R K Jagetiya& Co
Chartered Accountant

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INDEPENDENT AUDITOR'SEXAMINATION REPORT ON RESTATED [STANDALONE] FINANCIAL INFORMATION

To,

The Board of Directors,

Lloyds Luxuries Limited,
Trade World, 'C' Wing, 16th Floor,
Kamala City, Senapati Bapat Marg,
Lower Parel (W), Mumbai 400013,
Maharashtra, India

Dear Sir,

Reference: - Proposed Public Issue of Equity Shares of **Lloyds Luxuries Limited**

We have examined the attached Restated Standalone Financial Statement of **Lloyds Luxuries Limited** (hereunder referred to "the Company", "Issuer") comprising the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021, and March 31, 2020, the Restated Statement of Profit & Loss, the Restated Cash Flow Statement for the year ended March 31, 2022, March 31, 2021, and March 31, 2020, the statement of Significant Accounting Policies and other explanatory Information (Collectively the Restated Standalone Financial Statement) as approved by the Board of Directors in their meeting held on 12th August, 2022 for the purpose of inclusion in the Draft Prospectus / Prospectus ("Offer Document") in connection with its proposed Initial Public Offering (IPO) of equity shares, prepared by the Company in connection with its Initial Public Offer of Equity Shares (IPO) prepared in terms of the requirement of:-

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended (the "Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 as amended ("ICDR Regulations"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2020) issued by the Institute of Chartered Accountants of India as amended from time to time. ("The Guidance Note")

The Company's Board of Directors is responsible for the preparation of the Restated Standalone Financial Statement for the purpose of inclusion in the offer document to be filed with Stock Exchange, Securities and Exchange Board of India, and Registrar of Companies, Mumbai in connection with the proposed IPO. The Restated Standalone Financial Statements have been prepared by the management of the Company for the year ended on March 31, 2022, March 31, 2021, and March 31, 2020 on the basis of notes to restatement in note IV to the Restated Standalone Financial Statement. The Board of Directors of the company's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Statement.

We have examined such Restated Standalone Financial Statement taking into consideration:

a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 06th May, 2022 in connection with the proposed IPO of equity shares of the Company;

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b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Statements; and

d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

This Restated Standalone Financial Statements have been compiled by the management from:

a) Audited financial statements of the company as at and for the year ended on March 31, 2022, March 31, 2021, and March 31, 2020 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, and other accounting principles generally accepted in India.

Audit of the Standalone Financial Statement of the Company for the year ended March 31, 2022, March 31, 2021, and March 31, 2020 have been prepared by the Company in accordance with the generally accepted accounting policies and as approved by board of the Company and Audited by M/s Todarwal & Todarwal LLP vide their Audit Report dated 17th May, 2022, 01st November, 2021 and 25th November, 2020 respectively.

For the purpose of our examination, we have relied on:

a) Auditors' Report issued by the Previous Auditor M/s Todarwal & Todarwal LLP (the "Previous Auditors") dated 17th May, 2022, 01st November, 2021 and 25th November, 2020, for the financial year ended 31st March 2022, 31st March 2021 and 31st March 2020 respectively.

The modification in restated financials were carried out based on the modified reports, if any, issued by Previous Auditor which is giving rise to modifications on the financial statements as at and for the years ended 31st March 2022, 31st March 2021 and 31st March 2020.

a) The Restated Standalone Financial Statement have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial period/years to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any;

b) The Restated Standalone Financial Statement have been made after incorporating adjustments for prior period and other material amounts in the respective financial year to which they relate;

c) Extra-ordinary items that need to be disclosed separately in the accounts has been disclosed wherever required;

d) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Polices and Notes to Accounts as set out in Annexure IV to this report;

e) Adjustments in Restated Standalone Financial Statement have been made in accordance with the correct accounting policies,

f) There was no change in accounting policies, which needs to be adjusted in the Restated Standalone Financial Statement, except as mentioned in notes to Restatement;

g) There are no revaluation reserves, which need to be disclosed separately in the Restated Standalone Financial Statement

h) The Company has not paid any dividend during FY 2019-20 to FY 2021-22.

