CARATLANE TRADING PRIVATE LIMITED

Financial Statements for FY 2019-20

B S R & Co. LLP
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of CARATLANE TRADING PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARATLANE TRADING PRIVATE LIMITED ('the Company'), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N M Joshi Marg, Mahalaxmi
Mumbai 400 011

Key Audit Matters (continued)

Revenue Recognition
Refer note 19 and 2(vi) to the financial statements

The key audit matter	How the matter was addressed in our audit
The Company recognises revenue when the control of goods being sold is transferred to the customer. A substantial part of Company's revenue relates to jewellery which involves large number of individual sales contracts having varied contractual terms with retail customers, online customers and franchisees. This increases the risk of misstatement of the timing and amount of revenue recognised to achieve specific performance targets or expectations. The Company and its external stakeholders focus on revenue as a key performance indicator. In view of the above we have identified revenue recognition as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence in respect of revenue that has been recognized: 1. Assessed the appropriateness of the accounting policy for revenue recognition as per relevant accounting standard. 2. We evaluated the design and implementation of key internal financial controls and their operating effectiveness with respect to revenue recognition transactions selected on a sample basis. These included general IT controls and key application controls over the IT systems which govern revenue recognition, including access controls and controls over program changes. 3. We perused selected samples of key contracts with customers and franchisees to understand terms and conditions particularly relating to goods acceptance. 4. We performed substantive testing of online and retail sales by selecting samples of sales made online and at the retail outlets using statistical sampling and tested the underlying documents, which included tracing sales to collection reports and bank statements. For sales (other than retail sales), we performed substantive testing using statistical sampling and tested the underlying documentation including verification of invoices and collections thereon. 5. We tested, selected samples of sales transactions made immediately pre and post year end, agreed the period of revenue recognition to the underlying documents 6. We assessed manual journals posted to revenue to identify unusual items.

CARATLANE TRADING PRIVATE LIMITED

INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Inventories
Refer note 8 and note 2(xi) to the financial statements

The key audit matter	**How the matter was addressed in our audit**
The Company's inventories primarily comprises jewellery (consisting of gold, diamonds, gemstones etc.). The Company holds inventory at various locations including factories, fulfillment centers, stores (retail outlets) and third-party locations. There is a significant risk of loss of inventory given the high value and nature of the inventory involved. In view of the above, we have identified confirmation of physical inventories as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence: 1. We evaluated the design, implementation and tested the operating effectiveness of key controls that the Company has in relation to safeguarding and physical verification of inventories including the appropriateness of the Company's standard operating procedures for conducting, recording and reconciling physical verification of inventories and tested the implementation thereof. 2. We evaluated the design, implementation and operating effectiveness of general IT controls and key application controls over the Company's IT systems including those relating to recording of inventory quantities on occurrence of each sale transaction, including access controls and controls over program changes. 3. For locations selected using statistical sampling, we attended physical verification of stocks conducted by the Company, performed roll-back and roll-forward procedures as at the year end, where applicable. We also performed surprise stock counts at selected stores on a sample basis. We also checked on a sample basis reconciliation of inventories as per physical inventory verification and book records. 4. For samples selected using statistical sampling, we obtained independent confirmations of inventories held with third parties.

Key Audit Matters (continued)

Leases
Refer note 4, 29 and 2(x) to the financial statements

The key audit matter	**How the matter was addressed in our audit**
Ind AS 116 – "Leases" introduces a new lease accounting model, whereby lessees are required to recognise a right-of-use assets (ROU) and a lease liability arising from a lease on its balance sheet. Significant judgement is required in determining whether a contract is appropriately identified as being within or outside the scope of Ind AS 116, assessment of lease term and determination of appropriate incremental borrowing rate thereby affecting the measurement of lease liability and corresponding ROU asset. In view of the above we have identified measurement of lease liability and corresponding ROU asset as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence: 1. We assessed the appropriateness of the accounting policy for leases. 2. We examined relevant contracts on a sample basis to identify those which may contain a lease and tested whether the same has been so accounted for. 3. We examined sample contracts to evaluate whether Company's determination of the lease term is appropriate. 4. On a sample basis, we assessed the appropriateness of incremental borrowing rate considered for calculating the lease obligation. We have also involved specialists to evaluate key assumptions/ judgements relating to the discount rate considered by the Company. 5. For samples selected using statistical sampling, we verified that the calculations of ROU assets and lease liabilities are in accordance with the terms of the contract. 6. Assessed the adequacy of the disclosures included in the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of the Auditors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' 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 does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts.

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

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2020.

CARATLANE TRADING PRIVATE LIMITED

INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385
UDIN: 20205385AAAAAL8759

Place: Bengaluru
Date: June 1, 2020

Annexure A to the Independent Auditor's Report on the Financial Statements of CARATLANE TRADING PRIVATE LIMITED ("the Company") for the year ended March 31, 2020

With reference to the Annexure A referred to Paragraph 1 in the Report on other Legal and Regulatory requirements of the Independent Auditor's Report to the members of the Company on the financial statements for the year ended March 31, 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. However, in the current year, property, plant and equipment have not been physically verified by the Management and hence, we are unable to comment on the discrepancies, if any.

(c) According to the information and explanations given to us, the Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The inventory, except stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of paragraph 3(iv) of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed thereunder.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

CARATLANE TRADING PRIVATE LIMITED

Annexure A to the Independent Auditor's Report *(continued)*

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, Duty of Customs, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of Excise and Value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, Duty of Customs, cess and other material statutory dues were in arrears as at March 31, 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Goods and Service tax, Duty of Customs, Duty of Excise, Value added tax which have not been deposited by the Company on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has applied the money raised by way debt instruments in the nature of commercial papers and term loan during the year for the purposes for which those are raised. The Company has not raised any money by way of initial public offer or further public offer during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

CARATLANE TRADING PRIVATE LIMITED

Annexure A to the Independent Auditor's Report *(continued)*

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385
UDIN: 20205385AAAAAL8759

Place: Bengaluru
Date: June 1, 2020

Annexure B to the Independent Auditors' report on the financial statements of CARATLANE TRADING PRIVATE LIMITED for the year ended March 31, 2020.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2(A)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of CARATLANE TRADING PRIVATE LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

CARATLANE TRADING PRIVATE LIMITED

Annexure B to the Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385
UDIN: 20205385AAAAAL8759

Place: Bengaluru
Date: June 1, 2020

CARATLANE TRADING PRIVATE LIMITED
(formerly known as Carat Lane Trading Private Limited)

BALANCE SHEET
(All amounts in INR lakhs, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(i)	1,660	1,218
Right-of-use assets	4	4,343	-
Intangible assets	3(ii)	670	470
Intangible assets under development		352	230
Financial assets			
i. Loans receivable	5(i)	963	761
ii. Other financial assets	5(ii)	3,941	-
Income tax assets	6	225	103
Other non-current assets	7	1,291	169
		13,445	3,951
Current assets			
Inventories	8	20,100	16,465
Financial assets			
i. Trade receivables	9(i)	835	1,202
ii. Cash and cash equivalents	9(ii)	144	4,704
iii. Bank balances other than (ii) above	9(iii)	4	34
iv. Loans receivable	9(iv)	117	-
v. Other financial assets	9(v)	588	55
Other current assets	10	3,133	2,682
		24,921	25,142
TOTAL ASSETS		38,366	28,093
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	665	665
Other equity	12	922	3,946
TOTAL EQUITY		1,587	4,611
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	13(i)	1,697	3,167
ii. Lease liabilities	13(ii)	7,643	-
iii. Other financial liabilities	13(iii)	321	133
Provisions	14	367	379
Other non-current liabilities	15	131	-
		10,159	3,679
Current liabilities			
Financial liabilities			
i. Borrowings	16(i)	7,968	8
ii. Gold on loan	16(ii)	7,760	6,527
iii. Lease liabilities	16(iii)	1,504	-
iv. Trade payables	16(iv)		
(a) Total outstanding dues to micro and small enterprises		261	61
(b) Total outstanding dues to creditors other than micro and small enterprises		6,019	10,211
v. Other financial liabilities	16(v)	1,070	840
Provisions	17	189	130
Other current liabilities	18	1,849	2,026
		26,620	19,803
TOTAL EQUITY AND LIABILITIES		38,366	28,093

