,570</u>	<u>13,335,487</u>

Significant accounting policies

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
Membership No. FCA80255



Place: Chandigarh
Dated: April 28, 2018

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, 2018

(Amount in Rupees unless stated otherwise)

Particulars	Note	For the year ended 31st March, 2018	For the year ended 31st March, 2017
REVENUE			
Other income	12	776,112	3,022,558
Total Income		776,112	3,022,558
EXPENSE			
Depreciation and amortization expense	13	1,412,182	828,309
Financial costs	14	1,464,217	1,508,753
Other expenses	15	47,470	73,271
Total expenses		2,923,869	2,410,333
Profit (loss) before tax		(2,147,757)	612,225
Tax expense:			
Current tax charge		-	-
MAT Credit Entitlement		-	-
Deferred tax charge (credit)		-	-
Profit/(loss) for the year		(2,147,757)	612,225
Earnings per equity share [Nominal value of Rs.10 (previous year Rs.10)]			
Basic (Rs.)	16	(0.72)	0.20
Diluted (Rs.)		(0.72)	0.20

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



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

Place : Chandigarh
Dated: April 28, 2018

SATVA JEWELLERY AND DESIGN LIMITED
Cash flow statement for the year ended 31st march, 2018
(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
A. Cash flow from operating activities:		
Net profit before tax		
Adjustments for:	(2,147,757)	612,225
Depreciation		
Amount Written off	1,412,182	828,309
Liabilities no longer required written back		9,020
Interest expense		(2,259,657)
Interest income	1,450,000	1,507,496
Operating profit before working capital changes	(176,112)	(162,900)
Adjustments for:		
(Increase) / decrease in loans and advances	(131,122)	(145,553)
Increase / (decrease) in trade payables	1,044,521	(1,726,244)
Increase / (decrease) in other current liabilities	(48,646)	-
Cash flow from operating activities before taxes	1,403,066	(1,337,304)
Direct taxes paid / (refunds) (net)	1,934	-
Net cash flow from operating activities	1,401,132	(1,337,304)
B. Cash flow from investing activities:		
Interest received	176,112	162,900
Net cash used in investing activities	176,112	162,900
C. Cash flow from financing activities:		
Interest paid	(1,450,000)	(1,507,496.00)
Long-term borrowings from Collaborator written back	-	2,950,760.00
Net cash used in financing activities	(1,450,000)	1,443,264
Net increase/(decrease) in cash and cash equivalents	127,244	268,860
Opening cash and cash equivalents	1,153,504	1,813,222
Closing cash and cash equivalents	1,280,748	2,082,082
Excluding the following:		
Pledge in fixed deposit account against margin money	928,578	928,578
	2,209,326	2,082,082

Notes:

1 Cash and cash equivalents include:
Balance with banks

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.

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: April 28, 2018



For and on behalf of the Board of directors

[Signature]
Y. Saboo
Director

[Signature]
S.K. Masoom
Director

DIN: 00012158

DIN: 03542390

SATVA JEWELLERY AND DESIGN LIMITED

Statement of changes in Equity for the year ended 31st March,2018

a. Equity share capital

Total

Balance as at 1st April,2016				30,000,000
Changes in equity share capital during 2016-17				-
Balance as at 31st March,2017				30,000,000
Changes in equity share capital during 2017-18				-
Balance as at 31st March,2018				30,000,000

b. Other Equity

Particulars	Retained earnings	Compulsory cumulative shares	convertible preference	Securities premium	Total
Balance as at 1st April,2016	(36,091,043)	-	-	-	(36,091,043)
Profit for the year	612,225	-	-	-	612,225
Add: ECB Loan amount written off	2,950,760	-	-	-	2,950,760
As at 31st March,2017	(32,528,058)	-	-	-	(32,528,058)
Loss for the year	(2,147,757)	-	-	-	(2,147,757)
As at 31st March,2018	(34,675,815)	-	-	-	(34,675,815)

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

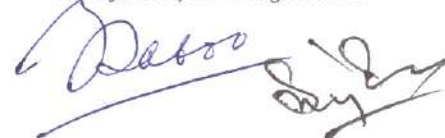
For Singhal Karun & Co.
Chartered Accountants



CA Anil K. Goyal
Proprietor
Membership No. FCA80255



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



Y Saboo S.K. Masown
Director Director
DIN:00012158 DIN:03542390

Place : Chandigarh
Dated: April 28, 2018

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 Jewelry items. The company has given its part of facility on lease to KDDL Ltd vide extended agreement dt. 14.5.2015 for a period of three years, as such the operations in the plant are presently being carried out by the lessee. The agreement was effective upto 31.3.2017, and has since been renewed.