In accordance with the requirements of Part I of Chapter III of Act including rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

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a) The "Restated Statement of Assets and Liabilities" as set out in Annexure I to this report, of the Company as at March 31, 2022, March 31, 2021, and March 31, 2020 is prepared by the Company and approved by the Board of Directors. These Restated Standalone Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV to this Report.

b) The "Restated Statement of Profit and Loss" as set out in Annexure II to this report, of the Company for Financial year ended March 31, 2022, March 31, 2021, and March 31, 2020 is prepared by the Company and approved by the Board of Directors. These Restated Standalone Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV to this Report.

c) The "Restated Statement of Cash Flow" as set out in Annexure III to this report, of the Company for Financial year ended March 31, 2022, March 31, 2021, and March 31, 2020 is prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV to this Report.

We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for Financial year ended March 31, 2022, March 31, 2021, and March 31, 2020 proposed to be included in the Offer Document for the proposed IPO.

Restated Standalone Statement of Share Capital, Reserves And Surplus	Annexure-A
Restated Standalone Statement of Long Term And Short Term Borrowings/ Statement of principle Term of Secured loan and Assets charges as security and Statement of term & Condition of unsecured Loans.	Annexure-B, B(A) and B(B)
Restated Standalone Statement of Deferred Tax (Assets) / Liabilities	Annexure-C
Restated Standalone Statement of Long Term Provisions	Annexure-D
Restated Standalone Statement of Trade Payables	Annexure-E
Restated Standalone Statement of Other Current Liabilities And Short Term Provisions	Annexure-F
Restated Standalone Statement of Property, Plant and Equipment and Intangible Assets	Annexure-G
Restated Standalone Statement of Non-Current Investments	Annexure-H
Restated Standalone Statement of Long-Term Loans And Advances	Annexure-I
Restated Standalone Statement of Non-Current Assets	Annexure-J
Restated Standalone Statement of Inventory	Annexure-K
Restated Standalone Statement of Trade Receivables	Annexure-L
Restated Standalone Statement of Cash & Cash Equivalents	Annexure-M
Restated Standalone Statement of Short-Term Loans And Advances	Annexure-N
Restated Standalone Statement of Other Current Assets	Annexure-O
Restated Standalone Statement of Turnover	Annexure-P
Restated Standalone Statement of Non- Operating Income	Annexure-Q
Restated Standalone Statement of Cost Of Material Consumed And Purchases Of Stock In Trade	Annexure-R
Restated Standalone Statement of Change in Inventories	Annexure-S
Restated Standalone Statement of Employee Benefits Expenses	Annexure-T
Restated Standalone Statement of Finance Cost	Annexure-U
Restated Standalone Statement of Depreciation & Amortization	Annexure-V
Restated Standalone Statement of Other Expenses	Annexure-W
Restated Standalone Statement of Mandatory Accounting Ratios	Annexure-X
Restated Standalone Statement of Related Party Transaction	Annexure-Y
Restated Standalone Statement of Capitalization	Annexure-Z
Restated Standalone Statement of Tax Shelter	Annexure-AA
Restated Standalone Statement of Contingent Liabilities	Annexure-AB
Restated Standalone Statement of Other Financial Ratio	Annexure-AC

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Significant Accounting Policy And Notes To The Restated Standalone financial Statements	Annexure IV
Material Adjustment to the Restated Standalone Financial	Annexure V

In our opinion and to the best of information and explanation provided to us, the Restated Standalone Financial Statement of the Company, read with significant accounting policies and notes to accounts as appearing in Annexure IV are prepared after providing appropriate adjustments and regroupings as considered appropriate.

We, M/s. R K Jagetiya & Co, Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and our peer Review Certificate is valid as on the date of signing of this report.

The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.

The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

In our opinion, the above Standalone Financial Statements along with Annexure A to AB of this report read with the respective Significant Accounting Polices and Notes to Accounts as set out in Annexure IV and V are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Companies Act, ICDR Regulations, Engagement Letter and Guidance Note.

Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the Proposed SME IPO of Equity Shares of the Company and our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

For R K Jagetiya& CO.
Chartered Accountant
FRN:- 146264W

R K JAGETIYA & CO. FRN 146264W Chartered Accountant

(Ravi K Jagetiya)
Proprietor
M. No. 134691
Place: Mumbai
Date: 12th August, 2022
UDIN: **22134691APNWTL9251**

ANNEXURE-IV

SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED STANDALONE FINANCIAL STATEMENTS

A. BACKGROUND

Lloyds Luxuries Limited was originally incorporated as a private limited company in the name of "Lloyds Luxuries Private Limited" on October 21, 2013 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai. The Company was converted into a Public Limited Company and consequently the name of the Company was changed from "Lloyds Luxuries Private Limited" to "Lloyds Luxuries Limited" vide a fresh certificate of incorporation dated January 29, 2014, issued by the Registrar of Companies Maharashtra, Mumbai bearing CIN U74999MH2013PLC249449.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL SATEMENTS

