

Carat Lane Trading Private Limited
Accounts for the Year Ended 31st March 2017

R.G.N.PRICE & CO.
CHARTERED ACCOUNTANTS

Phone : 28413633 / 28583494
Telefax : 28544569
E-Mail : price@vsnl.com
Offices at : Mumbai, Bangalore, New Delhi,
Cochin, Quilon & Calicut
Ref. :

Simpson's Buildings
Post Box No.335
861, Anna Salai
Chennai - 600 002

- 4 MAY 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Carat Lane Trading Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **M/s. Carat Lane Trading Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3.1 of the financial statements, which indicates that the Company has incurred a net loss of Rs. 7,973 lakhs during the year ended 31st



March, 2017, and as of that date, the Company's net worth is eroded by about 77%. The appropriateness of the going concern assumption is substantially dependent on the Company's ability to raise adequate finance to meet its short term and long term obligations, and financial performance as per the business plan. Based on the factors discussed in the said note, management believes that the going concern assumption is appropriate and no adjustments have been made in the financial statements for the year ended 31st March, 2017.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 3.10 to the Financial Statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with the books of accounts maintained by the company – Refer Note 3.12 to the Financial Statements.

For R.G.N. PRICE & CO.
Chartered Accountants



K. Venkatakrisnan
Partner
M. No. 208591
FR No. 002785S

Annexure A referred to in Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of M/s. Carat Lane Trading Private Limited, for the year ended 31st March 2017

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The fixed assets have been physically verified by the Management at reasonable intervals and there is no material discrepancies noticed on such verification.
 - (c) The company owns no immovable properties, and hence the provisions are not applicable.
- (ii)
 - (a) Physical verification of inventories has been conducted by the Management at the end of the year.
 - (b) The procedures for physical verification of inventory followed by the Management are in our opinion, reasonable, adequate and commensurate with the size of the Company and nature of its business.
 - (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between physical stocks and the book records were not material in relation to the operation of the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, investments, guarantees or security transactions which contravene Section 185 & 186 of Companies Act, 2013.
- (v) As the Company has not accepted deposits, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed thereunder, are not applicable.
- (vi) Maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act 2013.



- (vii) (a) According to the information and explanations given to us, and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including excise duty, value added tax, sales tax, customs duty, provident fund, employees' state insurance, service tax, cess and other statutory dues as applicable except for a few instances of delay in value added tax, provident fund and professional tax, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues including excise duty, value added tax, sales tax, customs duty, provident fund, employees' state insurance, service tax, and any other statutory dues as applicable, and there are no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of Provident Fund, Income tax, Service tax or any other statutory dues, which have not been deposited on account of dispute.
- (viii) The Company has not defaulted in repayment of its borrowings to the Bank.
- (ix) The Company has not made any public offer for subscription nor has taken any term loans during the period.
- (x) During the course of our examination of the Books and Records of the Company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the Management.
- (xi) The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act 2013.
- (xii) The Company is not a Nidhi Company, and hence the provisions are not applicable.
- (xiii) All transactions with the related parties are in compliance with Section 177 and 188 of Companies Act 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.



- (xiv) The Company has not made any preferential allotment or private placement of shares or fully convertible or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them contravening Section 192 of Companies Act 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.G.N. PRICE & CO.
Chartered Accountants



K. Venkatakrisnan
Partner
M. No. 208591
FR No. 002785S

- 4 MAY 2017

Annexure B referred to in Clause (f) of Paragraph of Report on Other Legal and Regulatory Requirements of our report of even date on the Accounts of M/s. Carat Lane Trading Private Limited for the year ended 31st March 2017

We have audited the internal financial controls over financial reporting of **M/s. Carat Lane Trading Private Limited** ("the Company") as of 31st March, 2017, in conjunction with our audit of the Standalone Ind AS 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 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 31 March 2017, 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.

For R.G.N. PRICE & CO.
Chartered Accountants



K. Venkatakrisnan
Partner
M. No. 208591
FR No. 002785S

- 4 MAY 2017

CARAT LANE TRADING PRIVATE LIMITED
CIN: U52393TN2007PTC064830
BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No	As at		
		31st March 2017	31st March 2016	1st April 2015
ASSETS				
Non-current Assets				
Property, plant and equipment	2.1	925	990	573
Capital work-in-progress	2.1	127	50	26
Investment property		-	-	-
Goodwill		-	-	-
Other Intangible Assets	2.1	117	178	33
Intangible assets under development		-	-	-
Biological assets other than bearer plants		-	-	-
Financial assets		-	-	-
- Investments	2.2	-	5	5
- Loans and advances	2.3	383	270	186
- Others		-	-	-
Deferred tax assets (Net)		-	-	-
Other non-current assets		-	-	-
Total Non Current Assets	2.4	3	3	1,000
Current assets		1,555	1,496	1,823
Inventories	2.5	5,025	2,473	1,647
Financial assets		-	-	-
- Investments	2.6	1,919	7,014	11,810
- Trade Receivables	2.7	590	1,251	2,032
- Cash and cash equivalents	2.8	2,872	3,646	4,511
- Loans and advances	2.9	1,285	562	437
Current tax assets (Net)		-	-	-
Other current assets	2.10	134	168	168
Assets classified as held for sale		11,825	15,114	20,605
Total Current Assets		-	-	-
TOTAL ASSETS		13,380	16,610	22,428
Equity				
Equity share capital	2.11	604	201	201
Convertible non-participating preference share capital	2.11	-	383	383
Other equity	2.12	6,545	12,626	18,903
Equity attributable to owners of the Company		7,149	13,210	19,487
Non-controlling Interest		-	-	-
Total Equity		7,149	13,210	19,487
Non-current liabilities				
Financial liabilities				
- Borrowings		-	-	-
- Trade payables		-	-	-
- Other financial liabilities		-	-	-
Long term provisions		-	-	-
Deferred tax liabilities (Net)	2.13	132	90	41
Other non-current liabilities		-	-	-
Total Non-current liabilities		132	90	41
Current liabilities				
Financial liabilities				
- Borrowings	2.14	-	-	-
- Trade payables	2.15	4,104	2,528	2,204
- Other financial liabilities		-	-	-
Current Tax Liabilities (Net)		-	-	-
Short-term provisions	2.16	155	26	38
Other current liabilities	2.17	1,840	756	652
Liabilities associated with assets held for disposal		6,099	3,310	2,900
Total Current liabilities		-	-	-
Total Liabilities		6,099	3,310	2,900
Total Equity and Liabilities		6,231	3,400	2,941
		13,380	16,610	22,428

Significant accounting policies 1

Other notes 3

The above accompanying notes are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date

For RGN Price & Co.
Chartered Accountants
Firm Regd No.: 0027855

K Venkateshkrishnan
Partner
Membership No.: 208591



Place: Chennai
Date: 4th May 2017

For and on behalf of the Board

Mithun Padam Sacheti
Director
DIN: 01683592

Bhaskar Bhat
Director
DIN: 00148778

Bharatraj Panchal
Company Secretary

CARAT LANE TRADING PRIVATE LIMITED
CIN: U52393TN2007PTC064830
STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No	For the year ended 31st March 2017	For the year ended 31st March 2016
Revenue from operations	2.18	17,784	13,207
Other income	2.19	979	861
Total income		18,763	14,068
Expenses			
Cost of materials consumed	2.20	11,666	10,300
Purchase of stock-in-trade	2.21	5,210	3,077
Changes in inventories of finished goods and stock-in-trade	2.22	(1,922)	(977)
Excise duty on sale of goods		73	9
Employee benefit expense	2.23	3,161	1,845
Finance cost	2.24	46	63
Depreciation and amortization expense	2.1	430	410
Impairment loss on Financial Assets		-	-
Reversal of Impairment on Financial Assets		-	-
Other expense	2.25	6,011	4,828
Total expenses		24,676	19,555
Profit/ (loss) before exceptional items and tax		(5,913)	(5,487)
Exceptional item	2.26	(2,039)	(825)
Profit/ (loss) before tax		(7,952)	(6,312)
Tax expense		-	-
Profit/ (loss) for the period from continuing operations		(7,952)	(6,312)
Profit/ (loss) from discontinued operations		-	-
Tax expense of discontinued operations		-	-
Profit/ (loss) from discounting operations (after tax)		-	-
Profit/ (loss) for the period		(7,952)	(6,312)
Other comprehensive income			
Recognition of difference of present value of gratuity		(15)	(11)
Recognition of difference of present value leave encashment		(7)	24
Total other comprehensive income		(22)	13
Total comprehensive income for the period (Profit/ (loss) + other comprehensive income)		(7,973)	(6,299)
Earnings per equity share (for continuing operations)	2.27		
a) Basic		(26.42)	(62.79)
b) Diluted		(26.42)	(62.79)
Earnings per equity share (for discontinued operations)	2.27		
a) Basic		(26.42)	(62.79)
b) Diluted		(26.42)	(62.79)
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		(26.42)	(62.79)
b) Diluted		(26.42)	(62.79)

Significant accounting policies

Other notes

1

The above accompanying notes are an integral part of the financial statements.

3

This is the Statement of Profit and Loss referred to in our report of even date

For RGN Price & Co.