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 Ind AS financial statements ("standalone Ind AS 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.

The Company's financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

As these are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 33.

The standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on 10 May 2018.

ii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These 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.

iii) Basis of measurement

The 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 defined	Fair value of the plan assets less present value of benefits obligations



iv) Use of estimates and judgments

The preparation of standalone Ind AS 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 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.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone Ind AS financial statements is included in the following notes:

- Note 2(b) and 3 – Assessment of useful life of Property, plant and equipment
- Note 2(b) and 4 – Assessment of useful life of Intangible assets
- Note 2(f), 19 and 38 – Provisions and contingent liabilities
- Note 2(m) and 8 – Income taxes

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 19 and 38 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 17(I)(b) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts;
- Note 17(I)(a) - Fair value measurement
- Note 37 - Shared based payments

v) 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

Further information about the assumptions made in measuring fair values used in preparing these 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 and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.



If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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 or loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1 April 2016, measured as per the IGAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2016.

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 except for the following items where the useful life has been taken on the basis of internal evaluation by the management:

- Depreciation on a particular class of dies and tool manufactured by the Company and put to use after 1 April 2003 is provided over a period of 3 years.
- Depreciation on improvements carried out on buildings taken on lease (included under buildings) 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.

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 or loss as incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets recognised as at 1 April 2016, measured as per the IGAAP, and use that carrying value as the deemed cost of such intangible assets.

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

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 (including goods in transit)	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, short term compensated absences 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.

Termination benefits

Termination benefits are recognised as an expense when, as a result of past event, the Company has a present obligation that can be estimated reliably, and it is probable that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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 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

Sale of goods

Revenue from the sale of goods in the course of ordinary activities includes excise duty and is measured at the fair value of the consideration received or receivable, exclusive of taxes as applicable such as sales tax, value added taxes (VAT), service tax and goods and service tax, and is net of returns, trade discounts, quantity discounts and cash discounts. Revenue includes shipping and handling costs billed to the customer. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.



Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risk and rewards varies depending on the individual terms of sale. For sales of watches, such transfer occurs when the product is handed over to the customer at the retail stores. Generally for such products, the buyer has no right of return.

Sale of services

Revenue from services rendered is recognised in profit or loss when the services are rendered and the related costs are incurred.

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 or 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 structure to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

n) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- fair value through other comprehensive income (FVOCI) – equity investment;
- fair value through profit and loss (FVTPL)



Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.



Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only 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 realize the asset and settle the liability simultaneously.

o) Impairment

i. Impairment of financial asset

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 Group 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.

ii) 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 Companyed 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 as 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).

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

p) 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 or an average rate if the average rate approximates the actual rate at the date of the transaction.

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 profit or loss.

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) Recent Accounting pronouncements

MCA vide notification dated 28 March 2018, notified Ind AS 115, "Revenue from Contracts with Customers". The core principal of the guidance that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transaction that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The new revenue recognition standard is effective from 1 April 2018. The Company basis its preliminary assessment does not believe that this new standard will have a material impact on its financial statements.



SATVA JEWELLERY AND DESIGN LIMITED

Notes to the Financial Statements for the year ended 31 March 2018

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

	Plant and machinery	Total
Deemed cost (gross carrying amount)		
Balance as at 1 April 2016	30,652,098	30,652,098
Additions	-	-
Disposals	-	-
Balance as at 31 March 2017	30,652,098	30,652,098
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

Accumulated depreciation

Balance as at 1 April 2016	19,142,578	19,142,578
Depreciation for the year	828,309	828,309
Disposals	-	-
Balance as at 31 March 2017	19,970,887	19,970,887
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

Carrying amounts (net)

At 1 April 2016	11,509,520	11,509,520
At 31 March 2017	10,681,211	10,681,211
At 31 March 2018	9,269,029	9,269,029