The Restated Standalone Statement of Assets and Liabilities of the Company as on March 31, 2022, March 31, 2021, and March 31, 2020 and the Restated Standalone Statement of Profit and Loss and Restated Standalone Statements of Cash Flows for the year ended on March 31, 2022, March 31, 2021, and March 31, 2020 and the annexure thereto (collectively, the "**Restated Standalone Financial Statements**") have been extracted by the management from the Audited Financial Statements of the Company for the year ended on March 31, 2022, March 31, 2021, and March 31, 2020.

The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, including the Accounting Standards as prescribed by the Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities, if any, as at the date of the financial statements and reported amounts of income and expenses during the year. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

3. PROPERTY, PLANT AND EQUIPMENTS

Fixed assets are carried at cost of acquisition less depreciation. The cost includes the expenditure incurred till the date of commencement of business which is directly attributable to fixed assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

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4. DEPRECIATION

i. Depreciation on fixed assets is provided on the straight-line method as per the useful life decided by the management, which is as follows:

Sr. No	Nature of Asset	Useful life
1.	Leasehold Property	Initial Lease Term
2.	Service Machinery	20 years
3.	Office Equipment's	10 years
4.	Computers	5 years
5.	Electrical Fittings	10 years
6.	Furniture & fixtures	10 years

ii. Leasehold improvements are amortized over the period of initial term lease.

iii. Individual assets having life of less than one year are entirely depreciated in the year of acquisition.

iv. Depreciation on addition/deletion to fixed assets during the year is provided on pro-rata basis from the date of such addition/deletion as the case may be.

v. The fixtures which form part of leasehold premises are depreciated over the lease period as per the lease contract entered into by the company.

vi. The assets having value of Rs. 5,000 or less are fully depreciated in the year of purchase.

vii. Residual Value for fixed assets has been calculated at 2% of purchase value.

viii. Service Equipments are fully depreciated in the year of purchase.

5. FOREIGN EXCHANGE TRANSACTIONS:

i. Transactions in foreign currency are recorded at exchange rates prevailing on the dates of respective transactions.

ii. The difference in translation and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

iii. The transactions that are due at the end of financial year are revalued at closing rate and the difference of realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

5. BORROWING COSTS

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

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6. IMPAIRMENT OF ASSETS

Wherever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, such assets are subject to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, loss is recognized.

7. INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

8. INVENTORIES

i. Inventories, including those held by consignment agents, are valued at lower of cost and net realizable value.
ii. Cost of inventories is determined on first-in-first out (FIFO) method of inventory valuation.
iii. Cost of inventories comprises costs of purchase and other costs incurred in bringing them to their respective operating location.
iv. The saleable products are classified under stock-in-trade and as traded goods.
v. Consumption products and packing material are classified under spares and material.

9. REVENUE RECOGNITION

i) Income from services rendered is recognized once the services are provided to the customer.
ii) Membership sales are recognized on as and when they occur i.e. when the same is purchased by the customer and for the services which can be availed within a period of one year from the date of purchase.
iii) Revenue on sale of gift card is recognized when gift card is sold/issued to customer instead of when redeemed.
iv) Sale of product are recognized as below:

Sr. No	Type of Sale	Method of recognition
1	Outlet sale	At the time of POS *
2.	Channel sale	At the time of POS *
3	E- Commerce	At the time when the product is ready for dispatch.

*Point of Sale (POS):- the point at which the customer makes the payment to the merchant in exchange for product.

v) Sales for product sent on consignment are recognized when actual sales takes place.

vi) Franchisee fees received from the franchisee is recognized as income based on the contractual agreement.

Other Operating Revenue

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i) Other Operating revenue comprises of income from ancillary activities incidental to the operation of the Company and is recognized when the right to receive the income is established as per the terms of the contract.

ii) Interest on fixed deposits, Commission Income, and other Incentives etc. are recognized on time proportion basis.

iii) Other income is accounted for on accrual basis in accordance with Accounting Standards (AS) 9- "Revenue Recognition".

10. EMPLOYEE BENEFITS

i. <u>Short term Employee Benefits:</u>

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and other incentives are recognized at the undiscounted amount in the Profit and Loss Account in the period in which the employee renders the related service.

ii. <u>Long term Employee benefits:</u>

The provision for gratuity is recognized on full liability basis and calculated as per the Payment of Gratuity Act, 1972 i.e. in the case of monthly rated employees, fifteen days salary is divided by the monthly rate of salary last drawn by the employee on twenty six day basis. Gratuity is payable to employees only if they serve the company for a minimum period of five years.

