

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LUXURY PRODUCTS TRENDSETTER PRIVATE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Luxury Products Trendsetter Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flows Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Companies Act, 2013 ("the Act"), of the state of affairs (financial position) of the Company as at March 31, 2019, and its loss (financial performance including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis of 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 Standards 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 13 to the financial statements which indicates that the Company has incurred a net loss of Rs. 9,32,82,165 during the year ended March 31, 2019 and as of that date, the Company's liabilities exceeded its total assets by Rs. 20,04,87,785. These events or conditions indicate that a material uncertainty exists which may cast significant doubt about the Company's ability to continue as a going concern. However, considering the factors stated in the Note 37, the management considers the use of going concern basis of accounting to be appropriate. Our opinion is not modified in respect of this matter.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the



financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 is 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purpose 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 financial statements dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for



which there were any material foreseeable losses.

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: New Delhi
Date: 28.05.2019

For Sharad Jain Associates
Chartered Accountants
(F. Regn. No.015201N)



(Sharad Jain)
Partner
M.No.83837

Annexure - A to the Auditor's Report

As required by the Companies (Auditor's Report) Order, 2016 issued by Central Government of India in terms of sub-section (11) of section 143 of Companies Act 2013 we further report that:-

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loan, 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 clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the company has not dealt with any loans, investments, guarantees and security under section 185 & 186 of the Companies Act, 2013 during the year. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) Central Government has not prescribed the 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.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding in respect of income tax, sales tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute, therefore reporting of amounts involved and forum where dispute is pending is not applicable.



- (viii) The company has no loan or borrowings payable to a financial institution, bank, Government or dues to debenture holders. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) or taken any term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) There is no fraud by the company or any fraud on the Company by its officers or employees noticed or reported during the year, therefore the reporting under the clause is not applicable.
- (xi) No managerial remuneration is paid or payable by the Company during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- (xii) The company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with sections 177 & 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

Place: New Delhi
Date: 28.05.2019

For Sharad Jain Associates
Chartered Accountants
(F. Regn. No.015201N)



(Sharad Jain)
Partner
M.No.83837

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Luxury Products Trendsetter Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: New Delhi
Date: 28.05.2019

For Sharad Jain Associates
Chartered Accountants
(F. Regn. No.015201N)



(Sharad Jain)
Partner
M.No.83837

Luxury Products Trendsetter Private Limited
Balance sheet as at March 31, 2019

Particulars	Notes	₹	
		As at	
		March 31, 2019	March 31, 2018
ASSETS:			
Non-current assets:			
Property, plant and equipment	4	74,224,684	73,231,921
Capital work-in-progress	4	4,500,000	7,785,329
Intangible assets	5	11,932,490	13,384,270
Financial assets:			
Loans	6	4,934,681	5,797,989
Deferred tax assets [net]	7	74,692,276	41,986,315
Other non-current assets	8	995,861	1,902,200
Total non-current assets		171,279,992	144,088,024
Current assets:			
Inventories	9	129,703,063	236,073,624
Financial assets:			
Trade receivables	10	2,148,651	12,330,644
Cash and cash equivalents	11	889,285	7,287,652
Loans	6	244,199	117,500
Other current assets	8	26,093,037	23,699,623
Total current assets		159,078,235	279,509,043
Total assets		330,358,228	423,597,067
EQUITY AND LIABILITIES:			
Equity			
Equity share capital	12	100,000	100,000
Other equity	13	(200,587,785)	(120,896,184)
Total equity		(200,487,785)	(120,796,184)
Liabilities			
Non-current liabilities:			
Financial liabilities:			
Borrowings	14	419,738,592	345,028,592
Provisions	15	1,249,912	702,409
Total non-current liabilities		420,988,504	345,731,001
Current liabilities:			
Financial liabilities:			
Trade payables	16		
- Total outstanding dues of micro enterprises and small enterprises		696,012	
- Total outstanding dues of creditors other than micro enterprises and small enterprises		12,451,185	136,362,288
Other financial liabilities	17	89,694,176	58,273,898
Other current liabilities	18	7,013,256	4,024,037
Provisions	15	2,879	2,027
Total current liabilities		109,857,508	198,662,250
Total liabilities		530,846,012	544,393,251
Total equity and liabilities		330,358,228	423,597,067

Notes 1 to 39 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain
Partner
M. No: 83837

Place : New Delhi
Date : May 28, 2019



For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Raja Ram Singla
Director
DIN-01261352

Luxury Products Trendsetter Private Limited
Statement of profit and loss for the year ended March 31, 2019