Summary of significant accounting policies 2

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number.: 101248W/ W-100022

Supreet Sachdev
Partner
Membership No. 205385

Place: Bengaluru
Date: June 1, 2020

for and on behalf of the Board of Directors

Mithun Padamchand Sacheti
Managing Director
DIN: 01683592

Place: Chennai
Date: June 1, 2020

S.Subramaniam
Director
DIN: 01494407

Place: Bengaluru
Date: June 1, 2020

Manoj Bhanawat
Chief Financial Officer

Place: Mumbai
Date: June 1, 2020

Bharatraj Panchal
Company Secretary

Place: Chennai
Date: June 1, 2020

CARATLANE TRADING PRIVATE LIMITED
(formerly known as Carat Lane Trading Private Limited)

STATEMENT OF PROFIT AND LOSS
(All amounts in INR lakhs, unless otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	19	62,122	41,639
Other income	20	742	488
Total income (I)		62,864	42,127
Expenses			
Cost of materials consumed		36,749	27,934
Purchase of stock-in-trade		12,085	9,810
Changes in inventories of finished goods, stock-in-trade and work-in-progress	21	(4,055)	(7,996)
Employee benefits expense	22	6,039	4,934
Finance costs	23	1,621	778
Depreciation and amortisation expense	24	1,753	583
Other expenses	25	11,399	10,697
Total expenses (II)		65,591	46,740
Loss before tax (III) [(I)-(II)]		(2,727)	(4,613)
Tax expense			
- Current tax		-	-
- Deferred tax		-	-
Loss after tax (A)		(2,727)	(4,613)
Other comprehensive income			
Items that will not be reclassified to the statement of profit and loss			
- Remeasurement losses on employee defined benefit plans		(36)	(56)
- Income-tax on above		-	-
Items that will be reclassified to the statement of profit and loss:			
- Effective portion of gains or (loss) on designated portion of hedging instruments in a cash flow hedge		-*	-
Total other comprehensive income (B)		(36)	(56)
Total comprehensive income for the year (A+B)		(2,763)	(4,669)
Loss per equity share (par value of Rs. 2 per share)			
Basic and diluted loss per share	26	(8.20)	(15.37)

*Represents amounts less than Rs. 1 lakh

Summary of significant accounting policies 2

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number.: 101248W/ W-100022

Supreet Sachdev
Partner
Membership No. 205385

Place: Bengaluru
Date: June 1, 2020

for and on behalf of the Board of Directors

Mithun Padamchand Sacheti
Managing Director
DIN: 01683592

Place: Chennai
Date: June 1, 2020

S.Subramaniam
Director
DIN: 01494407

Place: Bengaluru
Date: June 1, 2020

Manoj Bhanawat
Chief Financial Officer

Place: Mumbai
Date: June 1, 2020

Bharatraj Panchal
Company Secretary

Place: Chennai
Date: June 1, 2020

CARATLANE TRADING PRIVATE LIMITED
(formerly known as Carat Lane Trading Private Limited)

STATEMENT OF CHANGES IN EQUITY
(All amounts in INR lakhs, unless otherwise stated)

A. Equity share capital

	Amount
Equity shares of Rs. 2 each issued, subscribed and fully paid	
Balance at the April 1, 2018	604
Issue of shares during the year	61
As at March 31, 2019	665
Changes in equity share capital during the year	-*
As at March 31, 2020	665

*Represents number less than 1 lakh

B. Other equity

	Reserves and surplus			Items of other comprehensive income (refer note 12)		
	a	b	c	d	e	
	Securities premium	Share options outstanding account	Retained earnings	Remeasurement losses of employer defined benefit plans	Cash flow hedge reserve	Total other equity
Balance at the April 1, 2018	31,040	480	(32,911)	(40)	-	(1,431)
Adjustments	(78)	78	-	-	-	-
Premium on shares issued during the year	9,939	-	-	-	-	9,939
Loss for the year	-	-	(4,613)	-	-	(4,613)
Employee stock compensation expense	-	107	-	-	-	107
Other comprehensive income for the year	-	-	-	(56)	-	(56)
Balance as at March 31, 2019	40,901	665	(37,524)	(96)	-	3,946
Balance as at April 1, 2019	40,901	665	(37,524)	(96)	-	3,946
Adjustment of transition to Ind AS 116 on opening retained earnings (refer note 29)	-	-	(303)	-	-	(303)
Premium on shares issued during the year pursuant to exercise of options	22	(22)	-	-	-	(0)
Loss for the year	-	-	(2,727)	-	-	(2,727)
Employee stock compensation expense	-	41	-	-	-	41
Other comprehensive income for the year	-	-	-	(36)	-*	(36)
Balance as at March 31, 2020	40,923	684	(40,554)	(132)	-	922

*Represents amounts less than Rs. 1 lakh

Pursuant to the requirements of Division II to Schedule III of the Companies Act, 2013, below is the nature and purpose of each reserve:

a. **Securities premium** - Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

b. **Stock options outstanding account** - Share based payments reserve is used to record the fair value of equity-settled share-based payment transactions with employees. The amounts recorded in this account are [illegible] to share premium upon exercise of stock options by employees.

c. **Retained earnings** - Retained earnings comprises of prior and current year's loss after tax.

d. **Remeasurement losses of employee defined benefit plans** - Actuarial gain or loss on remeasurement of net defined benefit liability.

e. **Cash flow hedge reserve** - Cumulative changes in the fair value of financial instruments designated and effective as a hedge are recognised in this reserve through OCI (net of taxes). Amounts recognised in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.

Summary of significant accounting policies

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/ W-100022

Supreet Sachdev
Partner
Membership No. 205385

Place: Bengaluru
Date: June 1, 2020

for and on behalf of the Board of Directors

Mithun Padam Sacheti
Managing Director
DIN: [illegible]
Place: [illegible]
Date: June 1, 2020

[illegible]
Chief Financial Officer

Place: Mumbai
Date: June 1, 2020

K. S[illegible]
Director
DIN: 01494407
Place: Bengaluru
Date: June 1, 2020

Bharatraj Panchal
Company Secretary

Place: Chennai
Date: June 1, 2020

CARATLANE TRADING PRIVATE LIMITED
(formerly known as Carat Lane Trading Private Limited)

STATEMENT OF CASH FLOWS
(All amounts in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flow from operating activities		
Loss before tax	(2,727)	(4,613)
Adjustments for:		
Depreciation and amortisation expenses	1,753	583
Employee stock option expense	41	107
(Profit) / loss on sale of property, plant and equipment (net)	(2)	24
Allowance for doubtful trade receivables and advances (net)	15	224
Interest income on financial assets carried at amortised cost	(321)	-
Interest income	(37)	(16)
Deferred rental income and rent deposit equalization	(46)	-
Gain on investments carried at fair value through profit and loss	-	(1)
Finance costs	1,621	778
Operating profit before working capital changes	298	(2,914)
Adjustments for :		
Decrease/(increase) in trade receivables	367	(292)
Increase in inventories	(3,635)	(9,838)
Increase in loans receivable, financial, other bank balances and other assets	(1,492)	(1,626)
Increase in other financial liabilities	188	7
Increase in provisions	12	59
(Decrease)/increase in gold on loan and trade payables	(2,759)	11,388
(Decrease)/increase in other liabilities	(46)	1,958
Cash used in operating activities before taxes	(7,068)	(1,258)
Direct taxes paid	(122)	(42)
Net cash used in operating activities (A)	(7,190)	(1,300)
B. Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and intangible assets under development	(1,641)	(1,051)
Proceeds from sale of property, plant and equipment	90	19
Proceeds from sale of investments, net	-	54
Interest received	38	36
Redemption of other bank balances	30	-
Lease payments received from sub-leases	706	-
Net cash used in investing activities (B)	(777)	(962)
C. Cash flow from financing activities		
Proceeds from issue of equity share capital	-	10,000
Payment of lease liabilities	(2,463)	-
Repayment of borrowings	(11,108)	(2,673)
Proceeds from borrowings	17,826	-
Interest paid	(848)	(778)
Net cash generated from financing activities (C)	3,407	6,549
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(4,560)	4,287
Cash and cash equivalents as at the beginning of the year (Refer note 9(i))	4,704	417
Cash and cash equivalents as at the end of the year (Refer note 9(i))	144	4,704