Provident Fund benefit to employees is provided for on accrual basis and charged to Profit and Loss Account.

11. SEGMENT ACCOUNTING

The Company is engaged in the sale & services of men's groom care products which, in the context of Accounting Standard 17 on Segment Reporting constitutes a single reportable business segment. Therefore no separate segment disclosures are made by the Company.

13. ACCOUNTING FOR TAXES ON INCOME

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against

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which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

14. AMORTIZATION OF INTANGIBLE ASSETS:

i. The license amount is amortized over the license term i.e. 10 years.

ii. The company amortizes the amount of software of a period of 5 years.

15. CONTINGENT LIABILITIES AND PROVISIONS

Provisions are recognized when the company has a legal and constructive present obligation as a result of a past event, for which it is probable that outflow of resources will be required and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation that may result in an outflow of resources. Contingent assets are neither recognized nor disclosed.

16. ACCOUNTING FOR OPERATING LEASE:

The Company has various operating leases for premises; the leases are renewable on fixed periodic basis and are cancellable in nature after lock in period.

16. EARNINGS PER SHARE:

In determining the Earnings Per share, the company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. Subdivision/Consolidation of Shares has been considered in Restatement period as per AS 20 "Earnings per Share".

17. CASH FLOW:

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

C. CHANGES IN ACCOUNTING POLICIES IN THE YEARS COVERED IN THE RESTATED FINANCIALS

There is no change in significant accounting policies during the period under restatement.

D. NOTES ON RESTATEMENTS MADEIN THE RESTATED FINANCIALS

1. The financial statements including other financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
2. Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been reported basis of the information memorandum received from the suppliers.

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3. **Employee benefits:**

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per an actuarial valuation carried out by an independent actuary. The disclosures as envisaged under the standard are as under-:

(Amount in Rs. Lakhs)

Particulars	31-03-2022	31-03-2021	31-03-2020
1.The amounts recognized in the Balance Sheet are as follows:			
Present value of unfunded obligations Recognized	34.67	22.03	30.07
Net Liability	34.67	22.03	30.07
2.The amounts recognized in the Profit & Loss A/c are as follows:			
Current Service Cost	10.70	7.57	11.67
Interest on Defined Benefit Obligation	1.50	2.05	1.27
	-	-	-
Expected Return on Plan Assets	-	-	-
Net actuarial losses (gains) recognised in the year	1.84	(17.66)	(1.58)
Total, Included in "Salaries, Allowances & Welfare"	**14.04**	**(8.04)**	**11.36**
3.Changes in the present value of defined benefit obligation:			
Defined benefit obligation as at the beginning of the year/period Net of Fair Value of Opening Plan Assets	22.03	30.07	18.71
Service cost	10.70	7.57	11.67
Interest cost	1.50	2.05	1.27
Expected Return on Plan Assets	-	-	-
Net actuarial losses (gains) recognised in the year	1.84	(17.66)	(1.58)
Benefit paid by the Company	(1.40)	-	-
Defined benefit obligation as at the end of the year/period	**34.67**	**22.03**	**30.07**

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Benefit Description			
Benefit type:	Gratuity Valuation as per Act		
Retirement Age:	**58 years**	**58 years**	**58 years**
Vesting Period:	**5 years**	**5 years**	**5 years**
The principal actuarial assumptions for the above are:			
Future Salary Rise:	**7.00%P.A**	**7.00%P.A**	**7.00%P.A**
Discount rate per annum:	**6.80%P.A**	**6.80%P.A**	**6.80%P.A**
Attrition Rate:	5% at younger ages and reducing to 1% at older ages according to graduated scale		
Mortality Rate:	**IALM 2012-14 Ultimate**	**IALM 2012-14 Ultimate**	**IALM 2006-08 Ultimate**

4. **Provisions, Contingent Liabilities and Contingent Assets (AS 29)**
Contingent liabilities and commitments (to the extent not provided for).There are no contingent liabilities as on the end of respective period except as mentioned in Annexure -AB, for any of the years covered by the statements.

5. **Related Party Disclosure (AS 18)**
Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure – Y of the enclosed financial statements.