Particulars	Notes	₹	
		Year ended	
		March 31, 2019	March 31, 2018
REVENUE:			
Revenue from operations	19	468,906,951	742,235,696
Other income	20	1,122,129	437,150
Total income		470,029,080	742,672,846
EXPENSES:			
Cost of materials consumed	21	369,847,203	256,897,174
Purchases of stock-in-trade	22	-	445,541,306
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	40,446,819	(22,196,533)
Employee benefits expense	24	59,726,114	40,452,285
Finance costs	25	45,436,539	28,550,427
Depreciation and amortisation expense	4-5	15,981,603	7,926,292
Other expenses	26	64,554,963	71,807,946
Total expenses		595,993,241	828,978,897
Profit before tax		(125,964,161)	(86,306,051)
Tax expense:			
Current tax	27	-	-
Deferred tax	7	(32,699,730)	(18,764,035)
Total tax expenses		(32,699,730)	(18,764,035)
Profit for the year		(93,264,431)	(67,542,016)
OTHER COMPREHENSIVE INCOME:			
a) Items that will not be reclassified to profit or loss			
(i) Remeasurement of post employment benefit obligations		(23,965)	(176,862)
(ii) Income tax relating to items that will not be reclassified to profit or loss		6,231	45,984
Other Comprehensive Income for the year, net of tax		(17,734)	(130,878)
Total Comprehensive Income for the year		(93,282,165)	(67,672,894)
Earnings per equity share: (face value of ₹ 10 per share)	28		
Basic earnings per share (in ₹)		(9,326.44)	(6,754.20)
Diluted earnings per share (in ₹)		(9,326.44)	(6,754.20)

Notes 1 to 39 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date

For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain
Partner
M. No.: 83837



For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Raja Ram Sugla
Director
DIN-01261352

Place : New Delhi
Date : May 28, 2019

Luxury Products Trendsetter Private Limited
Cash flow statement for the year ended March 31, 2019

Particulars	₹	
	Year ended	
	March 31, 2019	March 31, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(125,964,161)	(86,306,051)
Adjustments for:		
Depreciation and amortisation expense	15,981,603	7,926,292
Net Loss/(profit) on disposal of property, plant and equipment	1,688,120	-
Share based payments to employees	13,590,564	-
Finance costs	45,436,539	28,550,427
Actuarial (gain)/loss forming part of OCI	(23,965)	(176,862)
Unwinding of discount on security deposits	40,281	81,689
Unrealised foreign exchange (gain)	(45,444)	34,514
Operating profit before working capital changes	(49,296,463)	(49,889,991)
Adjustments for:		
(Increase) in inventories	106,370,561	(134,800,184)
(Increase) in financial assets	1,733,301	(5,985,894)
(Increase) in non-financial assets	(2,524,048)	(17,156,127)
(Increase) in trade receivables	10,227,437	(4,930,407)
Increase in trade payables	(123,215,091)	133,369,009
Increase in financial liabilities	(9,167,812)	15,909,132
Increase in non-financial liabilities	2,989,219	2,201,055
Increase in provisions	548,355	483,712
Cash used in operating activities	(62,334,541)	(60,799,696)
Direct taxes paid	-	324,040
Net cash (used in)/generated from operating activities (A)	(62,334,541)	(61,123,736)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including capital advances	(13,925,377)	(81,756,449)
Proceeds from disposal of property, plant and equipment	-	-
Net cash (used in)/generated from investing activities (B)	(13,925,377)	(81,756,449)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loans, net of repayments	74,710,000	148,828,592
Interest paid	(4,848,449)	(2,855,043)
Issue of share capital	-	-
Net cash (used in)/generated from financing activities (C)	69,861,551	145,973,549
Net increase in cash and cash equivalents (A+B+C)	(6,398,367)	3,093,364
Cash and cash equivalents at the beginning of the year	7,287,652	4,194,288
Cash and cash equivalents at the end of the year	889,285	7,287,652

Notes 1 to 39 form an integral part of these financial statements.

This is the cash flow statement referred to in our report of even date

For Sharad Jain Associates,

Chartered Accountants

FRN: 015201N

Sharad Jain

Partner

M. No.: 83837



For and on behalf of the Board of Directors

Balram Garg

Director

DIN-00032083

Raja Ram Sugla

Director

DIN-01261352

Place : New Delhi

Date : May 28, 2019

Luxury Products Trendsetter Private Limited
Statement of changes in equity for the year ended March 31, 2019

A Equity share capital:			
	Note	No. of shares	₹
Issued, subscribed and fully paid up Equity shares of ₹ 10 each			
Balance as at April 01, 2017	12	10,000	100,000
Changes in equity share capital during the year		-	-
Balance as at March 31, 2018	12	10,000	100,000
Changes in equity share capital during the year		-	-
Balance as at March 31, 2019	12	10,000	100,000

B Other equity:

Particulars	₹		
	Reserves and surplus		Total
	Retained earnings	ESOP of Holding Company	
Balance as at April 01, 2017	(53,223,289)	-	(53,223,289)
Profit for the year	(67,542,016)	-	(67,542,016)
Other comprehensive income	(130,878)	-	(130,878)
Total comprehensive income	(120,896,184)	-	(120,896,184)
Transactions with owners in their capacity as owners	-	-	-
Balance as at March 31, 2018	(120,896,184)	-	(120,896,184)
Profit for the year	(93,264,431)	-	(93,264,431)
Share option expense for the year	-	13,590,564	13,590,564
Other comprehensive income	(17,734)	-	(17,734)
Total comprehensive income	(214,178,349)	13,590,564	(200,587,785)
Transactions with owners in their capacity as owners	-	-	-
Balance as at March 31, 2019	(214,178,349)	13,590,564	(200,587,785)

Notes 1 to 39 form an integral part of these financial statements.