Summary of significant accounting policies 2

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number.: 101248W/ W-100022

Supreet Sachdev
Partner
Membership No. 205385

Place: Bengaluru
Date: June 1, 2020

for and on behalf of the Board of Directors

Mithun Padamchand Sacheti
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Place: Bengaluru
Date: June 1, 2020

Manoj Bhandawat
Chief Financial Officer

Place: Mumbai
Date: June 1, 2020

Bharatraj Panchal
Company Secretary

Place. Chennai
Date: June 1, 2020

1 BACKGROUND

CARATLANE TRADING PRIVATE LIMITED is a company limited by shares, incorporated and domiciled in India. The Company listed its commercial paper on the BSE Ltd. in India on March 13, 2020 with ISN number INE015Y14039. The Company primarily manufactures and trades in jewellery.

The financial statements for the year ended March 31, 2020 have been approved by the Board of Directors on June 1, 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and presentation

These financial statements have been prepared on a going concern basis. The Company incurred a net loss of Rs. 2,727 lakhs during the year ended March 31, 2020 and, as of that date, the company's current liabilities exceeded its current assets by Rs.1,699 lakhs. Notwithstanding the above, the financial statements have been prepared on a going concern basis considering the letter of financial and operational support from the Holding company and untilised credit from various banks. Accordingly, the financial statements do not include any adjustment relating to recoverability and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

(i) Compliance with Ind AS

The financial statements comply in all material aspects with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with Section 133 of the Companies Act, 2013 ('the Act').

(ii) Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention except for the following items:
a. Certain financial assets and liabilities that are measured at fair value
b. Share based payments that are measured at fair value
c. Net defined benefit liability that are measured at fair value of present value of demand benefit obligations

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Use of estimates, assumptions and judgement

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies on the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates, assumptions and judgement are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual result may differ from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:
- Note 29 – Leases – whether an arrangement contains a lease
- Note 29 – Lease classification (including the expected general inflation rates)

Assumptions and estimation

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:
- Note 3 (i) – Useful life of the Property, plant and equipment;
- Note 3 (ii) – Useful life of the Intangible assets;
- Note 34 – Provisions and contingent liabilities;
- Notes 30 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 29 – Leases - Lease term and incremental borrowing rate
- Note 35 – Fair value measurement of financial instruments
- Note 19 - Revenue recognition

(iv) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee ("Rs." or "INR"), which is the Company's functional and presentation currency and is rounded-off to the nearest lakhs except when otherwise indicated.

(v) Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:
- Note 35 - financial instruments.

(vi) Revenue recognition
Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

a) Sale of products
Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Use of significant judgements in revenue recognition.
• The Company's contracts with customers could include promises to transfer multiple goods to a customer. The Company assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

• Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

• The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Interest income is recognized as it accrues in the statement of profit and loss using effective interest rate method.
Commission income is generally recognized when the related sale is executed as per the terms of the agreement.

The Company has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

(vii) Property, plant and equipment
Items of Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use.

Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Advance paid towards acquisition of fixed assets outstanding at each balance sheet date is disclosed as capital advances under non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit or loss. Capital work-in-progress comprises the cost of assets that are not ready for their intended use at the balance sheet date.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Repairs and maintenance costs are recognised in the statement of profit and loss as incurred.

The Company identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has useful life that is materially different from that of the remaining asset. Leasehold improvements are amortized over the estimated useful life of the asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of Property, plant and equipment and intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of Property, plant and equipment and are recognized in the statement of profit and loss when the Property, plant and equipment is derecognized.

Depreciation methods, estimated useful life and residual value
Depreciation is calculated using straight-line method to allocate their cost, net of their estimated residual values, over the useful lives of assets which is as follows:

Asset category	Management estimate of useful life	Useful life as per schedule II
Furniture and fittings	10 years	10 years
Computer equipment	3 years	3 years
Computer server	6 years	6 years
Office equipments	5 years	5 years
Plant and machinery	15 years	15 years
Vehicles	5 years	8 years
Mock jewellery	1 year	1 year
Leasehold improvements	4 years	Lease period

(vii) Property, plant and equipment (continued)

Depreciation for assets purchased / sold during the period is proportionally charged.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

(viii) Intangible assets

(a) Internally generated : Research and development

Expenditure on research activities is recognized in the statement of profit and loss as incurred.
Development expenditure is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

(b) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight- line method, and is included in depreciation and amortization in Statement of Profit and Loss.
The estimated useful lives are as follows:

Asset	**Useful life**
Computer software	3 years
Caratlane portal	3 years

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

(ix) Impairment

(a) Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through the statement of profit and loss. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted using the effective interest rate. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL, as required. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

(b) Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in -use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(x) Leases

Policy applicable with effect from 1 April 2019

Company as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
a. the contract involves the use of an identified asset;
b. the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
c. the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(x) Leases (continued)

Company as a lessor

When the Company acts as a lessor at the inception, it determines whether each lease is a finance lease or an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short -term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, the Company applies Ind AS 115-Revenue to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning from April 1, 2019 using the modified retrospective method with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet.

On transition, the Company has applied following practical expedients:

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date.

b. Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.

c. Excluded the initial direct costs from the measurement of the right-of -use-asset at the date of transition.

d. Grandfathered the assessment of which transactions are, or contain leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e. Relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review.

f. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company has also applied recognition exemptions of short-term leases to all categories of underlying assets.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. Refer note 29 for details on impact due to Ind AS 116 application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

Company as a lessor

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. On transition, the Company recognised a lease receivable measured at the present value of the remaining lease payments receivable. Refer note 29 for details on impact due to Ind AS 116 application.

(xi) Inventories

Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed Gold)] are measured at the lower of cost and net realizable value. The cost is determined as follows:

(i) Raw materials are valued at weighted average except solitaires which are valued at the cost of purchase.

(ii) Work-in-progress and finished goods (other than gold) are valued at weighted average cost of production.

(iii) Traded goods are valued at weighted average / cost of purchase.

(iv) Gold is valued on first-in-first-out basis.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads.

Unfixed gold is valued at the provisional gold price prevailing on the date of receipt of gold.

Net realizable value represent the estimated selling price for inventories less estimated cost of completion and costs necessary to make the sale.

(xii) Foreign currency transactions and balances

Foreign exchange transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary assets and liabilities which are carried in terms of historical cost denominated in foreign currency are translated at an exchange rate that approximates the rates prevalent on the date of the transaction.

(xiii) Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

a) Current income tax: Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b) Deferred income tax: Deferred income tax assets and liabilities are recognized using the balance sheet approach. Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are recognized for carry forward of unused tax credits and unused tax losses, to the extent that there is convincing evidence that taxable profit will be available against which the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as an income or expense in the period that includes the enactment or substantive enactment date.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

(xiv) Employee benefits

i) Short term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, short-term compensated absences and incentives etc., are recognized in the statement of profit and loss for the year in which the employee renders the related service.

ii) Defined contribution plan

All eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contribution to the fund, which is equal to a specified percentage of the covered employee's basic salary and including other fixed component not linked to the performance of employees. The Company has no further obligations under this plan beyond its monthly contributions.

iii) Post employment benefits

The Company provides for gratuity, a defined benefit plan covering all eligible employees. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried at the year-end using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date having maturity periods approximating the term of the related obligation. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The plan provides a lump-sum payment to eligible employees at retirement or on termination of employment based on the salary of the respective employee and the years of employment with the Company. The gratuity liability is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary.

iv) Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date using the projected unit credit method.

