

**FAVRE-LEUBA AG,
SWITZERLAND**

Financial Statements for FY 2019-20

Favre-Leuba AG

Balance sheet

Amount in CHF

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current assets			
Cash and cash equivalents		1,563,140	62,041
Trade accounts receivable			
- due from third parties		331,844	711,761
- due from group companies			
Deposits		23,820	-
Other short-term receivables			
- due from government authorities		89,484	110,476
- due from third parties		353,140	108,338
Inventories	2.1	4,991,264	4,975,786
Prepaid expenses and accrued income		59,525	37,784
Total current assets		7,412,217	6,006,186
Non-current assets			
Deposits		46,609	27,772
Investments	2.2	1,200	1,200
Property, plant and equipment	2.3	384,840	487,422
Intangible assets	2.4	876,149	1,120,278
Total non-current assets		1,308,798	1,636,671
TOTAL ASSETS		8,721,015	7,642,857
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Trade accounts payable			
- due to third parties		880,673	894,346
Other short-term liabilities			
- due to third parties		15,502	25,835
Accrued expenses and deferred income	2.5	234,188	689,626
Total short-term liabilities		1,130,364	1,609,808
Long-term liabilities			
Other long-term liabilities			
Total long-term liabilities		-	-
TOTAL LIABILITIES		1,130,364	1,609,808
Shareholder's equity			
Share capital	2.6	18,718,970	15,984,600
Legal capital reserves			
- Reserves from capital contributions		18,711,041	12,695,411
Accumulated losses brought forward		(22,646,962)	(15,340,538)
Loss for the year		(7,192,398)	(7,306,424)
TOTAL EQUITY		7,590,652	6,033,049
TOTAL LIABILITIES AND EQUITY		8,721,015	7,642,857

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

for and on behalf of the Board of Directors

Place: Solothurn

Ravi Kant Sindhwani Sandeep Kulhalli

Favre-Leuba AG
Income statement

Particulars	Notes	For the year ended 31 March 2020	<i>Amount in CHF</i> For the year ended 31 March 2019
<i>Operating income</i>			
Revenue from sale of goods and services		869,396	1,103,622
Total operating income		869,396	1,103,622
<i>Operating expenses</i>			
Raw materials and supplies		534,534	742,274
Personnel expenses		1,884,253	1,699,885
Advertisement and promotion		4,634,313	3,551,122
Other operating expenses	2.7	555,251	495,968
Depreciation on non-current assets		421,625	655,814
Total operating expenses		8,029,977	7,145,064
Operating result		(7,160,580)	(6,041,441)
Financial expenses/(Income)		21,716	23,304
Prior period expenses/Extraordinary items	2.8	(24,109)	1,216,277
Loss for the year before taxes		(7,158,188)	(7,281,021)
Direct taxes		34,210	25,402
Loss for the year		(7,192,398)	(7,306,424)

for and on behalf of the Board of Directors

Place: Solothurn

Ravi Kant Sindhwani Sandeep Kulhalli

1 Significant accounting policies and notes for the year ended 31 March 2020

a) General information

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

In order to ensure the comparability with the current year financial statements certain prior year figures have been reclassified and adapted to the new presentation.

b) Use of estimates and judgements

The preparation of financial statements in conformity of Swiss Law, requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. Such estimates and assumptions, are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

c) Revenue recognition

From sale of goods: Revenue is recognised when risks and rewards associated with the ownership of the products are transferred to the customer and the recoverability of the receivables is reasonably assured.

In respect of sales to distributors, where recoverability of receivable is dependent on such distributor selling to retailers/ customers, revenue recognition is deferred till the distributor sells.

From service income: Service income is recognised when service is completed.

d) Property, plant and equipment

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. PPE is depreciated using the straight-line method. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

The antique watches for representation purpose only (so called "non depreciable assets") are valued at acquisition cost. There are no regular depreciation of these assets.

e) Intangible assets

The trade marks are valued at acquisition cost. The depreciation is recognised on a systematic basis over 10 years (straight line and indirect method).

f) Inventories

Inventories are recorded at acquisition or manufacturing costs: If the net realizable value at the balance sheet date is lower than acquisition or manufacturing costs, net realizable values are used. Acquisition costs are calculated using the weighted average cost method, manufacturing costs using standard costs.

g) Leases

Leasing and rental contracts are recognised based on legal ownership. Therefore, any leasing or rental expenses are recognised as expenses in the period they are incurred. However, the leased or rented objects themselves are not recognised in the balance sheet.