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6. **Accounting For Taxes on Income (AS 22)**
Deferred Tax liability/Asset in view of Accounting Standard – 22: "Accounting for Taxes on Income" as at the end of the year/period is reported as under:

(Amount in Lakhs Rs.)

Particulars	As at 31-03-2022	31-03-2021	31-03-2020
Major Components of deferred tax arising on account of timing differences are:			
Timing Difference Due to Depreciation	301.84	222.88	169.25
Deferred Tax Assets/(Liabilities) (A)	78.48	57.95	44.01
Provision of Gratuity as at the end of year	33.77	21.63	29.52
Timing Difference Due to Gratuity Expenses	33.77	21.63	29.52
Deferred Tax Assets/(Liabilities) (B)	8.78	5.62	7.67
Cumulative Balance of Deferred Tax Assets/(Liability) (Net) (A+B)	**87.26**	**63.57**	**51.68**

7. **Earnings Per Share (AS 20):**
Earnings per Share have been calculated is already reported in the Annexure –X of the enclosed financial statements.

8. **Realizations:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these Restated financials has used internal and external sources on the expected future performance of the Company and management expects the carrying amount of these assets will be recovered and sufficient liquidity is available to fund the business operations for at least another 12 months. Given the uncertainty because of COVID-19, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of these restated Financials.

9. **Contractual liabilities**
All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

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10. Amounts in the financial statements

Amounts in the financial statements are reported in Indian Rupees in lakhs and rounded off to second digit of decimal. Figures in brackets indicate negative values.

11. Auditors Qualifications –

Details of Auditors qualifications and their impact on restated financial statement is given below.

a) Qualification which required adjustment in restated financial statements

Financial Year	Audit Qualifications	Remark
2019-20	The Statutory Auditors of the Company has issued qualified opinion on account of manner of accounting for Branding, marketing and initial set up costs incurred aggregating to Rs 384.37 Lakhs which has been accounted under the head Non-Current Assets in the Balance sheet. According to Auditors the manner of such accounting is not in accordance with the AS-26 "Intangible Assets" and further stated that had the correct accounting been followed by the Company, profit as declared in Audited financials would have been lower to the extent of Rs. 384.37 Lakhs and would have resulted in Loss of Rs 339.22 Lakhs.	We have considered the same in restatement, and effect of the same has been given in Restated financials.
2020-21	The Statutory Auditors of the Company has issued qualified opinion on account of manner of accounting for Branding, marketing and initial set up costs incurred aggregating to Rs 272.07 Lakhs which has been accounted under the head Non-Current Assets in the Balance sheet. According to Auditors the manner of such accounting is not in accordance with the AS-26 "Intangible Assets" and further stated that had the correct accounting been followed by the Company, profit as declared in Audited financials would have been lower to the extent of Rs. 272.07 Lakhs and would have resulted in Loss of Rs 259.04 Lakhs.	
2021-22	The Statutory Auditors of the Company has issued qualified opinion on account of manner of accounting for Branding, marketing and initial set up costs incurred aggregating to Rs 938.01 Lakhs which has been accounted under the head Non-Current Assets in the Balance sheet. According to Auditors the manner of such accounting is not in accordance with the AS-26 "Intangible Assets" and further stated that had the correct accounting been followed by the Company, profit as declared in Audited financials would have been lower to the extent of Rs. 938.01 Lakhs and would have resulted in Loss of Rs 930.66 Lakhs.	

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b) Qualification which does not require adjustment in restated financial statements – Details given below

Financial Year	Audit Qualifications
2019-20	a) Company has not maintained Fixed assets register with details of all individual assets and their costs. b) The Company was unable to carry out the physical verification exercise of its fixed assets due to Covid -19 Pandemic lockdown.
2020-21	a) Company has not maintained Fixed assets register with details of all individual assets and their costs. b) The Company was unable to carry out the physical verification exercise of its fixed assets due to Covid -19 Pandemic lockdown.
2021-22	The Company was unable to carry out the physical verification exercise of its fixed assets.

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ANNEXURE-V

MATERIAL ADJUSTMENTS [AS PER THE ICDR) REGULATION]

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Company Act 2013, and Accounting Standards.

The Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profit /(losses) of the Company is as under.

Statement of adjustments in the Financial Statements

(Amount in Lakhs Rs.)