(xv) Employee stock option expense

The Company measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102, Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes-Merton Model. The expected term of an option is estimated based on the vesting term and contractual life of the option. Expected volatility during the expected term of the option is based on the historical volatility of similar companies. Risk free interest rates are based on the government securities yield in effect at the time of the grant.

The cost of equity settled transactions is recognized, together with a corresponding increase in share options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(xvi) Financial instruments

Recognition of financial assets and financial liabilities:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognized immediately in the statement of profit and loss.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of financial assets.

A) Financial assets

Classification of financial assets:

On initial recognition, a financial asset is classified at
(i) Amortized cost
(ii) Fair value through other comprehensive income (FVOCI)
(iii) Fair value through profit and loss (FVTPL)

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

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit and loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss .

B) Financial liabilities: classification, subsequent measurement and derecognition:

Financial liabilities carried at amortized cost

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial liabilities at fair value through profit and loss

A financial liabilities which is not classified in any of the above categories are subsequently carried at fair value through profit or loss .

Derecognition

Financial assets

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

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

Financial liabilities

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

(xvii) Derivative financial instruments

a. Fair value hedge

The Company designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are adjusted to the carrying value of the hedged item. The Company has designated the trade payables pertaining to gold taken on loan from banks (‘unfixed gold’) as a fair value hedge to the corresponding gold inventory purchased on loan.

b. Cash flow hedge

The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions. The company has designated derivative financial instruments taken for gold price fluctuations as ‘cash flow’ hedges relating to highly probable forecasted transactions.

The use of derivative financial instruments is governed by the Company’s policies approved by the Board of Directors, which provide written principles on the use of such instruments.

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in Other comprehensive income and accumulated under the heading cash flow hedge reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in hedging reserve is retained until the forecast transaction occurs upon which it is recognised in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognised immediately to the statement of profit and loss.
The Company has designated derivative financial instruments taken for gold price fluctuations as ‘cash flow’ hedges relating to highly probable forecasted transactions.

(xviii) Provisions and contingent liabilities

a. General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Product warranty costs are determined based on past experience and provided for in the year of sale.

b. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

c. Onerous contracts

Provision for onerous contracts i .e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(xix) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits with banks and balances with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

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

(xxi) Borrowing Cost
Borrowing costs are interest and other costs incurred in connection with borrowing of funds. The borrowing cost includes interest expense accrued on gold on loan taken from banks. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(xxii) Loss per share
Basic loss per share is computed by dividing the net loss after tax by the weighted average number of equity shares outstanding during the year. Diluted loss per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic loss per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the year, using the treasury stock method for options, except where the results would be anti-dilutive. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(xxiii) Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The Board of Directors of the Company assesses the financial performance and position of the Company. The Managing Director has been identified as the CODM.
The Company operates in one segment only i.e. Jewellery. The CODM evaluates the Company's performance based on the revenue and operating income from the sale of Jewellery. Accordingly, no additional segment disclosure has been made for the business segment.
In terms of geographical segment, since the Company operates only in India, there is only one geographical segment, i.e. India. Accordingly, no additional disclosure has been made for geographical segment information.

(xxiv) Recent Indian Accounting Standards
Ministry of Corporate Affairs (‘MCA’) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

(All amounts in INR lakhs, unless otherwise stated)

3(i) Property, plant and equipment *

Particulars	Gross block				Accumulated depreciation				Net block
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals	As at March 31, 2020	As at March 31, 2020
Tangible assets									
Furniture and fittings	639	231	104	766	192	65	53	204	562
Leasehold improvements	784	293	100	977	514	149	86	577	400
Computer equipment	441	155	90	506	300	105	86	318	188
Computer server	24	6	4	26	15	3	6	13	13
Mock jewellery	250	-	-	250	250	-	-	250	-
Office equipment	434	209	52	591	277	79	45	311	280
Jewellery machine	244	42	11	275	66	18	11	73	202
Vehicles	48	18	47	19	32	8	36	4	15
Total	**2,864**	**954**	**408**	**3,410**	**1,646**	**427**	**323**	**1,750**	**1,660**

Particulars	Gross block				Accumulated depreciation				Net block
	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals	As at March 31, 2019	As at March 31, 2019
Tangible assets									
Furniture and fixtures	596	89	46	639	149	60	17	192	447
Leasehold improvements	737	117	70	784	402	180	69	514	270
Computer equipment	343	100	2	441	222	78	-	300	141
Computer server	17	7	-	24	13	2	-	15	9
Mock jewellery	250	-	-	250	250	-	-	250	-
Office equipment	415	48	29	434	230	65	18	277	157
Jewellery machine	195	49	-	244	44	22	-	66	178
Vehicles	32	16	-	48	21	11	-	32	16
Total	**2,585**	**426**	**147**	**2,864**	**1,331**	**418**	**104**	**1,646**	**1,218**

* For details of property, plant and equipment charged against borrowings, refer note 16(i).

CARATLANE TRADING PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2020
(All amounts in INR lakhs, unless otherwise stated)

3(ii) Intangible assets

Particulars	Gross block				Accumulated amortization				Net block
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals	As at March 31, 2020	As at March 31, 2020
Intangible assets									
Computer software	783	515	-	1,298	318	310	-	628	670
Internally generated software (Portal)	253	-	-	253	248	5	-	253	-
Total	**1,036**	**515**	**-**	**1,551**	**566**	**315**	**-**	**881**	**670**

Particulars	Gross block				Accumulated amortization				Net block
	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals	As at March 31, 2019	As at March 31, 2019
Intangible assets									
Computer software	388	395	-	783	175	143	-	318	465
Internally generated software (Portal)	253	-	-	253	226	22	-	248	5
Total	**641**	**395**	**-**	**1,036**	**401**	**165**	**-**	**566**	**470**

(All amounts in INR lakhs, unless otherwise stated)

4 Right-of-use assets*

Particulars	As at March 31, 2020
Buildings	
As at April 1, 2019	-
Transition impact of Ind AS 116	3,207
Additions	2,147
Disposals	-
As at March 31, 2020	**5,354**
Accumulated depreciation	
As at April 1, 2019	-
Charge for the year	1,011
Disposals	-
Net block	
As at March 31, 2020	**4,343**

*Also refer note 29.

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5 Financial assets

(i) Loans receivable

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	953	748
Other deposits	10	13
Total loan receivable	**963**	**761**

(ii) Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Lease receivables [refer note 29]	3,941	-
Total other financial assets	**3,941**	**-**

6 Income tax asset

Particulars	As at March 31, 2020	As at March 31, 2019
TDS receivable	225	103
Total income tax assets	**225**	**103**

7 Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Capital advances	96	44
Advances other than capital advances		
Balance with revenue authorities	1,195	-
Other assets {refer note (a) below}	-	125
Total other assets	**1,291**	**169**

(a) Includes Nil (Previous year: INR 125 lakhs) pertaining to deferred lease cost. During the year ended March 31, 2020, the deferred lease costs has been classified under Right-of-use assets on account of implementation of Ind AS 116 w.e.f. April 1, 2019.

8 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	3,427	3,847
Work-in-progress	324	66
Finished goods	10,341	5,563
Stock-in-trade	6,008	6,989
	20,100	**16,465**

(i) The cost of inventories recognised as an expense during the year is INR 44,779 lakhs (previous year: INR 29,748 lakhs).

(ii) The cost of inventories recognised as an expense includes INR 4.38 lakhs (previous year: INR 5.61 lakhs) in respect of write down of inventory to net-realisable value.