Chartered Accountants

Firm Regd. No.: 0027855

K Venkatakrishnan

Partner

Membership No.: 208591



Place: Chennai

Date: 4th May 2017

For and on behalf of the Board

[Signature]

Mithun Padam Sacheti

Director

DIN: 01683592

[Signature]

Bhaskar Bhat

Director

DIN: 00148778

Bharatraj Panchai
Company Secretary

[Signature]

CARAT LANE TRADING PRIVATE LIMITED
CIN: U52393TN2007PTC064830
STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Net Profit / (Loss) Before Tax</u>	(7,952)	(6,312)
Adjustments for:		
Depreciation	431	410
Assets Write Off	18	-
Finance Cost	46	64
Investment Income	(545)	(275)
Interest Income	(222)	(444)
Unrealized Forex Gain or Loss	-	(14)
Irrecoverable Advances Written Off	-	25
Provision No Longer Required	-	(177)
Provision for Losses (diminution in value of Investments)	-	82
Provision for Gratuity and Leave encashment	172	45
Provision for Fixed Deposit on Lien	-	(68)
Provision for Rent Equalization Reserve	-	6
Provision for recognition of share based payment	(73)	21
Issue of Sweat Equity Shares	1,806	-
ESOP Expenses	159	-
Recognition of employee benefits present value of obligations (net)	(22)	14
Provision for Bad & Doubtful Debt	-	2
<u>Operating Profit / (Loss) Before Working Capital Changes</u>	(6,181)	(6,621)
Adjustments for:		
(Increase)/Decrease in Trade Receivables and Other Current Assets	(141)	569
(Increase)/Decrease in Inventories	(2,552)	(826)
Current Liabilities	2,655	(890)
Cash (used in)/Generated from Operations	(37)	(1,147)
NET CASH USED IN OPERATING ACTIVITIES	(6,219)	(7,768)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including Capital Work in Progress)	(401)	(997)
Proceeds on Sale of Fixed Assets	5	-
Sale of Investments	5,094	(4,071)
Repayment of Loan & Advances	5	9,050
Investment Income	545	1,241
Interest Received	222	419
NET CASH USED GENERATED BY INVESTING ACTIVITIES	5,470	5,652
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	20	-
Availment / Repayment of Secured Short-term Borrowings	1	1,254
Finance Cost	(46)	(13)
NET CASH USED IN FINANCING ACTIVITIES	(25)	1,251
NET INCREASE IN CASH & CASH EQUIVALENTS	(774)	(865)
Cash & Cash Equivalents as at the beginning of the year	3,646	4,511
Cash & Cash Equivalents as at the end of the year	2,872	3,646
	774	865

Significant accounting policies and other notes are provided in Note 1 and Note 3 respectively

The above accompanying notes are an integral part of the financial statements.

This is the Statement of Cash Flows referred to in our report of even date.

For R.G.N Price & Co.
Chartered Accountants
Firm Registration No. 0027855

K Venkatakrishnan
Partner
M No. 208591



[Signature]

Mithun Padam Sacheti
Director
DIN: 01683592

For and on behalf of the Board

[Signature]
Bhaskar Bhat
Director
DIN: 00148778

Place: Chennai
Date: 4th May 2017

Bharatraj Panchal
Company Secretary

[Signature]

STATEMENT OF CHANGES IN EQUITY

		(₹ in Lakhs)														(₹ in Lakhs)
		31st March 2017	31st March 2016	1st April 2015	201											Total
A Equity share capital																
Opening balance		201	201	201	201											
Changes in equity share capital during the year																
(a) Issue of equity shares under employee share option plan		7	-	-	-											
(b) Issue of equity shares on conversion of Preference Shares		303	-	-	-											
(c) Issue of Sweat Equity Shares (Refer Note 2.16 (4))		18	-	-	-											
Closing Balance		604	201	201	201											
B Convertible non-participating preference share capital																
Opening balance		383	383	383	383											
Changes in preference share capital during the year																
(a) Issue of convertible non-participating preference shares																
(b) Conversion of convertible non-participating preference shares into Equity Shares		(333)	-	-	-											
Closing Balance		-	-	-	-											
C Other Equity																
Share application money pending allotment																
Equity component of compound financial instruments																
Reserves and Surplus																
General Reserve																
Securities Premium Reserve		29,053														
Capital Reserve																
Share Options Outstanding Account			144													
Retained Earnings					(16,571)											
Equity Instruments through Other Comprehensive Income					(7,973)											
Debt Instruments through Other Comprehensive Income																
Effective portion of Cash Flow Hedges																
Revaluation Surplus																
Exchange difference on translating the financial statements of a foreign operation																
Other Items of Other Comprehensive Income (specify nature)																
Money received against share warrants																
Attributable to Owners of the parent																
Total																12,616 (7,973)
Balance as at 01st April 2016																12,616 (7,973)
Profit for the year																
Changes in accounting policy or prior period errors																
Restated balance at the beginning of the reporting period																
Total Comprehensive Income for the year																
Recognition of share based payments																
Dividends																
Transfer to retained earnings																
Any other change (to be specified)																
Balance as at 31st March 2017																
Previous Year 2016																
Previous Year 2015																

The above accompanying notes are an integral part of the financial statements.

This is the Statement of change in equity referred to in our report of even date.

For R.G.N Price & Co.
Chartered Accountants
Firm Registration No. 0027855
K. V. Lakshmin
Partner
M.No. 208591



For and on behalf of the Board
Mithun Padam Sacheti
Director
DIN: 01683550

Shashikant
Director
DIN: 00148188
Bharatraj Panchal
Company Secretary

Place Chennai
Date: 4th May 2017

CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

No	Notes
1	<p>SIGNIFICANT ACCOUNTING POLICIES</p> <p>STATEMENT OF COMPLIANCE The financial statements comply in all material aspects with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act 2013 (the Act), (Indian Accounting Standard) (Rules), 2015 and other relevant provisions of the Act.</p> <p>1.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS</p> <p>The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standard) Rules 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted IND-AS from 1st April, 2016 as a consequence of becoming a subsidiary, during the year, of a public limited Company.</p> <p>The financial statements have been prepared using accrual basis of accounting and on a going concern basis. The financial statements have been prepared using historical cost basis, except for the following:</p> <p>a. Certain financial assets that are measured at fair value b. Share based payments</p> <p>IND-AS 101 (First time adoption of Accounting Standards) provides a suitable starting point for accounting in accordance with IND-AS and is required to be mandatorily followed by first time adopters. IND-AS 101 allows first time adopters exemptions from the retrospective application of certain requirements under IND-AS. The Company has applied the following exemptions in the preparation of its financial statements:</p> <p>a. Property, Plant and Equipment were carried in the statement of financial position prepared under previous GAAP as at 31st March, 2015. The Company has elected to regard such carrying amount as deemed cost at the date of transition i.e. 1st April 2015.</p> <p>b. Under previous GAAP, investment in associate Company was stated at cost and provisions were made to recognise the decline, other than temporary. Under IND-AS the Company has elected to regard such carrying amount as at 31st March, 2015 as deemed cost of at the date of transition.</p> <p>1.2 USE OF ESTIMATES</p> <p>The preparation of financial statements, in conformity with the requirements of IND-AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year 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.</p> <p>Differences between the actual results and estimates are recognised in the year in which the results are known / materialised.</p> <p>1.3 REVENUE RECOGNITION</p> <p>Revenue from sale of products is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides with the dispatch of goods from delivery points or delivery to customers as per terms of the contracts.</p> <p>Revenue from consultancy income is recognised upon completion of respective obligations under a contract by both parties.</p> <p>Income from sale of investment is recognised upon redemption of instrument of investment and is determined as a difference between sale price and the cost of investment.</p> <p>Revenue from trademark, platform and licence fee is recognised as percentage of the sale of products net of discount and service tax, reported by the licensee.</p> <p>Interest Income is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.</p> <p>1.4 PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS)</p> <p>Property, Plant and Equipment other than intangible assets are stated at their original cost, under the cost model of INDAS 16, less accumulated depreciation. Cost includes acquisition, installation and other incidental expenses incurred in bringing the asset to working conditions for intended use.</p> <p>Capital work-in-progress comprises the cost of assets that are not ready for their intended use at the balance sheet date</p> <p>On the basis of recognition criteria set out in INDAS - 38, Intangible Assets are recognized at cost incurred to acquire the asset, cost of development and any other cost incurred towards preparing the asset for its intended use. Intangible assets are stated at their original cost less amortisation.</p> <p>1.5 DEPRECIATION / AMORTIZATION</p> <p>A) Tangible Assets As per the provisions of INDAS-16 depreciation is to be provided based on estimated useful life of asset, in the following manner:</p> <p>a. Written down value of the assets which have exceeded the useful life (Refer Note 2.1), as on 1st April 2016 has been entirely depreciated and charged to revenue.</p> <p>b. In the case of assets which have not exceeded the useful life (Refer Note 2.1), the written down value of the asset is charged to revenue over the remaining useful life.</p> <p>Individual assets of plant and machinery costing less than or equal to ₹.10,000 are fully written off in the year of acquisition. Where the original estimated useful life of an asset is revised downward, the residual value of the asset is charged to revenue over the revised remaining useful life.</p> <p>B) Intangible Assets Intangible assets are amortized at their estimated useful life, from the date they are available for use based on the estimated pattern of consumption of economic benefits of such assets. Accordingly, these are being amortised on straight line basis, in accordance with the provisions of INDAS-38, and a rebuttable presumption by the Company that the useful life of an intangible asset will not exceed 3 years from the date asset is available for use.</p> <p>However if there is tangible evidence for further life of such assets, the same is considered in re-determining useful life of an asset.</p> <p>C) Impairment of Assets The carrying amounts of assets are reviewed at each balance sheet date, to ascertain if there is an indication of impairment based on the internal and external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. Reversal of impairment loss recognised in prior years is recorded when there is an indication that impairment loss recognised for the asset no longer exists or has decreased.</p>




CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

No	Notes
	SIGNIFICANT ACCOUNTING POLICIES (Contd...)
1.6	<p>INVENTORIES</p> <p>Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed Gold)] are stated at the lower of cost and net realizable value. Cost is determined as follows.</p> <p>(i) Raw Materials are valued at the cost of purchases.</p> <p>(ii) Work-in-progress and finished goods (other than gold) are valued at average cost of production.</p> <p>(iii) Traded goods are valued at the cost of purchases.</p> <p>Cost of inventories comprises of cost of purchase, cost of conversion and other expenditure directly attributable to acquisition. Unfixed Gold is valued at the gold prices prevailing on the period closing date.</p>
1.7	<p>FOREIGN CURRENCY TRANSACTIONS</p> <p>Revenue and expense items denominated in foreign currencies are recorded using the exchange rate on the date of the transaction. Exchange gains or losses realized upon settlement of foreign currency transactions are included in determining the net profit or loss for the period in which the transaction is settled.</p> <p>Foreign currency denominated monetary assets and liabilities at the balance sheet date are restated at year end rate. The gains or losses resulting from such restatement are accounted in the statement of profit and loss .</p>
1.8	<p>TAXATION</p> <p>Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period).</p> <p>The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted as on the balance sheet date.</p> <p>Deferred tax assets are recognized to the extent there is a deferred tax liability. Beyond this, deferred tax assets are recognised only to the extent there is reasonable certainty that the deferred tax assets can be realized. Deferred tax assets/liabilities are reviewed as at each balance sheet date</p>
1.9	<p>EMPLOYEE BENEFITS</p> <p>A) Short Term Employee Benefits All short term employee benefits such as salaries, wages, and medical benefits which fall within 12 months of the period in which the employee render the related services which entitles him to avail such benefits and non accumulating compensated absences are recognised on an undiscounted and charged to the statement of profit and loss.</p> <p>B) Defined Contribution Plan Contributions to the Employees' Provident Fund Employees' State Insurance and Labour Welfare Fund are as per statute and are recognised as expenses during the period in which the employees perform the services.</p> <p>C) Gratuity Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss . The liability is not funded by the Company.</p> <p>D) Leave Encashment Liability towards leave encashment is recognised at the present value based on actuarial valuation at the balance sheet date.</p> <p>E) Share-based Payments The company accounts for equity settled stock options as per the accounting treatment in accordance with the requirements of Ind-AS 102, Share-based Payment. Accordingly, the company recognizes the value of options granted to its employees in the statement of profit and loss on the date of grant, with a corresponding increase in the equity for equity settled transactions.</p>
1.10	<p>OPERATING LEASES</p> <p>Leases where the lessor effectively retains all the risks and benefits of ownership of the leased assets are classified as operating lease. Under previous GAAP, lease payments on all operating leases were recognised as an expense in the Statement of Profit & Loss as per the lease term. Under IND-AS, lease payments under operating leases are recognized on a straight line basis as expense only if payments to lessor vary because of factors other than expected general inflation.</p>
1.11	<p>INVESTMENTS</p> <p>Under previous GAAP, investment in associate Company were stated at cost and provision made to recognise a decline, other than temporary, in the value of such investments. Under IND-AS, the Company has elected to regard such carrying amount as at 31st March 2015 as deemed cost at the date of transition.</p> <p>Under previous GAAP, current investments were stated at lower of cost and fair value. Under IND-AS, these financial assets have been classified as Fair Value through Profit and Loss (FVTPL) on the date of transition and fair value changes after the date of transition has been recognised in the statement of profit and loss.</p>
1.12	<p>LEASE DEPOSITS</p> <p>Under previous GAAP, lease deposits were recognised at amount paid to lessors. Under IND-AS, lease deposits are have been classified as Fair Value through Profit and Loss (FVTPL) on the date of transition and fair value changes after the date of transition have been recognised in the statement of profit and loss.</p>

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF BALANCE SHEET

NOTE 2.1 - PROPERTY PLANT AND EQUIPMENT

Particulars	GROSS BLOCK						DEPRECIATION				NET BLOCK			Useful Life (in Years)		
	As at 1st April 2015	As at 31st March 2016	Additions	Deletions	As at 31st March 2017	As at 1st April 2015	As at 31st March 2016	For the year	Withdrawn	As at 31st March 2017	As at 1st April 2015	As at 31st March 2016	As at 31st March 2017	As at 1st April 2015	As at 31st March 2016	As at 31st March 2017
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Tangible Assets (A)																
Furniture & Fittings	184	364	75	25	414	36	78	44	19	103	148	286	311	10	10	10
Leasehold Improvements	186	482	55	30	507	66	178	109	29	258	120	304	249	#	#	#
Plant & Machinery																
Computer Equipment	146	217	65	14	268	81	120	76	10	186	65	97	82	3	3	3
Mock Jewellery	147	207	40	-	247	147	207	40	-	247	-	-	-	1	1	1
Office Equipments	165	298	40	15	323	54	127	61	12	176	111	171	147	5	5	5
Jewellery Machines	123	139	17	1	155	16	25	10	1	34	107	114	121	15	15	15
Motor Vehicles	31	31	1	-	32	9	13	4	-	17	22	18	15	8	8	8
TOTAL (A)	982	1,738	293	85	1,946	409	748	344	71	1,021	573	990	925			
Intangible Assets (B)																
Computer Software	99	131	11	-	142	66	90	27	-	117	33	41	25	3	3	3
Caratlane Portal	61	239	14	-	253	61	102	59	-	161	-	137	92	3	3	3
TOTAL (B)	160	370	25	-	395	127	192	86	-	278	33	178	117			
TOTAL (A+B)	1,142	2,108	318	85	2,341	536	940	430	71	1,299	606	1,168	1,042			
Previous Year	868	1,142	972	4	2,110	333	536	410	4	940	535	606	1,168			
Capital Work in Progress*	26	50	84	7	127	-	-	-	-	-	26	50	127			
# Useful		25	24	-	50											

* Capital work in progress represents amounts spent towards cost of an Enterprise Resource Planning software covering the entire operations of the Company. The software is expected to go live in the ensuing financial year.

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF BALANCE SHEET

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE 2.2			
NON CURRENT INVESTMENTS			
<u>Quoted Investments</u>			
<u>Unquoted Investments</u>			
<u>Trade Investments</u>			
Investment in Equity Instruments*		5	5
*50000 shares (As at 1st April 2015) of ₹.10 each fully paid up in MAA Creations Pvt. Ltd. (Associate Company in which Carat Lane Trading Pvt. Ltd. held 50% of Equity Shares)			
Less: Provision for diminution in value of Investments		-	-
Total		5	5
NOTE 2.3			
LONG TERM LOANS & ADVANCES			
<u>Security Deposits</u>			
Secured, considered good			
Unsecured, considered good - Rent*	366	266	186
Unsecured, considered good - Others	17	4	-
Unsecured, considered doubtful	-	-	-
Less: Provision for Doubtful Advances	-	-	-
Sub-Total	383	270	186
* Note: Security Deposit for rent includes amount paid to Related Party:			
Mrs. Manju Sacheti (Relative of Director)	3	3	3
Mr. Padam Chand Sacheti (Relative of Director)	9	9	9
Starfire Gems Private Limited (Enterprise in which KMP has significant influence)	6	6	6
<u>Loans & Advances to Related Parties</u>			
Secured, considered good			
Unsecured, considered good	-	-	-
Unsecured, considered doubtful*	-	150	150
Less: Provision for Doubtful Advances	-	(150)	(150)
Sub-Total	-	-	-
Total	383	270	186
*Note: Unsecured Loan - MAA Creations Private Limited (Associate Company in which Carat Lane Trading Private Limited held 50% of the Equity Shares)			
NOTE 2.4			
OTHER NON-CURRENT ASSETS			
<u>Balances with Banks</u>			
In Deposit Accounts (Refer Note no - 3.8)		3	-
<u>Balances with Others</u>			
In Deposit Accounts	3	-	1,000
Total	3	3	1,000
NOTE 2.5			
INVENTORIES			
<u>Inventories</u>			
Raw Materials	1,654	1,057	1,143
Work-in-Progress	47	14	79
Finished Goods	1,773	730	156
Stock-in-Trade	1,551	672	266
Total	5,025	2,473	1,646
*Note: Inventory include following items purchased from Related Parties:			
Starfire Gems Private Limited (Enterprise in which KMP has significant influence)	10	3	-
Jaipur Gems (Enterprise in which KMP has significant influence)	46	21	-
Titan Company Limited (Holding Company)	126	-	-
NOTE 2.6			
CURRENT INVESTMENTS			
<u>Investment in Mutual Funds</u>			
<u>Quoted Investments</u>			
Axis Midcap Fund - Growth		287	312
Birla Sunlife Dynamic Bond Fund	604	1,448	1,348
Birla Sunlife Short Term Fund	79	-	-
Birla Sun Life Treasury Optimizer Plan	-	551	-
DSP Blackrock Mutual Fund - Income Opportunities Fd	1,236	1,127	1,030
DSP Blackrock Mutual Fund - Strategic Bond Fund	-	-	2,053
Franklin India Short Term Income Plan - Retail Plan	-	854	1,545
Franklin USBF - Super Institutional Growth Plan	-	-	691
HDFC Income Fund - Growth	-	-	1,534
HDFC Short Term Opp Fund - Growth	-	-	1,026
HDFC Top 200 - Regular Plan - Growth	-	458	508
ICICI Prudential Focused Blue-chip Ef - Growth	-	482	517
ICICI Prudential Regular Saving Fund	-	303	-
ICICI Prudential Value Discovery Fund - Growth	-	509	535
IDFC Dynamic Bond Fund	-	-	501
Reliance Equity Opportunity Fund	-	184	210
UTI Short Term Income Fund	-	811	-
Total	1,919	7,014	11,810