This is the statement of changes in equity referred to in our report of even date

For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain
Partner
M. No.: 83837



For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Raja Ram Sugla
Director
DIN-01261352

Place : New Delhi
Date : May 28, 2019

Luxury Products Trendsetter Private Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

1. Corporate information

Nature of operations

Luxury Products Trendsetter Private Limited (the Company) was incorporated on December 11, 2015 and is engaged in the business of manufacturing and trading of jewellery.

General information and statement of compliance with Ind AS

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act'), Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws.

The financial statements for the year ended March 31, 2019 were authorised and approved for issue by the Board of Directors on May 28, 2019.

2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

Standards issued but not effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effective date for adoption is financial periods beginning on or after April 01, 2019.

Ind AS 116 – Leases

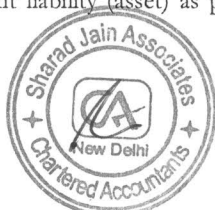
Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company intends to adopt this standard from April 01, 2019 and is currently evaluating the requirements of this standard and its impact on the financial statements.

Amendment to Ind AS 12, Income taxes

On March 30, 2019, Ministry of Corporate Affairs (MCA) has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is April 01, 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 19, Employee benefits

On March 30, 2019, Ministry of Corporate Affairs (MCA) has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is April 01, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 109, Financial instruments

On March 30, 2019, Ministry of Corporate Affairs (MCA) issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after April 01, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 23, Borrowing costs

On March 30, 2019, Ministry of Corporate Affairs (MCA) issued an amendment to Ind-AS 23 "Borrowing Costs" clarifying 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 capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after April 01, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

3. Summary of significant accounting policies

a) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost basis except for certain financial assets and liabilities (refer note 31 for further details).

There exist certain events or conditions which indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, no adjustments have been made to these financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern (refer note 37 for further details).

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.



Luxury Products Trendsetter Private Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Foreign currency translation

Initial recognition

Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

d) Revenue recognition

Sales of goods

Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer and when no significant uncertainty exists regarding the amount of consideration that will be derived. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction. Revenue is recorded net of any discounts and gifts provided by the Company.

Interest

Interest income is recognised on an accrual basis using the effective interest method. Other income is recognised when no significant uncertainty as to its determination or realisation exists.

e) Property, plant and equipment

Recognition and initial measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on written-down value, computed on the basis of useful lives (as set out below) prescribed in Schedule II of the Act:

Asset category	Estimated useful life (in years)
Buildings	30
Plant and equipment	15
Office equipment	5
Computers	3
Furniture and fixtures	10

Leasehold improvements have been amortised over the estimated useful life of the assets or the period of lease, whichever is lower. The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

f) Intangible assets

Recognition and initial measurement

Intangible assets includes trademarks and computer software which were purchased by the Company. All items of intangible assets are stated at their cost of acquisition. The cost comprises purchase price, and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (depreciation and useful lives)

Trademarks are amortised over the estimated useful life of the assets or ten years, whichever is lower, on straight line basis. Computer software are amortised over the estimated useful life of the assets or 3 years, whichever is lower, on written-down value basis.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

De-recognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

g) Leased assets

Company as a lessee

Operating leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

The Company does not enter into any leases as a lessor.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

h) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Subsequent measurement

- i. Financial instruments at amortised cost** – the financial instrument is measured at the amortised cost if both the following conditions are met:

- 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. All the debt instruments of the Company are measured at amortised cost.

De-recognition of financial assets

A financial asset is primarily de-recognised 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.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. These liabilities include borrowings.

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

j) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

k) Inventories

Raw Material: Lower of cost or net realisable value. Cost is determined on first in first out ('FIFO') basis.

Work in progress: At cost determined on FIFO basis upto estimated stage of completion.

Finished goods: Lower of cost or net realisable value. Cost is determined on FIFO basis, includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity for manufactured goods.

Stock-in-trade: Lower of cost or net realisable value. Cost is determined on FIFO basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

l) Taxes on income

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income ('OCI') or directly in equity.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income-tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in OCI or in equity).

Deferred income-tax is calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets or liability arising during tax holiday period is not recognised to the extent it reverses out within the tax holiday period. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in OCI or in equity).

m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

n) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

o) Post-employment, long term and short term employee benefits

Defined contribution plans

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into funds established under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

Defined benefit plans

Gratuity is a post-employment benefit defined under The Payment of Gratuity Act, 1972 and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

p) Operating expenses

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or as incurred.

q) Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

r) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefit is probable, related asset is disclosed.

s) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

t) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements and estimates

The following are significant management judgements and estimates in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence.



(This space has been intentionally left blank)

Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 4: Property, plant and equipment