(iii) The inventory includes gold purchased on loan from banks amounting to INR 7,760 lakhs (previous year: INR 6,527 lakhs).

(iv) Refer point (xi) under significant accounting policies for mode of valuation.

(All amounts in INR lakhs, unless otherwise stated)

9 Financial assets

(i) Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Trade receivables, considered good	835	788
Receivables from related parties (refer note 27)	-	414
Less: Allowance for trade receivables	-	-
Considered good	835	1,202
Trade receivables, credit impaired	24	124
Less: Allowance for doubtful trade receivables	(24)	(124)
Total trade receivables	**835**	**1,202**

Age of receivables

Particulars	As at March 31, 2020	As at March 31, 2019
- Less than 1 year	843	1,315
- 1 to 2 years	14	7
- 2 to 3 years	1	-
- 3 to 4 years	1	-
- 4 to 5 years	-	-
- Over 5 years	-	4
Total trade receivables	**859**	**1,326**

Movement in the expected credit loss allowance

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning of the year	124	57
Provision created during the year	-	86
Bad debts written off during the year	(100)	(19)
Balance at the end of the year	**24**	**124**

(ii) Cash and bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	22	51
Balances with banks		
(i) in current accounts	120	242
(ii) demand deposit	2	4,411
Total cash and cash equivalents	**144**	**4,704**

(All amounts in INR lakhs, unless otherwise stated)

9 Financial assets (continued)

(iii) Other bank balances

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deposits with original maturity of more than 3 months	4	34
Total other bank balances	**4**	**34**

(iv) Loans receivable

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Unsecured, considered good		
Security deposits	117	-
Total loan receivable	**117**	**-**

(v) Other financial assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Unsecured, considered good		
Lease receivables [refer note 29]	533	-
Employee advances	54	53
Interest accrued on fixed deposits	1	2
Total other financial assets	**588**	**55**

10 Other current assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Unsecured, considered good		
Advances other than capital advances		
Advances to related parties [refer note 27]	-	40
Balance with revenue authorities	2,409	1,960
Advance to suppliers	185	178
Prepayments	146	143
Contract assets [refer note 32]	100	212
Prepaid rent	-	47
Other advances	68	18
Other assets	225	84
Total other current assets	**3,133**	**2,682**

11 Share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of shares	Amount (Rs. lakhs)	No of shares	Amount (Rs. lakhs)
Authorised share capital				
Equity share of Rs. 2 each with voting rights	49,953,234	999	49,953,234	999
Total authorised share capital	**49,953,234**	**999**	**49,953,234**	**999**
Issued, subscribed and fully paid-up share capital				
Equity share of Rs. 2 each with voting rights	33,250,452	665	33,238,452	665
Total issued share capital	**33,250,452**	**665**	**33,238,452**	**665**

(i) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs. 2. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Employee stock compensation expense

During the financial year 2017-18, the Company introduced Caratlane Stock Option Plan 2017 ('the Plan'). This Plan supersedes the following stock options and stock option plans:
a. Executive Management Stock Option Scheme 2009
b. CaratLane Trading India Private Limited Stock Option Scheme for Consultants, 2013
c. Senior Management Stock Option Scheme, 2012
As per the plan, Board of Directors grants options to the employees of the Company. The vesting period of the option is one to four years from the date of grant. Options granted under the Scheme can be exercised within a period of six years from the date of vesting. For employees leaving the organization, an option can be exercised within 3 months from the date of resignation.

During the year the Company granted 77,000 options to employees.

A maximum of 714,017 options are issuable under this plan. The movement in options issued are as below:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Options outstanding at the beginning of the year	462,600	468,000
Options granted during the year	77,000	-
Options forfeited during the year	(38,800)	(5,400)
Options exercised during the year	(12,000)	-
Outstanding at the end of the year	**488,800**	**462,600**
Options exercisable at the end of the year	**335,020**	**259,180**
Weighted average exercise price per option (Rs.)	**6.41**	**2.00**

Fair value measurement

The fair value at grant date is determined using the Black-Scholes-Merton Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The key inputs used in Black-Scholes-Merton Model for calculating fair value of options under the scheme as on the date of grant are as follows:
The weighted average remaining contractual life of the options outstanding as of March 31, 2020 and March 31, 2019 under the Carat Lane stock Options Plan was 7 years and 7 years respectively.
The fair value of the options is estimated on the date of grant using the Black-Scholes-Merton Model with the following assumptions:

Particulars	March 31, 2020	March 31, 2019
No. of options granted	77,000	-
Date of grant	October 21, 2019	-
Vesting period	4 years	-
Expected life of options (years)	5.5	-
Weighted average fair value of options per share (Rs.)	123	-

11 Share capital (continued)

(ii) Employee stock compensation expense (continued)

The stock price of the Company is arrived using the last round of funding closest to the grant 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 7 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 March 31, 2020, the Company recorded employee compensation of Rs. 41 lakhs (previous year : Rs. 107 lakhs) in the statement of profit and loss towards options granted. Refer note 22 for further details.

(iii) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	**As at March 31, 2020**		**As at March 31, 2019**	
	No. of shares	**Amount Rs. In lakhs**	**No. of shares**	**Amount Rs. In lakhs**
Equity shares with voting rights				
At the beginning of the year	33,238,452	665	30,189,672	604
Add: Issue of shares	-	-	3,048,780	61
Add: Issue of shares pursuant to options being exercised by employees	12,000	-	-	-
At the end of the year	**33,250,452**	**665**	**33,238,452**	**665**

iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	**As at March 31, 2020**		**As at March 31, 2019**	
	No. of shares held	**% of total holding**	**No. of shares held**	**% of total holding**
Equity shares with voting rights				
Mr. Mithun Padamchand Sacheti	3,835,327	11.53%	3,835,327	11.54%
Mr. Siddhartha Padamchand Sacheti	3,700,000	11.13%	3,700,000	11.13%
Mr. Padamchand Sacheti	1,655,000	4.98%	2,600,000	7.82%
Titan Company Limited	24,036,325	72.29%	23,091,325	69.47%
Total	**33,226,652**	**99.93%**	**33,226,652**	**99.96%**

v) Equity shares movement during five years immediately preceding March 31, 2020

The Company has neither issued any bonus shares or shares for consideration other than cash nor bought back shares during the five years immediately preceeding the last balance sheet date.

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12 Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	40,923	40,901
Stock options outstanding account	684	665
Retained earnings	(40,554)	(37,524)
Other comprehensive income	(132)	(96)
Total other equity	**922**	**3,946**

13 Financial liabilities

i. Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost:		
Secured		
Long-term borrowings (Term loan)*	2,758	4,000
Less: Current maturities of long-term borrowings	(1,061)	(833)
Total borrowings	**1,697**	**3,167**

* Secured against the Corporate Guarantee issued by Titan Company Limited at an interest rate of 0.5% p.a.