Statement of Surplus in Profit and Loss Account

Particulars	31-Mar-22	31-Mar-21	31-Mar-20
Reserves and Surplus as per audited accounts but before adjustments for restated accounts:	(936.16)	(950.71)	(964.35)
Add: Cumulative Adjustment made in Statement of Profit and Loss Account	(1,615.90)	(684.57)	(367.86)
Adjustment with the Opening Reserves as on 01-04-2019	(2,096.93)	(2,096.93)	(2,096.93)
Net Adjustment in Profit and Loss Account	(3,712.83)	(2,781.50)	(2,464.78)
Reserves and Surplus as per Restated Accounts:	**(4,648.98)**	**(3,732.21)**	**(3,429.13)**

Statement of Profit and Loss after Tax

The reconciliation of Profit/(loss) after tax as per audited results and the Profit/(loss) after tax as per Restated accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the respective year profit & losses of the company.

(Amount in Lakhs Rs.)

Particulars	31-03-2022	31-03-2021	31-03-2020
Net Profit/(loss) after Tax as per audited accounts but before adjustments for restated accounts:	14.54	13.64	44.05
(Short)/Excess Provision of Salary for the FY 2020-21	-	(1.35)	-
Short/(Excess) Provision for Deferred Tax Assets	15.34	9.24	19.16
Wrong Creation of Intangible Assets as per AS- 26 (Restatement of Auditor Qualification)	(938.01)	(272.07)	(371.34)
Refund to customer not reduced from revenue and accounted as advance to creditor	(2.11)	(2.70)	-
(Short)/Excess Provision for Income Tax	1.15	2.03	9.03
Accrued Interest on Fixed Deposit not accounted, rectified in Restatement	0.07		
Software Expenses wrongly capitalized, now charged to Statement of Profit and loss	-	(0.54)	(16.74)
Adjustment for non-booking of expenses for FY 2020-21	-	(0.85)	-
Short/(Excess) Provision for Depreciation	(8.00)	(38.44)	(50.40)
Disposal of Leasehold premises due to closure of outlet	-	(7.16)	-
Sundry Balances Written off	-	0.36	(0.36)
Adjustment of Reversal of Excess booking of Expenses	-	(5.00)	0.14
Adjustment of Prior period Expenses in respective year	0.24	(0.24)	3.87
Booking of Revenue as per Franchisee Agreement	-	-	38.78
Net Adjustment in Profit and Loss Account	(931.33)	(316.72)	(367.86)
Net Profit/(Loss) After Tax as per Restated Accounts:	**(916.78)**	**(303.07)**	**(323.80)**

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a) **Adjustment on account of Short Provision of Expenses**

During the restatement, Company has observed that Salary provision for the FY 2020-21 has is short by Rs. 1.35 Lakhs and accordingly the same has been provided in Restated Statement of Profit and Loss for FY 2020-21. The payment of salary took place in FY 2021-22.

b) **Adjustment on account of Provision of Deferred Tax Assets:**

Due to Provision for Gratuity (Employee benefits), Change in depreciation and WDV of Fixed Assets as per Books during the period of restatement, The Company has recalculated the deferred tax liability and deferred tax assets at the end of respective year ended at the rate of normal Tax rate applicable at the end of relevant year. Further in view of management, Deferred Tax assets has not been created on unabsorbed business losses and depreciation in absence of virtual certainty of future taxable income as on 31.03.2022. Due to same deferred tax assets has been recognized in the Restated Statement of Profit and Loss of the respective year. For more details refer table of Reconciliation of Statement of Profit and loss as above.

c) **Adjustment on account of AS -26**

During the restatement, Company has observed that Miscellaneous Assets recorded in the books as on 31.03.2022 of Rs. 3578.32 Lakhs does not meet the asset recognition criteria as specified in AS -26 "Intangible Assets", and therefore the management has charged the expenses of respective year to its Restated Statement of Profit and loss Account during the FY 2019-20, FY 2020-21 and FY 2021-22. Further the expenses related to period prior to 01-04-2019 has been adjusted with the opening retained earnings as on 01-04-2019. For more details refer table of Reconciliation of Statement of Profit and loss as above.

d) **Adjustment on account of Refund to Customers**

During the restatement, Company has observed that certain debit balances (Assets) is on account of refund made to customers towards sales/service credit note/refund which has not been reduced from revenue from operation, therefore the same has been reduced from revenue from operation of respective Restated Statement of Profit and Loss. For more details refer table of Reconciliation of Statement of Profit and loss as above.

e) **Provision of Income Tax (Current/Prior Period):**

During the restatement, the Income tax provision was recalculated on restated Profit/(Loss) of respective year as per the prevailing tax rates, accordingly the effect of revised income tax provision has been made in the Restated Statement of Profit and Loss account. Short/(Excess) provision has adjusted in respective year/period. For More details, refer Annexure AA enclosed with the Restated Financial Statement.