							₹	
	<u>Land</u>	<u>Factory building</u>	<u>Leasehold improvements</u>	<u>Plant & equipment</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Furniture & fixtures</u>	<u>Capital work-in-progress</u>
Gross block:								
Balance as at April 01, 2017	-	-	5,446,065	1,431,847	3,242,121	1,355,483	1,703,112	-
Additions	31,304,080	-	17,557,965	11,349,305	5,285,487	634,353	2,805,089	7,785,329
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	31,304,080	-	23,004,030	12,781,152	8,527,608	1,989,836	4,508,201	7,785,329
Additions	406,722	7,098,550	1,209,164	2,963,688	2,056,333	55,596	2,967,853	2,000,000
Disposals	-	-	(2,391,503)	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(5,285,329)
Balance as at March 31, 2019	31,710,802	7,098,550	21,821,691	15,744,840	10,583,941	2,045,432	7,476,054	4,500,000
Accumulated depreciation and amortisation:								
Balance as at April 01, 2017	-	-	378,559	51,770	553,782	688,089	651,867	-
Charge for the year	-	-	2,539,385	1,401,441	1,726,352	571,620	320,121	-
Reversal on disposals	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	-	2,917,944	1,453,211	2,280,134	1,259,709	971,988	-
Charge for the year	-	582,268	6,201,903	2,292,816	3,080,224	491,566	1,428,246	-
Reversal on disposals	-	-	(703,383)	-	-	-	-	-
Balance as at March 31, 2019	-	582,268	8,416,464	3,746,027	5,360,358	1,751,275	2,400,234	-
Net block:								
Balance as at March 31, 2019	31,710,802	6,516,282	13,405,227	11,998,813	5,223,583	294,157	5,075,820	4,500,000
Balance as at March 31, 2018	31,304,080	-	20,086,086	11,327,941	6,247,474	730,127	3,536,213	7,785,329

Capital work-in-progress comprises new manufacturing facility being constructed in Jaipur, India.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 5: Intangible assets			
	<u>Trademark</u>	<u>Computer software</u>	<u>₹</u> <u>Total</u>
Gross block:			
Balance as at April 01, 2017	10,835,803	309,789	11,145,592
Additions	4,975,591	59,250	5,034,841
Disposals	-	-	-
Balance as at March 31, 2018	15,811,394	369,039	16,180,433
Additions	-	452,800	452,800
Disposals	-	-	-
Balance as at March 31, 2019	15,811,394	821,839	16,633,233
Accumulated depreciation and amortisation:			
Balance as at April 01, 2017	1,264,177	164,613	1,428,790
Charge for the year	1,249,433	117,940	1,367,373
Reversal on disposals	-	-	-
Balance as at March 31, 2018	2,513,610	282,553	2,796,163
Charge for the year	1,581,139	323,441	1,904,580
Reversal on disposals	-	-	-
Balance as at March 31, 2019	4,094,749	605,994	4,700,743
Net block:			
Balance as at March 31, 2019	11,716,645	215,845	11,932,490
Balance as at March 31, 2018	13,297,784	86,486	13,384,270



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 6: Financial assets - loans

	₹			
	As at			
	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Unsecured and considered good				
Security deposits	4,934,681	244,199	5,797,989	117,500
Total	4,934,681	244,199	5,797,989	117,500

Note 7: Deferred tax assets [net]

	₹	
	As at	
	March 31, 2019	March 31, 2018
Deferred tax asset arising on account of		
Losses carried forward	72,530,586	42,020,950
Provision for employee benefits	325,726	183,153
Financial assets and liabilities at amortised cost	35,529	25,056
	72,891,841	42,229,159
Deferred tax liability arising on account of		
Difference between accounting base and tax base of property, plant and equipment	1,800,435	(242,844)
	1,800,435	(242,844)
Net deferred tax assets	74,692,276	41,986,315

(a) Movements in deferred tax assets and deferred tax liabilities from April 1, 2018 to March 31, 2019

Particulars	Opening balance as on April 1, 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2019
Deferred tax asset arising on account of				
Losses carried forward	42,020,950	30,509,636	-	72,530,586
Provision for employee benefits	183,153	136,342	6,231	325,726
Financial assets and liabilities at amortised cost	25,056	10,473	-	35,529
	42,229,159	30,656,451	6,231	72,891,841
Deferred tax liability arising on account of				
Difference between accounting base and tax base of property, plant and equipment	(242,844)	2,043,279	-	1,800,435
	(242,844)	2,043,279	-	1,800,435
Net deferred tax assets	41,986,315	32,699,730	6,231	74,692,276



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(b) Movements in deferred tax assets and deferred tax liabilities from April 1, 2017 to March 31, 2018

Particulars	Opening balance as on April 1, 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2018
Deferred tax asset arising on account of				
Losses carried forward	23,667,460	18,353,490	-	42,020,950
Provision for employee benefits	68,204	68,965	45,984	183,153
Financial assets and liabilities at amortised cost	3,816	21,240	-	25,056
	23,739,480	18,443,695	45,984	42,229,159
Deferred tax liability arising on account of				
Difference between accounting base and tax base of property, plant and equipment	(563,184)	320,340	-	(242,844)
	(563,184)	320,340	-	(242,844)
Net deferred tax assets	23,176,296	18,764,035	45,984	41,986,315

Note 8: Other assets

	₹			
	As at			
	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Balances with statutory authorities	-	24,866,115	-	21,780,912
Advances to Suppliers	-	370,110	-	650,506
Prepaid expenses	995,861	526,402	1,902,200	810,173
Others	-	330,410	-	458,032
Total	995,861	26,093,037	1,902,200	23,699,623

Note 9: Inventories

	₹	
	As at	
	March 31, 2019	March 31, 2018
Raw materials	47,468,897	113,392,639
Work-in-progress	12,940,412	25,515,098
Finished goods	69,293,754	21,818,449
Stock-in-trade	-	75,347,438
	129,703,063	236,073,624