The interest rate of the term loan was 8.60% per annum and is payable over 48 equal monthly installments beginning June 1, 2019. The Company made a prepayment of the principal amounting to Rs. 500 lakhs in the month December 2019.

ii. Lease liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities [refer note 29]	7,643	-
Total lease liabilities	**7,643**	**-**

iii. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Rental deposit	321	133
Total other financial liabilities	**321**	**133**

14 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Rent equalisation reserve	-	114
Provision for gratuity [Refer note 30]	269	183
Provision for compensated absences [Refer note 30]	98	82
Total provisions	**367**	**379**

15 Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred rental deposit	131	-
Total other non-current liabilities	**131**	**-**

(All amounts in INR lakhs, unless otherwise stated)

16 Financial liabilities

i. Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Bank overdraft and cash credit**	3,025	8
Commercial paper [refer note 33]	4,943	-
Total borrowings	**7,968**	**8**

** Secured against the Company's inventory, receivables, current assets and movable fixed assets on pari-passu basis. The interest rate on the overdraft varies from 8.30% to 8.95% per annum and is payable at monthly intervals. The overdraft is payable on demand.

ii. Gold on loan

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Payable to banks*	7,760	6,527
Total gold on loan	**7,760**	**6,527**

*Secured against inventory, receivables, current assets and movable fixed asstes on pari-passu basis. Includes amounts payable against gold purchased from various banks under gold on loan scheme. The interest rate of the gold on loan varies from 2.20% to 2.82% per annum and is payable at monthly intervals. The credit period under the aforesaid arrangement is 180 days from the date of the delivery of gold.

iii. Lease liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities [refer note 29]	1,504	-
Total lease liabilities	**1,504**	**-**

iv. Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Total outstanding dues to Micro and small enterprises {Refer note (a) below}	261	61
Total outstanding dues to other than micro and small enterprises		
- Creditors for goods	4,381	8,137
- Creditors for services	1,638	2,074
Total trade payables	**6,280**	**10,272**

(a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

The Company has amounts due to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2020 and March 31, 2019. The details in respect of such dues are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	261	61
- Interest	-	1
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(c) amount of payment made to the supplier beyond the appointed day during the year	-	-
	-	-
(d) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.		
(e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purposes of disallowance of a deductible expenditure under Section 23 of MSMED Act, 2006	-	-
	261	**62**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

16 Financial liabilities (continued)

v. Other financial liabilities

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Capital creditors	9	7
At amortised cost:		
Secured		
Current maturities of long term borrowings*	1,061	833
Total financial liabilities	**1,070**	**840**

* Secured against the Corporate Guarantee issued by Titan Company Limited. Refer note 13(i) above.

17 Provisions

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Rent equalisation reserve	-	35
Provision for gratuity [refer note 30]	53	35
Provision for compensated absences [refer note 30]	35	29
Others [refer note a below]	101	31
Total provisions	**189**	**130**

Note a: Provision for warranty
Others include provision for warranty amounting to Rs 50 lakhs. Below is the movement during the year:

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Opening balance	31	18
Provisions made during the year	33	13
Utilsations / reversed during the year	(14)	-
Provision at the end of the year	**50**	**31**

18 Other current liabilities

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deferred rental deposit	21	90
Other liabilities	69	-
Statutory dues	249	259
Contract liability [refer note 32]	143	294
Advance from customers	1,367	1,383
Total other current liabilities	**1,849**	**2,026**

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(All amounts in INR lakhs, unless otherwise stated)

19 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	61,456	41,092
Other operating revenue	666	547
Total revenue from operations	**62,122**	**41,639**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contracted price	72,163	48,438
Reduction towards variable components	10,707	7,346
Revenue recognised	**61,456**	**41,092**

The reduction towards variable consideration comprises of scheme discounts, incentives, etc.

Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Unsatisfied or partially satisfied performance obligations are subject to variability due to several factors such as termination, changes in contract scope, re-validation of estimates and economic factors.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the Company's performance completed to date, typically those contracts where invoicing is on unit price basis.

Impact of COVID 19 (Global pandemic):

While the Company believes strongly that it has a portfolio of business which will encourage healthy growth and gain market share from target customers, the impact on future revenue streams could come majorly from the following –
- customers postponing their discretionary spend due to change in priorities
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility.

The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

20 Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision no longer required written back	6	117
Franchisee signing fees	138	42
Deferred rental income	30	39
Rent deposit equalisation	16	12
Interest income on fixed deposits	37	16
Interest income on financial assets carried at amortised cost [refer note 29]	321	-
Profit on sale of property, plant and equipment, net	2	-
Miscellaneous income	192	261
Net gain on sale of current investments	-	1
Total other income	**742**	**488**

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(All amounts in INR lakhs, unless otherwise stated)

21 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Finished goods		
- Closing stock	10,341	5,564
- Opening stock	5,563	1,619
	4,778	**3,945**
Work-in-progress		
- Closing stock	324	66
- Opening stock	66	43
	258	**23**
Stock-in-trade		
- Closing stock	6,008	6,989
- Opening stock	6,989	2,961
	(981)	**4,028**
Increase in inventory	**4,055**	**7,996**

22 Employee benefits expense

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Salaries, wages and bonus	5,462	4,347
Contribution to provident and other funds		
- Gratuity [refer note 30]	72	51
- Compensated absences [refer note 30]	49	33
- Provident and other funds [refer note 30]	175	157
Staff welfare expense	240	239
Employee stock compensation expense	41	107
Total employee benefits expense	**6,039**	**4,934**

23 Finance cost

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Interest on borrowings	816	778
Interest on lease liabilities	773	-
Others	32	-
Total finance cost	**1,621**	**778**

24 Depreciation and amortisation expense

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (refer note 3(i))	427	418
Depreciation of right of use asset (refer note 4)	1,011	-
Amortisation of intangible assets (refer note 3(ii))	315	165
Total depreciation and amortisation expense	**1,753**	**583**

25 Other expenses

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
Sales and marketing expense	4,869	5,086
Agent commission	3,370	1,747
Rent (refer note 29)	471	1,361
Freight and forwarding	393	417
Travelling and conveyance	312	313
Legal and professional charges	342	294
Bank charges	362	273
Web portal maintenance charges	548	254
Provision for advances	15	157
Bad debts written off	89	19
Allowance for doubtful trade receivables	-	67
Power and fuel	115	106
Communication expenses	98	83
Rates and taxes	32	123
Director sitting fee	24	53
Repairs and maintenance	68	45
Insurance	35	37
Payments to auditors (Refer note below)	36	26
Loss on sale of property, plant and equipment	-	24
Miscellaneous expenses	220	212
Total other expenses	**11,399**	**10,697**

Payment to auditors

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
For audit including out of pocket expenses (excluding GST)	36	26
Total	**36**	**26**

26 Loss per share

The following table sets forth the computation of basic and diluted loss per share:

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
Basic and diluted loss per shares		
Loss after tax (INR in lakhs)	(2,727)	(4,613)
Weighted average number of equity shares (lakhs)	33,246,770	30,206,378
Nominal value of shares (in INR)	2	2
Loss per share - Basic and diluted (in INR)	**(8.20)**	**(15.27)**

(All amounts in INR lakhs, unless otherwise stated)

27 Related party disclosures

Relationships

a) Holding company	:	Titan Company Limited
b) Fellow subsidiaries	:	Titan Engineering and Automation Limited Favre Leuba AG (Switzerland) Titan Watch Company Hong Kong Limited (100% subsidiary of Favre Leuba AG) Titan Global Retail LLC, Dubai (w.e.f December 15, 2019) Titan Holdings International FZCO, Dubai (w.e.f October 22, 2019)
c) Other related parties	:	Jaipur Gems Starfire Gems Private Limited
d) Key management personnel	:	Mr. Mithun Padamchand Sacheti, Managing Director Mr. Manoj Bhanawat, Chief Financial Officer Mr. Bhaskar Bhat, Director (Resigned August 18, 2019 and reappointed w.e.f December 12, 2019) Mr. C K Venkataraman, Director Mr. Subramaniam Somasundaram, Director Mr. Sandeep Anant Kulhalli, Director (w.e.f April 30, 2019) Mr. Ajoy Hiro Chawla, Director (w.e.f January 21, 2020) Mr. Mathrubootham Rathnagirish, Independent director Ms. Neelam Chhiber, Independent director Mr. Bharatraj Panchal (Company Secretary)
e) Relatives of key management personnel	:	Mrs. Anjali Sacheti Ms. Mira Sacheti Mr. Padamchand Sacheti Mrs. Manju Sacheti Mr. Siddhartha Padamchand Sacheti

Enterprises in which Key Management Personnel or relative of Key Management Personnel has significant influence

1 Not A Box, Partnership Firm (w.e.f. July 19, 2018)
2 Tata Unistore Limited
3 Freshworks Inc
4 Microgo, LLP
5 Luxury Online Retail Private Limited
6 Tata Unistore Limited