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF BALANCE SHEET

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE 2.7			
TRADE RECEIVABLES			
Trade Receivables Outstanding for a Period Exceeding Six Months			
Secured, considered good	-	-	-
Unsecured, considered good	120	262	245
Unsecured, considered doubtful*	4	4	3
Less: Provision for doubtful Trade Receivables	(4)	(4)	(3)
Sub-Total	120	262	245
Other Trade Receivables			
Secured, considered good	-	-	-
Unsecured, considered good*	470	989	1,787
Unsecured, considered doubtful	-	-	-
Less: Provision for doubtful Trade Receivables	-	-	-
Sub-Total	470	989	1,787
Total	590	1,251	2,032
*Note: Trade Receivables include following debts due from Related Parties:			
Starfire Gems Private Limited (Enterprise in which KMP has significant influence)	92	14	19
Jaipur Gems (Enterprise in which KMP has significant influence)	-	4	-
Titan Company Limited (Holding Company)	93	59	-
NOTE 2.8			
CASH & CASH EQUIVALENTS			
Cash in Hand			
Balances with Banks			
In Current Accounts	18	1	1
In Deposit Accounts in Lien - Refer Note no - 3.8	507	204	455
-Less than 3 months	-	-	-
-More than 3 months	37	455	455
In Deposit Accounts	2,310	2,054	345
-More than 3 months	-	-	-
Less : Provision for Deposits	-	-	3,500
Sub-Total	2,872	2,646	4,511
Balances with Others			
In Deposit Accounts	-	1,000	-
Sub-Total	-	1,000	-
Total	2,872	3,646	4,511
NOTE 2.9			
SHORT TERM LOANS & ADVANCES			
Loans & Advances			
Loans & Advances to Employees	-	-	-
Capital Advances	40	4	4
Prepaid Expenses	60	32	75
TDS Receivables	74	42	18
Statutory Dues Input Credit	78	155	90
Advance to Suppliers / Service Providers	636	51	26
Deferred Rental Deposit	266	168	123
Other Advances *	99	81	76
Total	1,285	562	437
* Includes due to Related Parties			
Jaipur Gems (Enterprise in which KMP has significant influence)	9	-	-
Carat Lane Inc. - USA (Fully owned Subsidiary)	-	-	4
NOTE 2.10			
OTHER CURRENT ASSETS			
Accruals			
Interest Accrued on Fixed Deposits	36	165	140
Other Assets	98	3	29
Total	134	168	169

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF BALANCE SHEET

(₹ in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE 2.11: SHARE CAPITAL			
A. AUTHORIZED SHARE CAPITAL			
Equity Shares with Voting Rights			
30,810,889 Shares (Previous Year - 12,500,000) of ₹.2/- each	616	616	616
Compulsorily Convertible Preference Shares Series A (Refer Sub-Note ii)			
5,015,000 (Previous year - 5,015,000) Preference shares of ₹.2/- each	100	100	100
Compulsorily Convertible Preference Shares Series B (Refer Sub-Note ii)			
2,944,137 (Previous year - 29,44,137) Preference shares of ₹.2/- each	59	59	59
Compulsorily Convertible Preference Shares Series C (Refer Sub-Note ii)			
31,40,413 (Previous year - Previous year - 31,40,413) Preference shares of ₹.2/- each	63	63	63
Compulsorily Convertible Preference Shares Series D			
80,42,795 (Previous year - 80,42,795) Preference shares of ₹.2/- each	161	161	161
Total	999	999	999
B. ISSUED, SUBSCRIBED & FULLY PAID UP			
(i) EQUITY SHARE CAPITAL (Refer Sub-Note i)			
Equity Shares with Voting Rights			
3,01,78,272 Shares (Previous Year - 10,030,200) of ₹.2/- each	604	201	201
(ii) CONVERTIBLE NON PARTICIPATING PREFERENCE SHARE CAPITAL			
Compulsorily Convertible Preference Shares (Refer Sub-Note ii & iii)			
Compulsorily Convertible Preference Shares Series A			
Nil (Previous year - 5,015,000) Preference shares of ₹.2/- each	-	100	100
Compulsorily Convertible Preference Shares Series B			
Nil (Previous year - 29,44,137) Preference shares of ₹.2/- each	-	59	59
Compulsorily Convertible Preference Shares Series C			
Nil (Previous year - 31,40,413) Preference shares of ₹.2/- each	-	63	63
Compulsorily Convertible Preference Shares Series D			
Nil (Previous year - 80,42,795) Preference shares of ₹.2/- each	-	161	161
Total	604	584	584

Sub-Notes:

(i) Terms/Rights Attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹. 2/- per share. Each holder of equity share is entitled to one vote per share.

(ii) Terms/Rights Attached to Preference Shares

The Company had four classes of Compulsory Convertible Preference Shares; which are convertible upon earlier of (a) expiry of nineteen years from the effective date or (b) filing of red herring prospectus in relation to a qualified initial public offering.

(iii) Conversion of Preference Shares

During the year the Company converted Compulsorily Convertible Preference Shares - Series A amounting to 50,15,000 shares, Series B amounting to 29,44,137 shares, Series C amounting to 31,40,413 shares and Series D amounting to 80,42,795 shares by allotting equity shares in the ratio of 1:1. The equity share capital of the Company rose by 1,91,42,345 equity shares on account of such conversion.

(iv) Employee Stock Option Plan

The Company has granted stock options to eligible employees under the Carat Lane Stock Option Plan, 2013. During the year ended 31st Mar 2017 the Company has granted 1,18,000 options to employees who were eligible under the said plan.

The employees have the option to purchase shares at a price as determined by the Board but not less than the face value of the shares, at any time during the course of their employment with the Company, subject to other the terms and conditions of the plan.

As at 31st March 2017 a maximum of 3,92,017 options issuable under the plan. The activity under the Carat Lane Stock Option Plan, 2013 during the year ended March 31, 2017, March 31 2016 and April 1, 2015 is set out below:

Particulars	For the Year Ended 31-Mar-17	For the Year Ended 31-Mar-16	For the Year Ended 01-Apr-15
Outstanding at the beginning of the year	351,000	197,000	160,000
Granted	118,000	162,000	37,000
Forfeited and expired	65,600	8,000	-
Exercised	81,400	-	-
Outstanding at the end of the year	322,000	351,000	197,000

The weighted average share price of options exercised under the 2013 Plan on the date of exercise was ₹.24.10

The weighted average remaining contractual life of the options outstanding as of 31st March, 2017, 31st March, 2016 and 1st April 2015 under the Carat Lane stock Options Plan was 8.44 years, 9.80 and 8.80 years respectively.

The fair value of the above impact analysis is estimated on the date of grant using the Black-Scholes-Merton Model with the following assumptions:

Option Granted During	FY 2016-17	FY 2015-16	FY 2014-15
Stock Price (₹)	25.40	44.12	65.65
Exercise Price (₹)	2.00	2.00	2.00
Expected Volatility (%)	1.60	1.03	1.20
Expected Life of Options (Years)	8.44	9.80	8.80
Expected Dividends (%)	-	-	-
Risk-free Interest Rate (%)	7.10	7.89	8.51
Weighted Average Fair Value as on Grant Date (₹)	24.10	43.06	64.64

CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF BALANCE SHEET

NOTE 2.11: SHARE CAPITAL Continued...

(iii) Employee Stock Option Plan

The stock price of the Company is arrived using the Net Asset Value approach as on a particular date. Implied volatility is the unit at which the price of shares of peer listed companies has fluctuated during the past period. The expected time to maturity/ expected life of the options is the period for which the Company expects the options to be alive, which has been taken as 10 years subject to adjustment of time lapses from the date of grant. The risk free rate considered for calculation is based on the yield on Government Securities for 10 years as on the date of valuation.

During the year ended 31st March 2017 the Company recorded employee compensation of ₹. 86.10 Lakhs in the Statement of Profit and Loss toward options granted / forfeited / expired and net of diminution in the fair value of options (₹. 20.72 Lakhs during the year ended 31st March 2016).

NOTE 2.11.1: SHARE CAPITAL RECONCILIATION

Reconciliation of the number of shares Issued, Subscribed and Fully Paid up and amount outstanding at the beginning and at the end of the reporting period.