Note 10: Trade receivables

	₹	
	As at	
	March 31, 2019	March 31, 2018
Unsecured and considered good		
Receivables from related parties	-	-
Others	2,148,651	12,330,644
	2,148,651	12,330,644



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 11: Cash and cash equivalents

	₹	
	As at	
	March 31, 2019	March 31, 2018
Balances with banks		
- In current accounts	760,985	7,111,285
Cash on hand	128,300	176,367
	889,285	7,287,652



(this space is intentionally left blank)

Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 12: Equity share capital

(a) Authorised equity share capital

	Number of shares	Amount (₹)
Equity shares of ₹ 10 each		
Balance as at April 01, 2017	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2018	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2019	10,000	100,000

Issued, subscribed and paid-up equity share capital:

	Number of shares	Amount (₹)
Equity shares of ₹ 10 each		
Balance as at April 01, 2017	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2018	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2019	10,000	100,000

(b) Terms and rights attached to equity shares

The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of ₹ 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

(c) Share of the company held by holding/ultimate holding company

	As at			
	March 31, 2019		March 31, 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 10 each				
PC Jeweller Limited - Holding Company	9,990	99.90%	9,990	99.90%
Balram Garg - Nominee PC Jeweller Ltd	10	0.10%	-	-
Padam Chand Gupta - Nominee PC Jeweller Ltd	-	-	10	0.10%
	10,000	100%	10,000	100%

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

	As at			
	March 31, 2019		March 31, 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 10 each				
PC Jeweller Ltd	10,000	100.00%	10,000	100.00%
	10,000	100.00%	10,000	100.00%

*As per the records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

- (e) The Company has not issued any shares pursuant to contract without payment being received in cash, or allotted as fully paid up by way of bonus shares or bought back any shares during the period of five years immediately preceding the date of balance sheet.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 13: Other equity

Particulars	Sub-note	₹	
		As at	
		March 31, 2019	March 31, 2018
Retained earnings	(i)	(214,178,349)	(120,896,184)
ESOP of Holding Company	(ii)	13,590,564	-
Total other equity		(200,587,785)	(120,896,184)

(i) Retained earnings

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	(120,896,184)	(53,223,289)
Add : Profit for the year	(93,264,431)	(67,542,016)
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurement of net defined benefit liability	(17,734)	(130,878)
Balance at the end of the year	(214,178,349)	(120,896,184)

(ii) ESOP of Holding Company

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	-	-
Add : Introduced during the year	13,590,564	-
Less: Adjusted during the year	-	-
Balance at the end of the year	13,590,564	-

Note 14: Non-current financial liabilities - borrowings

	Interest rate	Maturity date	₹	
			As at	
			March 31, 2019	March 31, 2018
Unsecured				
Loans from related parties	11.60% p.a.	5 Years	419,738,592	345,028,592
Total			419,738,592	345,028,592

i) Each tranche of loan taken is repayable within 5 years from date of receipt.

ii) Rate of interest to be fixed on March 31 of every financial year based on average cost of working capital facilities obtained by lender from Banks/FI.

Note 15: Provisions

	₹			
	As at			
	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Provision for employee benefits obligations (refer note 29)	1,249,912	2,879	702,409	2,027
Total	1,249,912	2,879	702,409	2,027



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 16: Trade payables

	₹	
	As at	
	March 31, 2019	March 31, 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	696,012	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises*	12,451,185	136,362,288
Total	13,147,197	136,362,288

Note 17: Other current financial liabilities

	₹	
	As at	
	March 31, 2019	March 31, 2018
Valued at amortised cost		
Creditors for capital goods	2,500,669	7,116,667
Employee related payables	2,722,375	6,758,352
Interest accrued and due on borrowings	76,525,769	35,937,679
Others	7,945,364	8,461,200
Total	89,694,176	58,273,898

Note 18: Other current liabilities

	₹	
	As at	
	March 31, 2019	March 31, 2018
Statutory dues payable	6,574,867	4,024,037
Advances received from customers	438,389	-
Total	7,013,256	4,024,037



(this space is intentionally left blank)

Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 19: Revenue from operations

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Sale of products	468,906,951	729,067,806
Sale of services	-	13,167,890
	468,906,951	742,235,696

Note 20: Other income

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Interest income on:		
refund of income tax	-	11,320
other financial assets carried at amortised cost	996,692	425,830
Net gain on foreign currency transactions and translations	5,587	-
Other non-operating income	119,850	-
	1,122,129	437,150

Note 21: Cost of materials consumed

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Raw material		
Balance at the beginning of the year	113,392,639	788,988
Add: purchases during the year	303,923,461	369,500,825
Less: balance at the end of the year	47,468,897	113,392,639
	369,847,203	256,897,174

Note 22: Purchases of stock-in-trade

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Purchases of stock-in-trade	-	445,541,306
	-	445,541,306

Note 23: Changes in inventories of finished goods, stock-in-trade and work-in-progress

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Opening stock		
Work-in-progress	25,515,098	4,659,149
Finished goods	21,818,449	434,514
Stock-in-trade	75,347,438	95,390,789
	122,680,985	100,484,452
Closing stock		
Work-in-progress	12,940,412	25,515,098
Finished goods	69,293,754	21,818,449
Stock-in-trade	-	75,347,438
	82,234,166	122,680,985
	40,446,819	(22,196,533)