f) **Adjustment on account of Non-accrual of Interest Income on Fixed Deposit**

During the restatement, Company has observed that in FY 2021-22 Interest on Fixed deposit has not been accounted in the books basis of mercantile system of accounting and accordingly the same has been given effect in Restated Statement of Profit and Loss for FY 2021-22.

g) **Adjustment on account of wrong accounting of revenue nature expenses**

During the restatement, Company has observed that in FY 2019-20 and FY 2020-21, Software subscription expenses of revenue nature were wrongly recognized as Fixed Assets. Therefore, the same has been given effect in Restated Statement of Profit and Loss of respective year and necessary effect also given in Schedule of Fixed assets, and related depreciation during the period of restatement.

h) **Adjustment on account of non-booking of revenue nature expenses**

During the restatement, Company has observed that in FY 2020-21, Few expenses were not booked and due to the same payment thereof resulted in debit balance (Assets), which has been rectified during the restatement and accordingly the same has been given effect in Restated Statement of Profit and Loss for the respective years.

R K JAGETIYA & CO. FRN 146264W Chartered Accountant

i) **Accounting of Depreciation (AS -6)**
During the restatement of Accounts, the Company has Identified that depreciation on leasehold premises were not calculated basis of the policy of the Company i.e. Useful life – initial lease term, therefore the revised depreciation was calculated since beginning of the Company. The revised WDV and correction in leasehold depreciation also resulted changes in depreciation during the period of restatement. Further few leasehold premises which were vacated/surrendered was not given the effect of disposal in fixed assets schedule. During the restatement wrongly accounted fixed assets like software also removed and charged to Restated Statement of Profit and loss account. Therefore, the management has charged the short depreciation/disposal of fixed assets of respective year to its Restated Statement of Profit and loss Account during the FY 2019-20, FY 2020-21 and FY 2021-22. Further the depreciation/disposal related to period prior to 01-04-2019 has been adjusted with the opening retained earnings as on 01-04-2019. For more details refer table of Reconciliation of Statement of Profit and loss as above.

j) **Accounting of Prior Period Expenses:**
During the restatement of Expenses booking has been reconsidered basis of the year to which expenses is pertaining to and accordingly all prior period expenses has been charged to Restated Statement of Profit and Loss account of respective years. It also includes sundry balances written off, excess booking of expenses.

k) **Accounting of Franchisee Fee:**
During the restatement, the management has identified that advance franchisee fee of Rs 36.78 Lakhs received in FY 2019-20, was required to be booked in revenue as per the franchise agreement, therefore the same has been considered as FY 2019-20 income and necessary effect has been given advance received from customers in restated financials

For R K Jagetiya& CO.
Chartered Accountant
FRN:- 146264W

R K JAGETIYA & CO.
FRN
146264W
Chartered Accountant

(Ravi K Jagetiya)
Proprietor
M. No. 134691
Place: Mumbai
Date: 12th August, 2022
UDIN: **22134691APNWTL9251**

R K Jagetiya& Co
Chartered Accountant

B-303, Eklavya CHSL,
N. L. Complex, Dahisar East,
Mumbai – 400068
Mobile+91 9820800926
E-mail: rkjagetiyaco@gmail.com

STATEMENT OF FINANCIAL INDEBTEDNESS

To,
The Board of Directors
Lloyds Luxuries Limited,
Trade World, 'C' Wing, 16th Floor,
Kamala City, Senapati Bapat Marg,
Lower Parel (W), Mumbai 400013,
Maharashtra, India

Based on the independent examination of Books of Accounts, Audited Financial Statements, Re-stated Financial Statements and other documents of **Lloyds Luxuries Limited** and further explanations and information provided by the management of the Company, which we believe to be true and correct to the best of our information and belief, the sanction amount of financial indebtedness, principal terms of security for loan and other related details as on 31st March, 2022 are mentioned below.