Particulars	Opening Balance	Fresh issue	ESOP	Conversion	Closing Balance
Equity Shares					
Year ended 31 March, 2017					
Number of shares	10,030,200	924,327	81,400	19,142,345	30,178,272
Amount ('00000)	201	18	2	383	604
Year ended 31 March, 2016					
Number of shares	10,030,200	-	-	-	10,030,200
Amount ('00000)	201	-	-	-	201
Compulsorily Convertible Preference Shares Series A					
Year ended 31 March, 2017					
Number of shares	5,015,000	-	-	(5,015,000)	-
Amount ('00000)	100	-	-	(100)	-
Year ended 31 March, 2016					
Number of shares	5,015,000	-	-	-	5,015,000
Amount ('00000)	100	-	-	-	100
Compulsorily Convertible Preference Shares Series B					
Year ended 31 March, 2017					
Number of shares	2,944,137	-	-	(2,944,137)	-
Amount ('00000)	59	-	-	(59)	-
Year ended 31 March, 2016					
Number of shares	2,944,137	-	-	-	2,944,137
Amount ('00000)	59	-	-	-	59
Compulsorily Convertible Preference Shares Series C					
Year ended 31 March, 2017					
Number of shares	3,140,413	-	-	(3,140,413)	-
Amount ('00000)	63	-	-	(63)	-
Year ended 31 March, 2016					
Number of shares	3,140,413	-	-	-	3,140,413
Amount ('00000)	63	-	-	-	63
Compulsorily Convertible Preference Shares Series D					
Year ended 31 March, 2017					
Number of shares	8,042,795	-	-	(8,042,795)	-
Amount ('00000)	161	-	-	(161)	-
Year ended 31 March, 2016					
Number of shares	8,042,795	-	-	-	8,042,795
Amount ('00000)	161	-	-	-	161

NOTE 2.11.2: DETAILS OF SHAREHOLDING

Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares with Voting Rights				
Mr. Mithun Padam Sacheti	3,805,327	12.61%	3,700,000	36.89%
Mr. Siddhartha Padam Sacheti	3,700,000	12.26%	3,700,000	36.89%
Lister Technologies Private Limited	2,600,000	8.62%	2,600,000	25.92%
Titan Company Limited	20,042,545	66.41%	-	-
Compulsorily Convertible Preference Shares Series A				
Tiger Global Six Carat Lane holdings	-	-	5,015,000	100%
Compulsorily Convertible Preference Shares Series B				
Tiger Global Six Carat Lane holdings	-	-	2,944,137	100%
Compulsorily Convertible Preference Shares Series C				
Tiger Global Six Carat Lane holdings	-	-	3,140,413	100%
Compulsorily Convertible Preference Shares Series D				
Internet Fund III Pte Ltd.	-	-	8,042,795	100%

CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF BALANCE SHEET

(₹ in Lakhs)

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
NOTE 2.12			
OTHER EQUITY			
i. SURPLUS/(DEFICIT) IN PROFIT & LOSS STATEMENT			
Opening Balance	(16,571)	(10,273)	(6,181)
Add: Transferred from Surplus/(Deficit) in Statement of Profit and Loss	(7,973)	(6,298)	(4,092)
Closing Balance	(24,544)	(16,571)	(10,273)
Total (A)	(24,544)	(16,571)	(10,273)
ii. SHARE PREMIUM:			
Equity Shares			
Opening Balance	-	-	-
Add: Premium on Equity Shares issued during the year	1,965	-	-
Less: Utilized for the year	-	-	-
Closing Balance	1,965	-	-
Preference Shares Series A			
Opening Balance	2,631	2,631	2,631
Add: Premium on Preference Shares issued during the year	-	-	-
Closing Balance	2,631	2,631	2,631
Preference Shares Series B			
Opening Balance	2,936	2,936	2,936
Add: Premium on Preference Shares issued during the year	-	-	-
Closing Balance	2,936	2,936	2,936
Preference Shares Series C			
Opening Balance	5,095	5,095	5,095
Add: Premium on Preference Shares issued during the year	-	-	-
Closing Balance	5,095	5,095	5,095
Preference Shares Series D			
Opening Balance	18,391	18,391	-
Add: Premium on Preference Shares issued during the year	-	-	18,391
Closing Balance	18,391	18,391	18,391
Total (B)	31,018	29,053	29,053
iii. EMPLOYEE STOCK OPTION PLAN			
Opening Balance	144	123	-
Add / Less: Options granted / forfeited during the year	(73)	21	123
Total (C)	71	144	123
Total (A+B+C)	6,545	12,626	18,903

CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF BALANCE SHEET

Particulars	(₹ in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE 2.13			
LONG TERM PROVISIONS			
Provision for Employee Benefits *			
Provision for Gratuity [Refer Note 3.7]	65	43	29
Provision for Leave Encashment [Refer Note 3.7]	47	37	8
	112	80	37
Other Provisions			
Rent Equalization Reserve	20	10	4
Total	132	90	41
*(Provision for gratuity & leave encashment has been bifurcated into current & non-current, based on the information provided by the actuary)			
NOTE 2.14			
SHORT TERM BORROWINGS			
Loans Repayable on Demand			
From Bank - Secured			
Gold (Metal) Loan	-	-	-
Total	-	-	-
NOTE 2.15			
TRADE PAYABLE			
Other than Acceptances			
Creditors for Goods*#	3,646	2,226	1,532
Creditors for Services	458	302	672
Total	4,104	2,528	2,204
* Includes due to Related Parties			
Starfire Gems Private Limited (Enterprise in which KMP has significant influence)	64	3	36
Jaipur Gems (Enterprise in which KMP has significant influence)	-	1	3
Titan Company Limited (Holding Company)	466	-	-
# Details of security for the secured trade payables			
Secured by way of charge on fixed deposits held in the name of the Company with a bank, amounting to ₹ 1,811 Lakhs (Previous Year ₹ 1,675 Lakhs) - [Refer Note 3.8]			
Secured by way of charge on fixed deposits held in the name of the Company with a bank, amounting to ₹ NIL (Previous Year ₹ 75 Lakhs) - [Refer Note 3.8]			
NOTE 2.16			
SHORT TERM PROVISIONS			
Provision for Employee Benefits *			
Provision for Gratuity [Refer Note 3.7]	26	13	1
Provision for Leave Encashment [Refer Note 3.7]	12	10	5
	38	23	6
Other Provisions			
Provision for Sales Return	117	3	32
Total	155	26	38
*(Provision for gratuity & leave encashment has been bifurcated into current & non-current, based on the information provided by the actuary)			
NOTE 2.17			
OTHER CURRENT LIABILITIES			
Other Payables			
Creditors for Expenses*	1,386	653	483
Creditors for Capital Expenditure	14	22	12
Statutory Liabilities	134	81	163
Advance Received from Customer	306	-	-
Total	1,840	756	658
* Includes due to Related Parties (KMP and their relatives)			
Salary payable to Mr. Mithun Padam Sacheti	11	-	65
Rent payable to Mr. Padam Chand Sacheti	1	1	-
Rent payable to Mrs. Manju Padam Sacheti	-	-	-
* Includes due to Related Parties			
Starfire Gems Pvt Ltd (Enterprise in which KMP has significant influence)	5	1	-
Jaipur Gems (Enterprise in which KMP has significant influence)	-	-	-
Titan Company Limited (Holding Company)	51	-	-
Director Sitting Fees Payable to Titan Company Limited (Holding Company)	3	-	-




CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS ACCOUNT

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 2.18		
REVENUE FROM OPERATIONS		
Sale of Products		
Export		
Domestic	103	27
Less : Discount/Cash Back Offer	18,104	13,070
Less : Other Expenses Related to Sales	(155)	-
Less : Provision for Sales Return	(154)	-
Other Operating Revenues	(114)	28
	-	82
Total	17,784	13,207
NOTE 2.19		
OTHER INCOME		
Interest Income		
Net Gain on Sale of Current Investments	222	444
Interest on Income Tax Refund	545	275
Exchange Gain	5	-
Gold Rate Fluctuation - Profit on Gold Loan	53	27
Restatement of Value of Investments	42	-
Miscellaneous Income	94	(82)
Provision no longer required	2	-
Other Rental Income (Deposit Valuation)	3	177
	13	20
Total	979	851
NOTE 2.20		
COST OF MATERIALS CONSUMED		
Inventories of Raw Materials & Work in Progress at the beginning of the year	1,071	1,222
Add: Purchases	11,731	9,709
Add: Direct Expenses	565	440
Less: Inventories of Raw Materials & Work in Progress at the end of the year	(1,701)	(1,071)
Total	11,666	10,300
NOTE 2.21		
PURCHASES OF STOCK-IN-TRADE		
Purchases of Traded Goods	5,210	3,077
Total	5,210	3,077
NOTE 2.22		
CHANGE IN INVENTORY OF FINISHED GOODS & STOCK-IN-TRADE		
Inventories at the end of the year	(3,324)	(1,402)
Less: Inventories at the beginning of the year	1,402	425
Total	(1,922)	(977)
NOTE 2.23		
EMPLOYEE BENEFIT EXPENSE		
Salaries & Wages	2,683	1,523
Contribution to Funds	153	133
Staff Welfare	119	68
Movement in Option Shares	86	21
Directors Remuneration	120	100
Total	3,161	1,845
NOTE 2.24		
FINANCE COST		
Interest Expense on Borrowings	43	19
Gold Rate Fluctuation - Loss on Gold Loan	-	38
Foreign Exchange Rate Fluctuation - Loss on Gold Loan	-	5
Bank Charges	3	1
Total	46	63

[Handwritten Signature]

CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS ACCOUNT

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 2.25		
OTHER EXPENSES		
Power & Fuel	71	43
Rent including Lease Rentals	661	479
Repairs & Maintenance - Others	147	135
Insurance	47	23
Rates & Taxes	235	256
Communication	113	42
Travelling & Conveyance	216	160
Printing & Stationery	23	12
Freight & Forwarding	441	91
Business Promotion	59	63
Legal & Professional Charges	268	95
Director Sitting Fees	3	-
Assets Written Off (PV)	18	-
Recruitment Charges	57	35
Sales & Marketing	3,291	3,079
Portal Expenditure	241	208
Brokerage charges	2	8
Online Subscription Charges	96	28
Membership Fee	2	3
Provision for Doubtful Debts	-	2
Irrecoverable Advances Written Off	-	25
Payments to Auditors (Details given below) *	14	16
Miscellaneous Expenses	6	25
Total	6,011	4,828
Payments to the Auditors *		
As Auditor:		
Statutory Audit	6	5
Tax Audit	3	1
Certification	3	8
Reimbursement of Expenses	-	-
Service Tax	2	2
Total	14	16
NOTE 2.26		
EXCEPTIONAL ITEMS		
a) Allotment of Equity Shares Without Consideration		
During the year the Company allotted 9,24,327 equity shares for consideration other than cash to Mr. Mithun Sacheti in recognition of his efforts in building the Company's business. The total cost towards such allotment amounted to ₹. 18.2 crores. As the said amount is material and non recurring in nature, the same has been disclosed as Exceptional Item in the face of the Statement of Profit and Loss.		
b) Closure of Franchisee Businesses		
During the previous financial year the Company closed down operations of a few franchisees. As against this decision the franchisees have made demands on the Company for compensation of losses which has impacted its operations. The Company evaluated the demands carefully and after negotiations decided to absorb an amount of ₹.2.14 crores. As the said amount is material and non recurring in nature, the same has been disclosed as Exceptional Item on the face of the Statement of Profit & Loss.		
NOTE 2.27		
IND AS 33 – EARNINGS PER SHARE		
Basic Earnings Per Share		
Profit After Tax (₹ in Lakhs)	(7,973)	(6,298)
Weighted Average No. of Shares (Nos.) - Equity	30,178,272	10,030,200
Nominal Value Per Share (₹)	2	2
Basic Earnings Per Share	(26.42)	(62.79)
Diluted Earnings Per Share		
Profit After Tax (₹ in Lakhs)	(7,973)	(6,298)
Weighted Average No. of Equity Shares (Nos.) for diluted EPS	30,178,272	10,030,200
Nominal Value Per Share (₹.)	2	2
Diluted Earnings Per Share	(26.42)	(62.79)

CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars		
3	OTHER NOTES		
3.1	GOING CONCERN		
	The Company has incurred a loss of ₹ 7,973 lakhs in the current year and the total accumulated losses as on 31st March 2017 is ₹ 24,544 lakhs. Consequently the net worth of the Company has significantly eroded as on the Balance Sheet date. However, the expense structure of the Company is in line with the business plan and the management of the Company is confident of achieving profits in the ensuing years. To meet the expenditure of the Company in line with the business plan, the promoters are in contact with existing shareholders and other investors for infusion of fresh capital into the Company.		
3.2	EARNINGS IN FOREIGN CURRENCY		
	Particulars	(₹ In Lakhs) 2016-2017	(₹ In Lakhs) 2015-16
	Revenue from Export of Goods (FOB)	103	27
3.3	EXPENDITURE IN FOREIGN CURRENCY		
	Particulars	(₹ In Lakhs) 2016-2017	(₹ In Lakhs) 2015-16
	Import of Goods	264	25
	Services	1,325	1,497
3.4	INDAS-24 – RELATED PARTY DISCLOSURES		
	INDAS-112 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES		
	a) List of Related Parties		
	Name of the Related Party	Nature of Relationship	
	1. Titan Company Limited	Shareholder	
	2. Lister Technologies Private Limited	Shareholder	
	3. Caratlane Inc – USA	Fully owned Subsidiary (Non Operational Entity)	
	4. Mr. Mithun Padam Sacheti	Director - KMP / Share Holder	
	5. Mr. Siddhartha Padam Sacheti	Shareholder	
	6. Mr. Padam Chand Sacheti	Relative of Director	
	7. Mrs. Manju Sacheti	Relative of Director	
	8. Mr. Srinivasa Gopalan	Director (till 3rd August, 2016)	
	9. Mr. Lee Jared Fixel	Director (till 3rd August, 2016)	
	10. Mr. Kalyan Raman Krishnamurthy	Director (till 3rd August, 2016)	
	11. Gemlane Inc. - USA	Fully owned Subsidiary (Dissolved on 26th July 2016)	
	12. GV Merger Subsidiary Inc. - USA	Fully owned Subsidiary (Dissolved on 26th July 2016)	
	13. Mr. Bhaskar Bhat	Director (from 4th August, 2016)	
	14. Mr. CK Venkataraman	Director (from 4th August, 2016)	
	15. Mr. Subramaniam Somasundaram	Director (from 4th August, 2016)	
	b) Enterprises in which Key Management Personnel or relative of Key Management Personnel has Significant Influence		
	1. Jaipur Gems		
	2. Starfire Gems Private Limited		
	3. Ajmer Trading Private Limited		
	4. Sacheti Sons Trading Private Limited		
	5. Relevant e-Solutions Private Limited		
	6. Niojak Technologies Private Limited		
	7. Lister Technology Ventures Private Limited		
	8. Lister Technologies Foundations		
	9. Tata Chemicals Limited		
	10. Tata Engineering & Automation Limited		
	11. Innoviti Payment Solutions Private Limited		
	12. Tata Unistore Limited		
	13. The Gem and Jewellery Skill Council of India		
	14. Ponnaiyin Selvan & Friends		
	15. Titan Time Products Limited		
	16. Trent Limited		
	17. Bosch Limited		
	18. Tata Ceramics Limited		
	19. Titan International Middle East FZE		
	20. Favre Leuba AG, Switzerland		
	21. Rallis India Limited		
	22. Montblanc India Retail Private Limited		
	23. Tata SIA Airlines Limited		
	24. Dr. Agarwal's Health Care Limited		
	25. Hydronauts Private Limited		

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CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars			
3.4	INDAS-24 – RELATED PARTY DISCLOSURES (Contd...)			
	The following transactions were carried out with related parties in ordinary course of business during the year:			
	Name of the Related Party	Nature of Transaction	Value of Transactions (₹ in Lakhs) 2016-17	Value of Transactions (₹ in Lakhs) 2015-16
	Jaipur Gems	Purchase of Goods	6	42
		Sale of Goods	134	37
		Reimbursement of Expenses - Receivable	8	0
		Reimbursement of Expenses - Payable	1	1
	CaratLane Inc. USA	Incorporation Expenses	-	4
	Mr. Mithun Padam Sacheti	Director's remuneration	120	100
		Sweat Equity (Refer Note 2.26 (a))	1,825	-
		Reimbursement of Expenses	1	-
	Starfire Gems Private Limited	Purchase of Goods	107	15
		Sale of Goods	431	167
		Rent	2	143
		Reimbursement of Expenses - Payable	22	15
	Mr. Padam Chand Sacheti	Rent and amenities	15	-
	Mrs. Manju Sacheti	Rent and amenities	5	9
	Titan Company Limited	Purchase of Goods	704	3
		Sale of Goods	2,213	-
		Services	2	-
		Sitting Fees	3	-
		Reimbursement of Expenses-Receivable	4	-
		Reimbursement of Expenses-Payable	0	-
	Name of the Related Party	Nature of Transaction	Balance as on 31st March 2017	Balance as on 31st March 2016
	Jaipur Gems	Receivable	1	4
		Payables	-	1
		Reimbursement of Expenses-Receivable	8	-
	Mr. Mithun Padam Sacheti	Payables	11	-
	Mr. Padam Chand Sacheti	Security Deposits	9	9
		Payables	1	1
	Mrs. Manju Sacheti	Security Deposits	3	3
	Starfire Gems Private Limited	Receivable	92	14
		Payables	64	3
		Security Deposits	6	6
		Reimbursement of Expenses-Payable	5	1
	MAA Creations Private Limited	Unsecured Loan Given	-	150
		Investment in Shares	-	5
	Titan Company Limited	Payables	517	-
		Receivable	93	-
		Sitting Fees	3	-
		Reimbursement of Expenses-Payable	-	-