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 24: Employee benefits expense

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Salaries and wages	43,980,987	39,207,988
Contribution to provident and other funds	904,429	229,687
Share based payments to employees	13,590,564	-
Staff welfare expenses	1,250,134	1,014,610
	59,726,114	40,452,285

Note 25: Finance costs

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Interest expense on financial liabilities at amortised cost	45,436,539	28,550,427
	45,436,539	28,550,427

Note 26: Other expenses

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Advertisement	3,153,197	6,003,980
Manufacturing expenses	19,162,580	12,690,906
Packing expenses	454,176	1,035,650
Rent	15,320,725	9,852,118
Business promotion expense	1,254,559	12,956,953
Communication	2,533,721	2,073,725
Repairs and maintenance		
- office	1,436,212	1,625,727
- others	428,841	154,026
Electricity and water	2,103,165	1,376,944
Website development & maintenance expenses	-	1,020,000
Insurance	206,773	159,479
Legal and professional (including payment to auditors) (refer note a below)	10,978,700	14,308,516
Rates and taxes	56,524	288,632
Printing and stationery	648,116	1,319,987
Security expenses	3,072,011	1,665,626
Travelling and conveyance	1,590,950	4,704,899
Net loss on foreign currency transactions and translations	-	149,660
Net loss on disposal of fixed assets	1,688,120	-
Bank charges	240,361	92,121
Miscellaneous expenses	226,231	328,997
	64,554,963	71,807,946
Note		
(a) Payment to auditors		
- As statutory auditors	180,000	180,000
- As tax auditors	90,000	90,000
- For other services	30,000	30,000
Total	300,000	300,000



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 27: Current tax

(a) Income-tax expense through the statement of profit and loss

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Current income-tax:		
Current tax on profits for the year	-	-
Deferred tax:		
In respect of current year origination and reversal of temporary differences	(32,699,730)	(22,201,843)
Adjustments due to changes in tax rates	-	3,437,808
Total tax expense recognised in the statement of profit or loss	(32,699,730)	(18,764,035)

(b) Income-tax on other comprehensive income

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Re-measurement of defined benefit obligations	6,231	45,984
Total tax expense recognised in the statement of profit or loss	6,231	45,984

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Accounting profit before income-tax	(125,964,161)	(86,306,051)
Applicable Indian statutory income-tax rate	26.00%	25.75%
Computed expected tax expense	(32,750,682)	(22,223,808)
Effect of change in rate of tax	-	3,437,808
Effect of non-deductible expenses	50,952	21,965
Income-tax expense reported in the statement of profit and loss	(32,699,730)	(18,764,035)

Note 28: Earnings per share

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
Net profit attributable to shareholders for basic/diluted earnings per share	(93,264,431)	(67,542,016)
Weighted average number of equity shares for basic/diluted earnings per share	10,000	10,000
Basic earnings per share	(9,326.44)	(6,754.20)
Diluted earnings per share	(9,326.44)	(6,754.20)



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 29: Employee benefits

	₹	
	As at	
	March 31, 2019	March 31, 2018
Gratuity	1,252,791	704,436
	1,252,791	704,436

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the amount recognised in the balance sheet for the defined benefit plan.

	₹	
	As at	
	March 31, 2019	March 31, 2018
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	704,436	220,724
Interest cost	52,833	16,334
Current service cost	471,557	290,516
Benefits paid	-	-
Actuarial (gains)/ losses on obligation	23,965	176,862
Closing defined benefit obligation	1,252,791	704,436
Expense/(income) recognised in the statement of profit and loss:		
Current service cost	471,557	290,516
Interest cost on benefit obligation	52,833	16,334
Net expenses	524,390	306,850
Expense/(income) recognised in the other comprehensive income:		
Net actuarial (gains)/ losses in the year	23,965	176,862
	23,965	176,862
Net expense recognised in total comprehensive income	548,355	483,712
Breakup of actuarial gain/loss		
Actuarial (gain)/loss arising from change in demographic assumption	-	-
Actuarial (gain)/loss arising from change in financial assumption	5,745	(13,021)
Actuarial (gain)/loss arising from experience adjustment	18,220	189,883
	23,965	176,862

Acturial assumptions used

	March 31, 2019	March 31, 2018
Discount rate	7.50%	7.60%
Long-term rate of compensation increase	8.00%	8.00%
Average remaining life	26.60	24.54



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Demographic assumptions used

	March 31, 2019	March 31, 2018
Mortality table	IALM(2006-08)	IALM(2006-08)
Retirement age	60 years	60 years
Average remaining life	26.60	24.54
Withdrawal rates for all ages	10% per annum	10% per annum

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at March 31, 2019.

Assumption Sensitivity level Impact on defined benefit obligation [₹] Assumption Sensitivity level Impact on defined benefit obligation [₹] Assumption Sensitivity level Impact on defined benefit obligation [₹]	As at			
	March 31, 2019		March 31, 2018	
	Discount rate			
	+ 1%	- 1%	+ 1%	- 1%
	(79,851)	90,561	(60,262)	68,716
	Salary growth rate			
	+ 1%	- 1%	+ 1%	- 1%
	89,257	(80,203)	62,806	(60,577)
	Average life expectancy			
	+ 1%	- 1%	+ 1%	- 1%
Negligible		Negligible		

The present value of the defined benefit obligation calculated with the same method (project unit credit) as the defined benefit obligation recognised in the balance sheet. The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The expected contributions to the defined benefit plan in the next 12 months is ₹ 6,83,785 as at March 31, 2019 (₹ 4,20,822 as at March 31, 2018).