A. **Secured Loan**

STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Amount Rs. in Lakhs)

Name of Lender	Purpose of Credit Facility	Date of Sanction/ Renewal	Sanctioned Amount	Rate of interest	Prime Securities offered	Re-Payment Schedule				Moratorium	Outstanding amount as on (as per Books)
						No of EMI (No of Months)	EMI Amount	EMI Start	EMI End		31-03-2022
NIL											
Total											NIL

B. Unsecured Loan

(Amount Rs.in Lakhs)

Name of Lender	Purpose	Rate of interest	Re-payment	Outstanding amount as on 31-03-2022 as per Books
Duli Trade and Commodities Pvt Ltd	Business Loan	9.00%	On Demand	802.00
Total				802.00

For R K Jagetiya& CO.
Chartered Accountant
FRN:- 146264W

R K JAGETIYA & CO. FRN 146264W Chartered Accountant

(Ravi K Jagetiya)
Proprietor
M. No. 134691
Place: Mumbai
Date: 12th August, 2022
UDIN **22134691APNVKZ7398**

R K Jagetiya& Co
Chartered Accountant

B-303, Eklavya CHSL, N. L. Complex, Dahisar East,
Mumbai – 400068
Mobile+91 9820800926
E-mail: rkjagetiyaco@gmail.com

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors,
Lloyds Luxuries Limited
Trade World, 'C' Wing, 16th Floor, Kamala City,
Senapati Bapat Marg, Lower Parel (W),
Mumbai 400013, Maharashtra, India

Dear Sirs/ Madam,
Sub: Statement of Tax Benefits ('The Statement') available to Lloyds Luxuries Limited ("The Company") and its shareholders prepared in accordance with the requirement in Schedule VIII- Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended ("The Regulation")

We hereby report that the enclosed annexure prepared by the management of Lloyds Luxuries Limited, states the special tax benefits available to the Company and the shareholders of the Company under the Income-Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act") presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of Equity shares ("the Issue") by the Company.
We do not express any opinion or provide any assurance as to whether:

a) The Company or its shareholders will continue to obtain these benefits in future; or
b) The conditions prescribed for availing the benefits have been/would be met.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Limitations:

Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other issue related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

R K JAGETIYA & CO.
FRN
146264W
Chartered Accountant

This statement has been prepared solely in connection with the Proposed Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

For R K Jagetiya& CO.
Chartered Accountant
FRN:- 146264W

(Ravi K Jagetiya)
Proprietor
M. No. 134691
Place: Mumbai
Date: 12th August, 2022
UDIN: **22134691APNVCF6274**

ANNEXURE TO THE STATEME-NT OF SPECIAL TAX BENEFITS

The information provided below sets out the special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act, 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

A. SPECIAL DIRECT AND INDIRECT TAX BENEFITS TO THE COMPANY:

Under the Income Tax Act, 1961 ("the Act")

Special tax benefits available to the Company

- The Company is not entitled to any special tax benefits under the Income Tax Act, 1961 and GST Act.

B. SPECIAL DIRECT AND INDIRECT TAX BENEFITS TO THE SHAREHOLDERS:

- The Shareholders of the Company are not entitled to any special tax benefits under the Income Tax Act, 1961 and GST Act.

NOTES:

1. The above Annexure of special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above Annexure covers only the special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This Annexure also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.

3. The above Annexure of special tax benefits is as per the current direct tax laws relevant for the assessment year 2023-24. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

5. A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ('the Amendment Act, 2019') with effect from Financial Year 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives. The option under section 115BAA of the Act once exercised cannot be subsequently withdrawn for any future financial year. The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ('MAT') under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

   In such a case, the Company is not allowed to claim any of the following deductions/ exemptions under the Act: -

   - ✓ Deduction under the provisions of Section 10AA.
   - ✓ Deduction under clause (iia) of sub- section (1) of Section 32 (additional depreciation).
   - ✓ Deduction under section 32AD or Section 33AB or Section 33ABA
   - ✓ Deduction under section 35AD or Section 35CCC
   - ✓ Deduction under section 80G

   Lower corporate tax rate under Section 115BAA of the Act and Minimum Alternate Tax ('MAT') credit under section 115JAA of the Act which are in general available and hence may not be treated as special tax benefits.

R. K. JAGETIYA & CO. FRN 146264W Chartered Accountant

The Company has evaluated and decided not to exercise the option permitted under Section 115BAA of the Act for the purpose of computing its income-tax liability for the Financial Year 2019-20 and Financial Year 2020-21, however, the same option to exercise is available for Financial Year 2021-22.

6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

7. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For R K Jagetiya& CO.
Chartered Accountant
FRN:- 146264W

R K JAGETIYA & CO. FRN 146264W Chartered Accountant

(Ravi K Jagetiya)
Proprietor
M. No. 134691
Place: Mumbai
Date: 12th August, 2022
UDIN: **22134691APNVCF6274**