Transactions with the related parties during the year are set out in the table below:

Name of the related party	Nature of transaction	For the year ended	
		March 31, 2020	March 31, 2019
Jaipur Gems	Sale of goods	-	25
	Reimbursement of expenses - receivable	5	0
	Reimbursement of expenses - payable	-	3
Mithun Padamchand Sacheti	Director’s remuneration	173	167
	Sale of goods	-	4
	Purchase of goods	-	0
	Reimbursement of expenses - payable	-	3
Bhartraj Panchal	Remuneration	19	16
Mira Sacheti	Sale of goods	-	2
	Purchase of goods	-	0
Anjali Sacheti	Sale of goods	-	0
Starfire Gems Private Limited	Purchase of goods	339	375
	Sale of goods	4	46
	Labour charges - receivable	-	10
	Purchase of capex	-	19
	Rent payable	24	23
Freshworks Inc	Services payable	7	6
Luxury Online Retail India Private Limited	Reimbursement of expense - payable	3	82
	Labour charges - receivable	9	-
	Purchase of capex	9	-
Bhaskar Bhat	Sitting fees	1	-
Titan Company Limited	Issue of equity shares	-	10,000
	Purchase of goods	1,676	2,786
	Sale of goods	2,393	2,827
	Sitting fees	7	33
	Services provided	708	519
	Reimbursement of expenses/services - payable	331	65
	Reimbursement of expenses - receivable	-	110
	Interest receivable	8	14
	Interest payable	-	104
	Interest on corporate guarantee	18	17

27 Related party disclosures (continued)

Transactions with the related parties during the year are set out in the table below:

Name of the related party	Nature of transaction	For the year ended	
		March 31, 2020	March 31, 2019
Mathrubootham Rathnagirish	Sitting fees	4	5
Neelam Chhiber	Sitting fees	13	15
Not A Box	Reimbursement of expenses/services - Receivable	-	3
Microgo LLP	Reimbursement of expenses/services - Receivable	-	-
Tata Unistore (Tata Cliq)	Commission payable	-	4

Related party closing balances as on balance sheet date:

Name of the related party	Nature of transaction	Balance as on March 31, 2020	Balance as on March 31, 2019
Jaipur Gems	Advances received towards material	2	-
	Advances for rental and reimbursement	-	19
Mithun Padamchand Sacheti	Payables	-	0
Starfire Gems Private Limited	Payables	7	32
Luxury Online Retail India Private Limited	Receivable	9	-
Titan Company Limited	Payable	338	754
	Interest receivable	8	16
	Receivable	249	345
	Advances for services - Receivable	11	24
Not A Box	Expenses reimbursement - Receivable	6	1
Tata Unistore (Tata Cliq)	Commission receivable	-	3

Note:
(a) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

28 Taxes
Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loss before tax	(2,727)	(4,613)
Applicable tax rate	25.17%	34.20%
Computed tax credit (A)	**(686)**	**(1,578)**
Tax effect of unrecognized deferred tax assets (B)	686	1,578
Total tax expense (A-B)	-	-

The Company has not recognized a deferred tax asset in the absence of convincing evidence for set off against future taxable income. The Company has cumulative unrecognized income tax losses of Rs. 21,803 lakhs (previous year: Rs. 19,744 lakhs)

29 Leases

29.1 Amounts recognized in balance sheet

Particulars	Note	As at March 31, 2020
(i) Right-of-use assets	4	
Buildings		4,343
(ii) Lease liabilities		
Non-current	13(ii)	7,643
Current	16(iii)	1,504
		9,147
(iii) Lease receivables		
Non-current	5(ii)	3,941
Current	9(v)	533
		4,474

29 Leases (continued)

29.2 Amounts recognized in the statement of profit and loss

Particulars	**Note**	**As at March 31, 2020**
(i) Depreciation and amortisation expense		
Buildings	24	1,011
(ii) Interest expense (included in finance cost)	23	773
(iii) Interest income on sub-lease (included in other income)	20	321
(iv) Expense relating to short-term leases	25	458
(v) Expense relating to variable lease payments	25	13

(a) Short-term leases has been accounted for applying Paragraph 6 of Ind AS 116 - leases and accordingly recognized as expense in the statement of profit and loss.

(b) The total cash outflow for the year ended March 31, 2020 amounts to Rs. 2,463 lakhs.

29.3 The impact on the statement of profit and loss for the year ended March 31, 2020 is as below:

Particulars	**As at March 31, 2019**
Rent is lower by	(1,252)
Depreciation is higher by	1,011
Finance cost higher by	773
Other income is higher by	(321)
	211

The Company has discounted lease payments using applicable incremental borrowing rate as at April 1, 2019 which is ranging from 8.75% to 11.19% for measuring the lease liability.

Impact of COVID 19 (Global pandemic):
The Company does not foresee any large-scale contraction in demand which could result in significant downsizing of its boutiques and related employee base rendering the sales and allied functions. The leases that the Company has entered with lessors are majorly towards properties used as boutique, offices etc. which are long-term in nature and no material changes in terms of those leases are expected due to the COVID-19.

29.4 Additional information on variable lease payments:

During the year ended March 31, 2020, the Company has incurred an amount of Rs.13 lakhs on account of variable lease payments. Variable payment terms ranges from 2% to 5% of net sales from a particular store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores and stores in malls. Excess of variable lease payments that depend on sales, over the fixed rental, are recognized in the statement of profit or loss in the period in which the condition that triggers those payments occur.

29.5 Additional information on extension/ termination options:

Extension and termination options are included in a number of property lease arrangements of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable based on mutual consent of the Company and respective lessors.

29.6 During the year ended March 31, 2019, rental expense from operating leases were generally recognized on a straight-line basis over the term of the relevant lease. The disclosures pertaining to previous year are given below:

(i) Payments recognized as an expense

Particulars	**As at March 31, 2019**
Minimum lease payments	766
Contingent rentals	177

(ii) Non-cancellable operating lease commitments

Particulars	**As at March 31, 2019**
For a period not later than one year	408
For a period later than one year but not later than five years	977
For a period later than five year	331

The total rental expense under cancellable operating leases amounted to Rs. 943 lakhs. The total rental expenses under non-cancellable operating leases amounted to Rs. 418 lakhs.

(All amounts in INR lakhs, unless otherwise stated)

30 Employee benefit obligations

a) Defined contribution plan

The contributions recognized in the statement of profit and loss during the year are as under:

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Employee provident fund	161	142

b) Defined benefit plan - Gratuity (non-funded)

Under the defined benefit plan, the company provides for a lumpsum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the company.

The plan typically exposes the company to actuarial risk such as interest risk and salary risk.

Interest risk	A movement in the bond interest rate will impact the plan liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants, as such an increase in the salary of the plan participants and vice-versa.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Discount rate (p.a.)	6.06%	6.88%
Salary escalation rate (p.a.)		
- Corporate	8.41%	
- Non-corporate	5.65%	10.00%
- Manufacturing	6.36%	
Attrition rate		
- Corporate	23.53%	
- Non-corporate	25.97%	24.61%
- Manufacturing	9.42%	

- The employees of the Company are assumed to retire at the age of 58 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Ultimate Table.

Sensitivity analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	**For the year ended March 31, 2020**	
	Discount rate	**Escalation rate**
Defined benefit obligation when a plus 50 basis points for respective rates is applied	314	330
Defined benefit obligation when a minus 50 basis points for respective rates is applied	330	314

Maturity profile	**Amount**
Expected payouts for year 1	44
Expected payouts for year 2	55
Expected payouts for year 3	50
Expected payouts for year 4	46
Expected payouts for year 5	40
Expected payouts in next 5 years	119

Components of defined benefit costs recognized in the statement of profit and loss are as follows:

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Current service cost	58	41
Past service cost	-	-
Interest on net defined benefit liability	14	10
Total expense charged to the statement of profit and loss	**72**	**51**

30 Employee benefit obligations (continued)

b) Defined benefit plan - Gratuity (non-funded)

Components of defined benefit costs recognized in other comprehensive income are as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Remeasurements during the year	36	28

The service cost and the net interest expense for the year are included in the 'Contribution to provident and other funds' line item in the statement of profit and loss. The remeasurement of the net defined liability is included in other comprehensive income. The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening defined benefit liability	217	142
Current service cost	58	41
Interest on net defined benefit liability	14	10
Remeasurements during the year - recognized in other comprehensive income	36	28
Employer contributions	(3)	(4)
Closing defined benefit liability	**322**	**217**

c) Compensated absences

This provision covers the Company's liability for earned leave.