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars																																																																											
3.5	The Company has not recognized Deferred Tax Asset (net) in the absence of virtual certainty for set off against future taxable income.																																																																											
3.6	The Company has office, store and manufacturing spaces at various locations, lease agreements of which provide for premature termination and escalation of rental as mentioned below:																																																																											
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3.7	<p>INDAS-19 – EMPLOYEE BENEFITS</p> <p>a) Defined Contribution Plans</p> <p>Amount recognized as an expense and included in Note 2.23 of Statement of Profit and Loss under the head "Contribution to Funds" amounted to ₹.1,52,52,321/-</p> <p>b) Defined Benefit Plans</p> <p>The Company has recognized liability of ₹.91,08,038/- in respect of gratuity, being a defined benefit plan, based on actuarial valuation.</p> <p>c) Other Long Term Employee Benefits</p> <p>The Company has recognized liability of ₹.59,67,406/- in respect of leave encashment, being a defined benefit plan, based on actuarial valuation.</p> <p>Actuarial assumptions considered in ascertaining liability for gratuity and leave encashment:</p> <p>i) Gratuity</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>31-Mar-17</th> <th>31-Mar-16</th> </tr> </thead> <tbody> <tr><td>Discount Rate as per para 78 of INDAS19</td><td>6.80%</td><td>7.50%</td></tr> <tr><td>Salary Escalation fixed by the Enterprise as per INDAS19</td><td>10.00%</td><td>13.00%</td></tr> <tr><td>Attrition rate considered</td><td>23.00%</td><td>22.00%</td></tr> <tr><td>Funding Mechanism</td><td>Unfunded</td><td>Unfunded</td></tr> <tr><td>PRESENT VALUE OF OBLIGATION AS AT 31ST MARCH (RUPEES)</td><td>9,108,038</td><td>5,593,455</td></tr> <tr><td>CURRENT COMPONENT OF PVO (RUPEES)</td><td>2,574,891</td><td>1,331,734</td></tr> <tr><td>INTEREST COST</td><td>390,262</td><td>237,463</td></tr> <tr><td>NON CURRENT COMPONENT OF PVO (RUPEES)</td><td>6,142,885</td><td>4,028,778</td></tr> <tr><td>Provision Debited to P&L</td><td>2,965,153</td><td>1,564,677</td></tr> <tr><td>Provision Debited to OCI</td><td>1,466,285</td><td>1,053,711</td></tr> </tbody> </table> <p>ii) Leave Encashment</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>31-Mar-17</th> <th>31-Mar-16</th> </tr> </thead> <tbody> <tr><td>Discount Rate as per para 78 of INDAS19</td><td>6.80%</td><td>7.60%</td></tr> <tr><td>Salary Escalation fixed by the Enterprise as per INDAS19</td><td>10.00%</td><td>13.00%</td></tr> <tr><td>Attrition rate considered</td><td>23.00%</td><td>22.00%</td></tr> <tr><td>Proportion of Leave availment</td><td>10.00%</td><td>10.00%</td></tr> <tr><td>Proportion of encashment during service</td><td>10.00%</td><td>10.00%</td></tr> <tr><td>Proportion of encashment on separation</td><td>10.00%</td><td>10.00%</td></tr> <tr><td>Funding Mechanism</td><td>80.00%</td><td>80.00%</td></tr> <tr><td>PRESENT VALUE OF OBLIGATION AS AT 31ST MARCH (RUPEES)</td><td>5,967,406</td><td>4,674,365</td></tr> <tr><td>CURRENT COMPONENT OF PVO (RUPEES)</td><td>1,224,127</td><td>957,049</td></tr> <tr><td>INTEREST COST</td><td>318,233</td><td>98,063</td></tr> <tr><td>NON CURRENT COMPONENT OF PVO (RUPEES)</td><td>4,425,046</td><td>3,619,253</td></tr> <tr><td>Provision Debited to P&L</td><td>1,542,360</td><td>1,055,702</td></tr> <tr><td>Provision Debited to OCI</td><td>724,866</td><td>2,420,627</td></tr> </tbody> </table>	Particulars	31-Mar-17	31-Mar-16	Discount Rate as per para 78 of INDAS19	6.80%	7.50%	Salary Escalation fixed by the Enterprise as per INDAS19	10.00%	13.00%	Attrition rate considered	23.00%	22.00%	Funding Mechanism	Unfunded	Unfunded	PRESENT VALUE OF OBLIGATION AS AT 31ST MARCH (RUPEES)	9,108,038	5,593,455	CURRENT COMPONENT OF PVO (RUPEES)	2,574,891	1,331,734	INTEREST COST	390,262	237,463	NON CURRENT COMPONENT OF PVO (RUPEES)	6,142,885	4,028,778	Provision Debited to P&L	2,965,153	1,564,677	Provision Debited to OCI	1,466,285	1,053,711	Particulars	31-Mar-17	31-Mar-16	Discount Rate as per para 78 of INDAS19	6.80%	7.60%	Salary Escalation fixed by the Enterprise as per INDAS19	10.00%	13.00%	Attrition rate considered	23.00%	22.00%	Proportion of Leave availment	10.00%	10.00%	Proportion of encashment during service	10.00%	10.00%	Proportion of encashment on separation	10.00%	10.00%	Funding Mechanism	80.00%	80.00%	PRESENT VALUE OF OBLIGATION AS AT 31ST MARCH (RUPEES)	5,967,406	4,674,365	CURRENT COMPONENT OF PVO (RUPEES)	1,224,127	957,049	INTEREST COST	318,233	98,063	NON CURRENT COMPONENT OF PVO (RUPEES)	4,425,046	3,619,253	Provision Debited to P&L	1,542,360	1,055,702	Provision Debited to OCI	724,866	2,420,627
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CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars			
3.8	Deposits given on Lien as Security to Bank			
	Nature	As at 31st March'17 (₹ In Lakhs)	As at 31st March'16 (₹ In Lakhs)	
	Security for Purchase of Corporate Credit Card with HDFC	30	30	
	Security for Overdraft Facility to MAA Creations Pvt. Ltd (Associate Company in which Carat Lane Trading Private Limited holds 50% of the Equity Shares.)	-	264	
	Security for Bank Guarantee Facility	506	405	
	Security for Sales Tax	3	3	
	Security for Packing Credit Facility	-	75	
	Security for Gold Loan	1,811	1,675	
	Total	2,350	2,512	
3.9	Segment Reporting			
	Since the Company deals under a Single Segment of "Diamonds & Jewellery", segment wise disclosures are not provided.			
3.10	The Company does not have any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006, and hence disclosures, if any, relating to amounts, unpaid as at the year end together with interest paid / payable as required under the said Act have not been provided.			
3.11	Contingent Liability and Commitments			
	Particulars	As at 31st March'17 (₹ In Lakhs)	As at 31st March'16 (₹ In Lakhs)	
	Contingent Liability :			
	Claims against the Company, not acknowledged as debts*	1	1	
	Capital Commitments			
	Estimated amount of contracts remaining to be executed on capital	104	32	
	* On account of a pending litigation of Rs.1.08 Lakhs against the Company with the District Consumer Forum in Dewas, Madhya Pradesh			
3.12	Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 (Vide MCA Notification No. G.S.R. 307(E) dated 30th March, 2017)			
	Particulars	Specified Bank Notes	Other Notes	Total
	Closing cash on hand as on 8.11.2016	10,009,040	397,332	10,406,372
	(+) Permitted Receipts	-	5,609,569	5,609,569
	(-) Permitted Payments	-	757,493	757,493
	(-) Amount Deposited in Banks	10,009,040	4,699,601	14,708,641
	Closing cash on hand as on 30.12.2016	-	549,807	549,807

[Handwritten Signature]

CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars	(₹ In Lakhs)			
3.13	Financial instruments				
3.13.1	Categories of financial instruments				
	Financial assets				
	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
	Measured at fair value through profit or loss (FVTPL)				
	Designated as FVTPL-Equity investments and mutual funds	1,919	7,019	11,815	
	Total financial assets measured at FVTPL (a)	1,919	7,019	11,815	
	Measured at amortised cost				
	- Trade receivables				
	- Cash and cash equivalents	590	1,251	2,032	
	- Inter-corporate deposits	2,872	3,646	4,511	
	- Security deposits	-	-	-	
	- Other Deposits	99	81	75	
	- Employee loans	-	-	-	
	- Other financial assets	40	4	4	
	Total financial assets measured at amortised cost (b)	1,529	748	543	
	Derivative instruments in designated hedge accounting relationships (c)	5,130	5,730	7,166	
	Total financial assets (a + b + c)	7,050	12,749	18,981	
	Financial liabilities				
	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
	Measured at fair value through profit or loss (FVTPL)				
	- 'Derivative instruments other than in designated hedge accounting relationships	-	-	-	
	Total financial liabilities measured at FVTPL (a)	-	-	-	
	Measured at amortised cost				
	- Borrowings				
	- Trade payables				
	- Other financial liabilities	4,104	2,528	2,204	
	Total financial liabilities measured at amortised cost (b)	4,104	2,528	2,204	
	Derivative instruments in designated hedge accounting relationship	-	-	-	
	Derivative instruments in designated hedge accounting relationships (c)	-	-	-	
	Total financial liabilities (i) + ii) + iii))	4,104	2,528	2,204	
3.13.2	(i) Fair value hierarchy				
	This note explains about basis for determination of fair values of various financial assets and liabilities:				
a)	Financial assets and liabilities measured at fair value - March 31, 2017	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted equity investments at FVTPL	-	-	-	-
	- Other unquoted investments in subsidiaries, associate & joint venture	-	-	-	-
	- Other unquoted investments	-	1,919	-	1,919
	- Derivative instruments in designated hedge accounting relationship	-	-	-	-
	Total financial assets	-	1,919	-	1,919
	Financial liabilities				
	- Derivative instruments in designated hedge accounting relationship	-	-	-	-
	- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
	Total financial liabilities	-	-	-	-
b)	Financial assets and liabilities measured at fair value - March 31, 2016	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted equity investments at FVTPL	-	-	-	-
	Unquoted investments in subsidiary, associate & joint venture	-	5	-	5
	- Other unquoted investments	-	7,014	-	7,014
	- Derivatives designated as hedges	-	-	-	-
	- Derivatives not designated as hedges	-	-	-	-
	Total financial assets	-	7,019	-	7,019
	Financial liabilities				
	- Derivative instruments in designated hedge accounting relationship	-	-	-	-
	- Derivative instruments other than in designated hedge accounting	-	-	-	-
	Total financial liabilities	-	-	-	-

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c)

Financial assets and liabilities measured at fair value - April 1, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
- Quoted equity investments at FVTPL	-	-	-	-
- Unquoted investments in subsidiaries, associates & joint venture	-	5	-	5
- Other unquoted investments	-	11,810	-	11,810
- Derivative instruments in designated hedge accounting relationship	-	-	-	-
Total financial assets	-	11,815	-	11,815
Financial liabilities				
- Derivatives designated as hedges	-	-	-	-
- Derivative instruments other than in designated hedge accounting	-	-	-	-
Total financial liabilities	-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes quoted equity instruments and derivative financial instruments. The fair value of all such instruments that are traded in the stock exchanges is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example: Over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The mutual funds are valued using the closing Net Asset Value. Fair value of derivative financial instruments are measured using closing rates as provided by the financial institutions as at the reporting date.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific value techniques used to value financial instruments include:

- the use of quoted market prices for listed instruments.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using option pricing models.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities that are not measured at fair value but fair value disclosures are required

	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Employee loans	40	40	4	4	4	4
Security deposits	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-
Other financial assets	1,529	1,529	748	748	543	543
	1,569	1,569	752	752	547	547
Financial liabilities						
Borrowings	-	-	-	-	-	-
	-	-	-	-	-	-

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of loans, security deposits were calculated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

3.13.3 Financial risk management objective

The Company has in place a risk management framework to identify, evaluate business risks and challenges, which include market risk credit risk and liquidity risk. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

3.13.4 Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. Credit risk arises principally from the Company's receivables from customers. Refer Note 2.7 for the disclosures for trade receivables.