Amounts for the current and previous four years are as follows:

	2018-19	2017-18	2016-17	2015-16	2014-15
Defined benefit obligations	1,252,791	704,436	220,724	-	-
Experience gain/(loss) adjustments on planned liabilities	(18,220)	(189,883)	-	-	-

Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 9,04,429 (₹ 2,29,687 for March 31, 2018).



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 30: Related party transactions

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

A List of related parties

Relationship	Name of the related party	
Holding company	PC Jeweller Limited	
Key management personnel (KMP)	Mr. Balram Garg Mr. Padam Chand Gupta	Director from February 11, 2019 Ceased due to demise on January 28, 2019
Other entities	Transforming Retail Private Limited	

B Transactions with related parties:

Details of transaction between the Company and its related parties are disclosed below:

	Holding company		Other entities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(i) Transactions during the year				
Loan received				
PC Jeweller Limited	74,710,000	148,828,592	-	-
	74,710,000	148,828,592	-	-
Interest paid				
PC Jeweller Limited	45,097,878	28,550,427	-	-
	45,097,878	28,550,427	-	-
Purchase of products				
PC Jeweller Limited	256,924,550	384,547,343	-	-
	256,924,550	384,547,343	-	-
Sale of services				
PC Jeweller Limited	-	2,250,000	-	-
	-	2,250,000	-	-
Sale of products				
PC Jeweller Limited	422,654,204	486,963,891	-	-
	422,654,204	486,963,891	-	-
(ii) Year ended balances:				
Loan received				
PC Jeweller Limited	419,738,592	345,028,592	-	-
	419,738,592	345,028,592	-	-
Amount payable				
PC Jeweller Limited	80,435,415	124,659,536	-	-
	80,435,415	124,659,536	-	-
Reimbursement payable				
Transforming Retail Private Limited	-	-	454,203	454,203
	-	-	454,203	454,203
Share capital				
PC Jeweller Limited	100,000	100,000	-	-
	100,000	100,000	-	-



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 31: Financial risk management

i) Financial instruments by category

Particulars	March 31, 2019		March 31, 2018	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Trade receivables	-	2,148,651	-	12,330,644
Security deposit	-	5,178,880	-	5,915,489
Cash and cash equivalents	-	889,285	-	7,287,652
Total	-	8,216,816	-	25,533,785
Financial liabilities				
Borrowings	-	419,738,592	-	345,028,592
Trade payable	-	13,147,197	-	136,362,288
Other financial liabilities	-	89,694,176	-	58,273,898
Total	-	522,579,965	-	539,664,778

(a) The carrying value of trade receivables, securities deposits and cash and bank balances recorded at amortised cost, is considered to be a reasonable approximation of fair value.

(b) The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

ii) Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Forward contracts
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Management of borrowings taken at fixed and floating rates

The Company's risk management is carried out by the Company's board of directors. The board of directors also provide written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, market risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, security deposits and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Trade receivables consist of a considerable number of customers in various geographical areas. The Company has no history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

Detail of trade receivables that are past due is given below:

	As at March 31, 2019	As at March 31, 2018
Not due	1,101,226	3,504,903
0-30 days past due	186,541	2,340,085
31-60 days past due	-	5,416,412
61-90 days past due	-	1,069,244
More than 90 days past due	860,884	-
	2,148,651	12,330,644

The company's exposure to credit risk for trade receivables is concentrated in Domestic customers.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Contractual Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

March 31, 2019	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	-	76,525,769	-	-	419,738,592	496,264,361
Trade payable	-	13,147,197	-	-	-	13,147,197
Other financial liabilities	-	13,168,407	-	-	-	13,168,407
Total	-	102,841,373	-	-	419,738,592	522,579,965
March 31, 2018	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Borrowings	-	43,054,346	-	-	345,028,592	388,082,938
Trade payable	-	136,362,288	-	-	-	136,362,288
Other financial liabilities	-	15,219,552	-	-	-	15,219,552
Total	-	194,636,186	-	-	345,028,592	539,664,778



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

C) Market risk - foreign exchange

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company as per its overall strategy uses forward contracts to mitigate its risks associated with fluctuations in foreign currency, and such contracts are not designated as hedges under Ind AS 109. The Company does not use forward contracts and swaps for speculative purposes.

Sensitivity

The sensitivity to profit or loss from changes in the exchange rates arises mainly from financial instruments denominated in USD. In case of a reasonably possible change in ₹/USD exchange rates of +/- 4% (previous year +/- 4%) at the reporting date, keeping all other variables constant, there would have been an impact on profits of ₹ (92,399) (previous year ₹ 67,416).