2. Disclosure on balance sheet and income statement items

2.1 Inventories

Particulars	<i>Amount in CHF</i>	
	As at 31 March 2020	As at 31 March 2019
Finished Watches	3,548,293	2,844,687
Others	1,623,101	2,260,163
	5,171,394	5,104,850
Less: Provision for non-moving inventory/ slow moving inventory	180,130	129,064
	4,991,264	4,975,786

2.2 Investments

Direct investments

Company name : Titan Watch Company Ltd.,
Domicile : Hong Kong
Voting and capital rights in %: 100.00
Capital in CHF: 1,200

2.3 Property, plant and equipment's, net

Particulars	<i>Amount in CHF</i>	
	As at 31 March 2020	As at 31 March 2019
Machinery, devices	41,532	48,703
Tools	166,463	236,556
Furniture, installations	40,502	24,322
IT, communications technology	59,717	96,514
Exhibition stand	2,418	21,465
Antique watches	74,209	59,862
	384,840	487,422

2.4 Intangible assets, net

Particulars	<i>Amount in CHF</i>	
	As at 31 March 2020	As at 31 March 2019
Trade mark	876,148	1,120,277
Advertising film	1	1
	876,149	1,120,278

2. Disclosure on balance sheet and income statement items (continued)

2.5 Accrued expenses and deferred income

Particulars	<i>Amount in CHF</i>	
	As at 31 March 2020	As at 31 March 2019
Accruals for advertising and PR	25,000	463,810
Deferred revenue	21,121	21,121
Other accrued expenses	188,067	204,695
	234,188	689,626

2.6 Equity

Particulars	<i>Amount in CHF</i>	
	As at 31 March 2020	As at 31 March 2019
Share capital	18,718,970	15,984,600
Legal capital reserves		
- Reserves from capital contributions	18,711,041	12,695,411

CHF 8,750,000 received as loan during 2019-20 has been transferred to Share capital and Reserves from capital contributions provisionally based on Shareholders' resolution.

During the financial year 2018/2019 there was capital increases by cash injection. On March 8, 2019, the company increased its share capital by CHF 7,000k (par value CHF 4,459k, reserves from capital contributions CHF 2,541k). The issuing costs were not treated as an expense but deducted from the share premium (reserves from capital contributions).

As at March 31, 2019, the share capital consists of 1,598,460 registered shares at a par value of CHF 10 each.

The financial statements have been prepared on the assumptions of going concern. The Directors are aware, that the ability to continue as going concern is dependent on the continued financial support from the shareholder during the ramp-up phase of the business. The shareholder have confirmed his ongoing support in the amount CHF 21 million. The shareholder and the Board of Directors have approved the four year business plan at the meeting on May 10, 2018.

If for any reason the shareholder would not support the Company as described above and as a result the Company is unable to continue with the current working capital base, it could have an impact on the Company's ability to realise its assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

2. Disclosure on balance sheet and income statement items (continued)

2.7 Other operating expenses

Particulars	Amount in CHF	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Premises' expenses	44,872	44,959
Repair and maintenance	11,639	10,447
Vehicles expenses	2,695	20,570
Insurances, duties, fees	6,508	38,823
Energy and waste disposal	4,163	2,935
Administrative expenses	96,725	142,627
IT expenses	132,287	100,238
Travel	92,111	105,836
Design and Development expenses	36,158	29,532
Office relocation expenses	84,756	-
Other expenses	43,337	-
	555,251	495,968

2.8 Prior period expenses

Particulars	Amount in CHF	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from sale of goods and services		1,205,209
Raw materials and supplies		(560,040)
Personnel expenses	- 36,647	417,500
Advertisement and promotion		129,869
Other operating expenses	12,538	23,739
Purchase of components		-
	- 24,109	1,216,277

3.1 Ownership

Favre Leuba AG is a wholly-owned subsidiary of Titan Company Limited, India.

3.2 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 10.

3.3 Leasing obligations

The maturity of leasing obligations which have a residual maturity of more than twelve months or which cannot be cancelled within the next twelve months is as follows:

Particulars	2019-20	2018-19
Up to 1 year	-	-
1 - 5 year	-	-
	-	-

for and on behalf of the Board of Directors

Place: Solothurn

Ravi Kant Sindhvani Sandeep Kulhalli