Credit risk on liquid funds and inter corporate deposits is limited because the counterparties are banks and companies with high credit-ratings assigned by credit-rating agencies.

CARAT LANE TRADING PRIVATE LIMITED
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3.13.5 Liquidity risk

The Company has adopted a policy to invest surplus funds from time-to-time in various short-term, medium term and long term instruments. Security of funds and liquidity shall be the primary consideration while deciding on the type of investments.

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2017	March 31, 2016	April 1, 2015
Secured bank overdraft facility, payable at call			
- amount used	-	-	-
- amount unused	-	-	-

Liquidity risk tables

The following table below analyse the Company's financial liabilities into relevant maturity groupings based on their maturities for:

- all non-derivative financial liabilities, and
- derivative financial liabilities, that are net settled.

The tables have been drawn on an undiscounted basis based on the earliest date on which the Company can be required to pay.

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
March 31, 2017			
Non-derivatives			
Borrowings	-	-	-
Trade payables	3,403	701	4,104
Other financial liabilities	-	-	-
Total non-derivative liabilities	3,403	701	4,104
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	-	-	-
Derivative instruments in designated hedge accounting relationship	-	-	-
Total derivative liabilities	-	-	-

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
March 31, 2016			
Non-derivatives			
Borrowings	-	-	-
Trade payables	1,974	554	2,528
Other financial liabilities	-	-	-
Total non-derivative liabilities	1,974	554	2,528
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	-	-	-
Derivative instruments in designated hedge accounting relationship	-	-	-
Total derivative liabilities	-	-	-

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
April 1, 2015			
Non-derivatives			
Borrowings	-	-	-
Trade payables	2,204	-	2,204
Other financial liabilities	-	-	-
Total non-derivative liabilities	2,204	-	2,204
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	-	-	-
Derivative instruments in designated hedge accounting relationship	-	-	-
Total derivative liabilities	-	-	-

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CARAT LANE TRADING PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3.13.6

Market risk

The market risks to which the Company is exposed are price risk (Refer note a) below) and foreign currency risk (Refer note b) below).

(a) Price Risk:

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold. The risk management strategy adopted by the Company against gold price fluctuation comprises of procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The following table gives details of contracts as at the end of the reporting period,

	Average rate (Per gram)		Quantity of hedge instruments (KGS)		Nominal amounts		Change in fair value of hedge instrument gain/(loss)
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	
Cash flow hedges							
Sell forward/future contracts	-	-	-	-	-	-	-

	Average rate	Quantity of hedge instruments (KGS)	Nominal amounts	Change in fair value of hedge instrument
	April 1, 2015	April 1, 2015	April 1, 2015	
Cash flow hedges				
Sell forward/future contracts	-	-	-	-

- The line item in the Balance Sheet that include the above hedging instruments are other financial assets and other financial liabilities. As at March 31, 2017, the details of movements in hedging reserve is highlighted in the next page:

Particulars	(₹ In Lakhs)	
	Current year	Previous year
Balance at beginning of the year	-	-
Changes in fair value of effective portion of cash flow hedges	-	-
Deferred tax on fair value of effective portion of cash flow hedges	-	-
Cumulative gain/(loss) arising on changes in fair value of cashflow hedges reclassified to statement of profit and loss	-	-
Deferred tax on gain/(loss) arising on changes in fair value of cashflow hedges reclassified to statement of profit and loss	-	-
Balance at end of the year	-	-

b) Foreign currency risk management

The company is exposed to foreign exchange risk arising through its sales and purchases denominated in various foreign currencies.

(i) The risk management strategy on foreign currency exchange fluctuation arising on account of purchase/ sale of gold is covered in Note 1.7.

(ii) In respect of normal purchase and sale transactions denominated in foreign currency, exposure in which has been very limited over the years, the Company is the process of formulating a policy of entering into forward foreign exchange contracts and option contracts to mitigate any future risks of changes in exchange rates on foreign currency exposures.

Foreign currency sensitivity analysis:

The Company is mainly exposed to USD currency. The Company's sensitivity to a 1% increase and decrease in against the relevant foreign currencies is presented below:

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. For the year ended 31st March 2017, there is an increase in Profit and equity by ₹ 1 lakhs where INR weakens by 1% against the relevant currencies. For a 1% strengthening of the against the relevant currencies there would be a comparable decrease in profit and equity.

The Carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

Currency	Liabilities as at			Assets as at		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
USD	31,299	47,257	22,994	184,685	439,617	777,532
GBP	-	-	-	-	-	-
HKD	-	-	-	-	-	-
EURO	-	-	-	-	-	-
CHF	-	-	-	-	-	-
SGD	-	-	-	-	-	-
JPY	-	-	-	-	-	-

3.13.7

The Company's exposure to Forward foreign exchange contracts at the end of the reporting year are as follows:

Currency	For firm commitment of purchases			For firm commitment of sales		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
USD	-	-	-	-	-	-
EURO	-	-	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars		
3.14	Impact of transition of previous GAAP to INDAS		
3.14A	Balance Sheet Reconciliation (₹ In Lakhs)		
	Nature of Adjustments	31st March 2016	01st April 2015
		Effect of transition to Ind AS	Effect of transition to Ind AS
	(1) Non-current assets		
	Financial assets		
	(i) Investments	5	5
	(ii) Other financial assets	(81)	(75)
	(2) Current assets		
	Financial assets		
	(i) Other financial assets	81	75
	(ii) Investments	345	337
	Other current assets	3	28
	TOTAL ASSETS	352	370
	Equity		
	Other equity	339	334
	(1) Non-current liabilities		
	Provisions	2	2
	(2) Current liabilities		
	Provisions	11	34
	TOTAL EQUITY AND LIABILITIES	352	370
3.14B	Financial Performance Reconciliation		
	Nature of Adjustments	Year Ended	
		31st March 2016	
	Profit after tax as reported under previous GAAP	(6,281)	
	Impact due to provision of sale return (Net)	28	
	Cost of Goods Sold (Sales Return)	(26)	
	Revaluation of Investments (Net)	8	
	Recognition of Share Based Payment	(21)	
	Recognition of Employee Benefits Present Value of Obligations (Net)	(14)	
	Rent Equalization Reserve	(6)	
	Profit under IND-AS after tax	(6,312)	
3.14C	Cash Flow Statement		
	Particulars	For the year ended	
		31st March 2016	
	A. CASH FLOWS FROM OPERATING ACTIVITIES		
	Net Profit / (Loss) Before Tax (INDAS - Difference)	(30)	
	Adjustments for:		
	Provision for Rent Equalization Reserve	6	
	Provision for recognition of share based payment	21	
	Provision for Losses (diminution in value of Investments)	(8)	
	Provision no longer required		
	Operating Profit / (Loss) Before Working Capital Changes	(11)	
	(Increase)/Decrease in Trade Receivables and Other Current Assets	11	
	(Increase)/Decrease in Inventories		
	Current Liabilities		
	Cash (used in)/Generated from Operations	11	
	NET CASH USED IN OPERATING ACTIVITIES	0	
	B. CASH FLOWS FROM INVESTING ACTIVITIES		
	C. CASH FLOWS FROM FINANCING ACTIVITIES		
	NET INCREASE IN CASH & CASH EQUIVALENTS	0	

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CARAT LANE TRADING PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars		
3.15	Employee Benefits		
	Sensitivity analysis		
	The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumption by 50 basis points:		
		Year ended 31-Mar-17	
		Discount rate	Salary escalation rate
	Defined benefit obligation on plus 50 basis points	7.30%	10.50%
	Defined benefit obligation on minus 50 basis points	6.30%	9.50%
		(₹ In Lakhs)	
		Year ended 31-Mar-17	
		Discount rate	Salary escalation rate
	Defined benefit obligation on plus 50 basis points	89	93
	Defined benefit obligation on minus 50 basis points	93	89
	Maturity profile of defined benefit obligation		(₹ In Lakhs)
		Year ended March 31, 2017	
	With in year 1		11
1 year to 2 years		12	
2 years to 3 years		12	
3 years to 4 years		14	
4 years to 5 years		15	
Over 5 years		42	
The debined benefit obligation pertaining which are provided for but not funded are as under:		(₹ In Lakhs)	
Particulars	Liability as on March 31, 2017	Liability as on March 31, 2016	
i) Compensated absences			
Non-current	47	37	
Current	12	10	
	60	47	
ii) Pension non-current			
3.16	As per IND AS 109 the Company has applied expected credit loss model for recognizing the allowance for doubtful debts.		
3.17	Previous years figures have been regrouped where necessary.		

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