SATVA JEWELLERY AND DESIGN LIMITED

Notes forming part of the accounts as on 31st March, 2018
(Amount in Rupees unless stated otherwise)

3. Long-Term Loans And Advances

Security Deposit

UHBVN - Panchkula (Haryana)
- Security Deposit - Rent

94,550	94,550	94,550	94,550
9,020	-	-	-
<u>103,570</u>	<u>94,550</u>	<u>94,550</u>	<u>103,570</u>

4. Cash and cash equivalents

Cash in Hand

Balances with banks in current accounts
Fixed deposit with banks in deposit account
Interest accrued on deposits

11,552	11,552	11,552	11,552
268,551	298,607	298,607	29,748
928,578	928,578	928,578	928,578
1,000,645	843,345	843,345	697,780
<u>2,209,326</u>	<u>2,082,082</u>	<u>2,082,082</u>	<u>1,667,658</u>

5. Other Current Assets

TDS recoverable
MAT Recoverable

69,189	54,727	54,727	54,739
116,660	-	-	-
<u>185,849</u>	<u>54,727</u>	<u>54,727</u>	<u>54,739</u>



SATVA JEWELLERY AND DESIGN LIMITED
Notes forming part of the accounts as on 31st March, 2018
(Amount in Rupees unless stated otherwise)

6. Share capital	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of Rs. 10 each	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000
	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000
Issued, optionally, subscribed and paid up						
Equity shares of Rs.10 each fully paid up	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000
	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000
(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	3,000,000	30,000,000
Add: converted during the year						
At the end of the year	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000

(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, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	Amount	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	1,500,000	15,000,000
KDDL Limited (holding company / ultimate holding company)					1,500,000	15,000,000
PV Holding SA (JV upto 14 December, 2016)						

(d) Details of shareholders holding more than 5% shares of the Company

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	% holding	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	1,500,000	50.00
PV Holding SA					1,500,000	50.00

7. Other Equity

(i) Retained Earnings	As at 31st March, 2018		As at 31st March, 2017	
Balance at beginning of the year	(32,528,056)	(36,091,040)		(36,091,042)
Add: Profit / (loss) for the year	(2,147,757)	612,225		-
Add: ECB Loan amount written off		2,950,760		-
Balance at the end of the year	(34,675,813)	(32,528,056)		(36,091,040)



SATVA JEWELLERY AND DESIGN LIMITED
Notes forming part of the accounts as on 31st March, 2018
(Amount in Rupees unless stated otherwise)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
8. Short term borrowing			
KDDL Ltd	10,394,200	10,394,200	10,394,200
ECB Loan - PVV			4,803,859
	<u>10,394,200</u>	<u>10,394,200</u>	<u>15,198,059</u>

#ECB Loan From Foreign Collaborator outstanding as on 31.3.2016 (CHF 71000 equivalent to Rs 29,50,760/-at prevailing exchange rate at the time of borrowing) has been written off as per Shareholders Agreement dt 14.12.2016 due to continuous losses. The accumulated interest payable on this loan and increase in liability due to exchange loss has also been waived.

Loan upto Rs. 100 Lakh from related party is secured by hypothecation of all the Plant & Machinery owned by the Company as on date or to be acquired in future and all stocks of Raw Material, Work in Progress, Semi finished goods, Finished goods and Book Debits, present and future of the Company.

9. Trade payable			
Other trade payables			
- To related parties	4,520,764	3,476,243	2,177,253
	<u>4,520,764</u>	<u>3,476,243</u>	<u>2,177,253</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.

10. Other financial liabilities			
Interest due but not paid	1,450,000	1,507,496	1,571,964
Expenses payable	33,850	25,000	428,670
	<u>1,483,850</u>	<u>1,532,496</u>	<u>2,000,634</u>