D) Interest rate risk

Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2019, the Company is exposed to changes in market interest rates through corporate borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowing	419,738,592	345,028,592
Total borrowings	419,738,592	345,028,592

Sensitivity

The sensitivity to profit or loss in case of reasonably possible change in interest rates of +/- 50 basis points (previous year +/- 50 basis points), keeping all other variables constant, would have resulted in an impact on profit by ₹ 15,53,033 (previous year ₹ 12,80,919)

Assets

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Note 32: Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 33: Ind AS 115 - Revenue from Contracts with Customers

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" from April 01, 2018. This has resulted in changes in accounting policies but has not resulted in any adjustments to the amounts recognised in the financial statements.

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

(a) Disaggregation of revenue

The Company is engaged only in the business of jewellery and the risks and rewards of the company are concentrated in a single geographical area. Therefore, no disaggregated analysis of revenue is required.

(b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended March 31, 2019	Year ended March 31, 2018
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	-	-
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-
Total	-	-

(c) Assets and liabilities related to contracts with customers

Description	As at March 31, 2019	As at March 31, 2018
	Current	Current
Contract liabilities related to sale of goods		
Advance from customers	438,389	-

(d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended March 31, 2019	Year ended March 31, 2018
Contract price	468,906,951	742,235,696
Less: Discount, rebates, credits etc.	-	-
Revenue from operations as per Statement of Profit and Loss	468,906,951	742,235,696



Luxury Products Trendsetter Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 34: Micro, Small and Medium Enterprises

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended March 31, 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:		
Principal amount due to micro and small enterprises	2,191,727	-
Interest due on above	78,198	-
(b) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	78,198	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	78,198	-

Classification of balance due to micro enterprises and small enterprises (including interest) in financial statements:

(a) Classified under Trade Payables (Refer Note 16)	696,012
(b) Classified under Creditors for Capital Goods (Refer Note 17)	1,186,975
(c) Classified under Other Current Financial Liabilities - Others (Refer Note 17)	386,938
Total	2,269,925

Note 35:

During the year ended March 31, 2018, an employee of the company was granted 1,00,000 stock options under Employee Stock Option Plan (the 'Plan') of the Holding Company, PC Jeweller Limited on August 01, 2017. Average exercise price per share is ₹ 10. Each stock option entitles the grantee thereof to apply for and be allotted one equity share of the Holding Company upon vesting. Vesting of the options shall take place over a period of 4 years with a minimum vesting period of 1 year from the grant date.

The vesting schedule is set forth as follows:

Vesting	Number of months from the date of grant of	Percentage of options vested	Cumulative percentage of options vested
1	12	10	10
2	24	20	30
3	36	30	60
4	48	40	100

The options granted shall vest so long as the employee continues to be in employment with the Company, i.e., the options will lapse if the employment is terminated prior to vesting. Even after the options are vested, un-exercised options may be forfeited if the services of the employee are terminated for reasons specified in the Plan.

During the year under consideration, 10,000 stock options vested on August 01, 2019 and the same were exercised within time. 90,000 stock options are outstanding as at the end of the year. Fair value of options granted (per share) is ₹ 231.55.

Note 36: Segment information

The company is engaged in the business of manufacturing, trading and marketing of gold jewellery and diamond studded jewellery of various designs/ specifications. There is no business segment to be reported under primary segment information.

The risks and rewards of the company are concentrated in a single geographical area i.e domestic sales. Therefore, there is no geographical segment to be reported under secondary segment information.



Luxury Products Trendsetter Private Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019****Note 37:**

During the year, the Company has incurred a net loss amounting to ₹ 9,32,82,165 (previous year - ₹ 6,76,72,894) resulting in accumulated losses of ₹ 21,41,78,349 as at March 31, 2019 (previous year ₹ 12,08,96,184). These events or conditions indicates that a material uncertainty exist which may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To improve working capital position and improve its operational performance, the Company has taken the following steps:

- 1 The holding company, vide signed agreement dated January 25, 2016, has agreed to provide loan to the Company upto Rs. 1,50,00,00,000 in various tranches as and when required. The Company has already received funds amounting to Rs. 41,97,38,592 as on March 31, 2019 (net of repayments) in relation to the same. The Company has further received support letter from its Holding Company regarding its commitment towards providing sufficient working capital to the company as and when required.
- 2 The management is in process of optimizing manufacturing capabilities of its Jaipur Unit, identifying new customers and new geographies so as to expand its jewellery manufacturing business. This will help the Company to achieve its projections and mitigate the losses.

As a result of the above matters, the directors are of the view that the Company will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business. The management remain confident about the successful achievement of projected targets and therefore no adjustments have been made to these financial results relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 38: Reconciliation of liabilities arising from financing activities pursuant to Ind AS -7 Cash flows

The changes of the Company's liabilities arising from financing activities can be classified as follows:

(₹)				
Particulars	Long term borrowings	Short term borrowings	Equity share capital	Total
Net liability as at April 01, 2017	196,200,000	-	100,000	196,300,000
Proceeds from non-current borrowings (net)	148,828,592	-	-	148,828,592
Net liability as at March 31, 2018	345,028,592	-	100,000	345,128,592
Proceeds from non-current borrowings (net)	74,710,000	-	-	74,710,000
Net liability as at March 31, 2019	419,738,592	-	100,000	419,838,592

Note 39: Post reporting date events

No adjusting or significant non-adjusting events have occurred between March 31, 2019 and the date of authorisation of the Company's financial statements.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain
Partner
M. No.: 83837



Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Raja Ram Sugla
Director
DIN-01261352