11. Other current liabilities			
TDS Payable	35,753	37,687	50,581
	<u>35,753</u>	<u>37,687</u>	<u>50,581</u>



SATVA JEWELLERY AND DESIGN LIMITED

Notes forming part of the accounts as on 31st March, 2018

(Amount in Rupees unless stated otherwise)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
12. Other income		
Interest Income	176,112	162,900
Liabilities no longer payable written back	-	2,259,658
Lease Rent	600,000	600,000
	776,112	3,022,558
13. 11 Depreciation		
Depreciation	1,412,182	828,309
	1,412,182	828,309
14. Financial costs		
Interest Expenses	1,464,217	1,508,627
Bank charges	-	126
	1,464,217	1,508,753
15. Other expenses		
Legal and professional	8,850	25,877
Audit fees	25,000	25,000
Amounts written off	-	9,020
Rates, Taxes & Fees	5,056	10,977
General Expenses	8,564	2,397
	47,470	73,271



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 2018	As at 31 March 2017	As at 31 March 2016
c) Interest expenses			
- KDDL Ltd	1,450,000	1,507,496	1,507,496
	1,450,000	1,507,496	1,507,496
d) Expenses Reimbursed			
- KDDL Ltd	273,839	117,774	175,884
	273,839	117,774	175,884

d) Outstanding balances as at year end

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Long Term Borrowing Payables			
- KDDL Ltd	16,364,968	16,280,028	1,41,43,416
	16,364,968	16,280,028	1,41,43,416



SATVA JEWELLERY AND DESIGN LIMITED
Notes to the financial statements for the year ended 31 March 2018

17 Financial instruments - fair values and risk management

Financial instruments - fair values and risk management										
I.	Financial instruments by category and fair values	Note	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016			
	Level of hierarchy		FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	FVOCI
Financial assets										
Current										
	Cash and cash equivalents	(a)	-	2,209,326	-	-	2,082,082	-	-	1,667,658
Total			-	2,209,326	-	-	2,082,082	-	-	1,667,658
Financial liabilities										
Current										
	Borrowings									
	Trade payables	(a)	-	10,394,200	-	-	10,394,200	-	-	15,198,059
	Other financial liabilities	(b)	-	4,520,764	-	-	3,476,243	-	-	2,177,253
Total			-	1,483,850	-	-	1,532,496	-	-	2,000,634
			-	16,398,814	-	-	15,402,939	-	-	19,375,946
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 31 March 2018

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. There is no carrying of amount in financial assets representing 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 Receivables for the time being.

Cash and cash equivalents

The Company holds cash and cash equivalents of Rs. 2209326/- at 31 March 2018 (31 March 2017: Rs. 2082082/-; 1 April 2016 Rs. 1667658). 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.



SATVA JEWELLERY AND DESIGN LIMITED

Notes to the financial statements for the year ended 31 March 2018

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 2018

	Contractual cash flow			
	Carrying amount	Total	Less than 1 year	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 but not due on borrowings	1,450,000	1,450,000	1,450,000	-
	16,364,964	16,364,964	16,364,964	-

31 March 2017

	Contractual cash flow			
	Carrying amount	Total	Less than 1 year	More than 5 years
Non derivative financial liabilities				
-Borrowings(including current maturities)	10,394,200	10,394,200	10,394,200	-
-Trade payables	3,476,243	3,476,243	3,476,243	-
-Interest accrued but not due on borrowings	1,507,496	1,507,496	1,507,496	-
-Expenses payable	25,000	25,000	25,000	-
	15,402,939	15,402,939	15,402,939	-

1 April 2016

	Contractual cash flow			
	Carrying amount	Total	Less than 1 year	More than 5 years
Non derivative financial liabilities				
-Borrowings(including current maturities)	15,198,059	15,198,059	15,198,059	-
-Trade payables	2,177,253	2,177,253	2,177,253	-
-Expenses payable	428,670	428,670	428,670	-
	17,803,982	17,803,982	17,803,982	-

19 Market Risk

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



SATVA JEWELLERY AND DESIGN LIMITED

Notes to the financial statements for the year ended 31 March 2018

20 Capital Management

(i) Risk management

The Company's policy was to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Though the Company is under losses 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 2018	31 March 2017	1 April 2016
Total liabilities	16,434,567	12,912,570	19,426,527
Less: cash and cash equivalents	(2,209,326)	(2,082,082)	(1,667,658)
Adjusted net debt	14,225,241	10,830,488	17,758,869
Total equity	(4,675,813)	(2,528,056)	(6,091,040)
Adjusted net debt to equity ratio	(3.04)	(4.28)	(2.92)

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.