Provision as at March 31, 2020 amounting to Rs. 35 lakhs (2019: Rs. 29 lakhs) is presented as current, since the Company based on past experience does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

Similar assumptions have been made for the defined benefit plan.

The service cost and the net interest expense for the year are included in the 'Contribution to provident and other funds' line item in the statement of profit and loss. The remeasurement of the net liability is included in other comprehensive income. The amount included in the balance sheet arising from the entity's obligation in respect of its compensated absences is as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Compensated absences		
Non-current	98	82
Current	35	29
	133	**111**

31 Segment reporting

The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company operates in one segment only i.e. "Jewellery". The CODM evaluates performance of the Company based on revenue and operating income from "Jewellery". Accordingly, segment information has not been separately disclosed. Assets and liabilities used in the Company's business are identified to Jewellery as a segment.

32 Contract balances

Contract asset represents the amount of goods expected to be received by the Company on account of sales return. Contract liability represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. Thus, it represents the value of sales the Company estimates to be returned on account of sales return.

Nature	As at March 31, 2020	As at March 31, 2019
Contract liability		
Balance as per previous financial statements	294	-
Less: Provision reversed towards sales returns	(294)	-
Add: Provision towards sales return (reversed) / created	143	294
Closing balance	**143**	**294**
Contract assets		
Balance as per previous financial statements	212	-
Less: Provision reversed towards sales returns	(212)	-
Add: Provision towards sales return (reversed) / created	100	212
Closing balance	**100**	**212**

(All amounts in INR lakhs, unless otherwise stated)

33 Commercial paper

The following tables set forth, for the period indicated, details of commercial paper:

Maturities	0-1 Month	1-2 Months	2-3 Months
Face value	-	-	5,000
Carrying value	-	-	4,943

The following tables set forth, ratings assigned by credit rating agency:

Instrument	ICRA	CRISIL
Commercial paper	ICRA [A1+]	-

34 Contingent liabilities

Nature	As at March 31, 2020	As at March 31, 2019
Contingent liability		
Claims against the Company, not acknowledged as debts	1	1

There has been a Supreme Court judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgment, including the effective date of the application, the Company is unable to reasonably estimate the expected impact of the Supreme Court decision. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

35 Financial instruments

35.1 Categories of financial instruments

Financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
a. Measured at amortised cost		
- Loans to employees	54	53
- Security and other deposits	1,080	761
- Trade receivables	835	1,202
- Cash and cash equivalents	144	4,704
- Other bank balance	5	36
- Lease receivables	4,474	-
Total financial assets measured at amortised cost	**6,592**	**6,756**
Total financial assets	**6,592**	**6,756**

Financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
a. Measured at fair value through profit or loss ("FVTPL")		
- Gold on loan	7,760	6,527
Total financial liabilites measured at FVTPL (a)	**7,760**	**6,527**
b. Measured at amortised cost		
- Borrowings	9,665	3,175
- Rental deposits	321	133
- Trade payables	6,280	10,272
- Lease liabilities	9,147	-
- Other financial liabilities	1,070	840
Total financial liabilities measured at amortised cost (b)	**26,483**	**14,420**
Total financial liabilities (a + b)	**34,243**	**20,947**

35.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

Particulars	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - March 31, 2020				
Financial liabilites				
- Gold loan	7,760	-	-	**7,760**
Total financial liabilities	**7,760**	**-**	**-**	**7,760**

Particulars	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - March 31, 2019				
Financial liabilites				
- Gold loan	6,527	-	-	**6,527**
Total financial liabilities	**6,527**	**-**	**-**	**6,527**

(ii) Valuation technique used to determine fair value

The fair value of the financial liability is determined with reference to the market price of gold as on the balance sheet date.

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

Carrying value of all other financial assets and liabilities approximate fair values due to short-term nature of such assets and liabilities.

35.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company deals majorly with creditworthy counterparties and obtains sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Credit risk is managed by the Company through approved credit norms, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. 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 and lease related receivables from franchisees. Credit risk on liquid funds is limited because the counterparties are banks. Refer note 9(i) for the disclosures for trade receivables.

Impact of COVID 19 (Global pandemic):

Financial instruments carried at fair value as at March 31, 2020 is Rs. nil lakhs and financial instruments carried at amortised cost as at March 31, 2020 is Rs. 6,592 lakhs. Financial assets of Rs.148 lakhs as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents and bank deposits where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 835 lakhs as at March 31, 2020 forms a part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of business, impact immediately seen in the demand outlook of this business and the financial strength of the customers in respect of whom amounts are receivable. The same assessment is done in respect of contract assets of Rs. 100 lakhs as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of Rs. 24 lakhs as at March 31, 2020 is considered adequate.

(All amounts in INR lakhs, unless otherwise stated)

35.4 Liquidity risk

The Company invests its surplus funds from time-to-time in various short-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, banking facilities and reserve borrowing 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 other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity risk tables

The following table below analyses the Company's financial liabilities into relevant maturity groupings based on their maturities for all non-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.

Particulars	March 31, 2020	March 31, 2019
Secured bank overdraft/term loan facility, payable		
- amount used	7,325	4,008
- amount unused	7,475	6,542
Secured gold on loan facility, payable		
- amount used	7,760	6,527
- amount unused	1,940	923

Liquidity and interest risk tables

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn on an undiscounted cash flows of financial liabilities 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	Total
March 31, 2020			
Non-derivative			
- Security deposits	-	321	321
- Borrowings	8,182	1,483	9,665
- Trade payables	6,101	179	6,280
- Gold loan	3,609	4,151	7,760
- Lease liabilities	489	8,658	9,147
- Other financial liabilities	214	856	1,070
Total non-derivative liabilities	**18,596**	**15,647**	**34,243**

Contractual maturities of financial liabilities	Less than 3 months	> 3 months	Total
March 31, 2019			
Non-derivative			
- Security deposits	-	133	133
- Borrowings	-	3,175	3,175
- Trade payables	9,961	311	10,272
- Gold loan	2,227	4,300	6,527
- Other financial liabilities	250	590	840
Total non-derivative liabilities	**12,438**	**8,509**	**20,947**

35.5 Market risk

The market risks to which the Company is exposed are price risk and foreign currency risk.

Price risk

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold.

To manage the variability in cash flows, the Company enters into derivative financial instruments to manage the risk associated with gold price fluctuations relating to all the highly probable forecasted transactions. Such derivative financial instruments are primarily in the nature of future commodity contracts and forward foreign exchange contracts. The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The use of such derivative financial instruments is governed by the Company's policies which provide written principles on the use of such instruments. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

The Company assesses the effectiveness of its designated hedges by using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the Company actually uses. However, this hedge ratio will be rebalanced, when required, by adjusting weightings of the hedged item and the hedging instrument.

Sources of hedge ineffectiveness include mismatch in the weightings of the hedged item and the hedging instrument and the selling rate.

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

Cash flow hedges Sell future contracts:

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amount
March 31, 2020	4,296	43	1,847

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, 2020 the aggregate amount of gains under forward/future contracts is recognised in "Other Comprehensive Income" and accumulated in the cash flow hedging reserve. It is anticipated that the sales will take place during 6 months of the next financial year, at which time the amount deferred in equity will be reclassified to the statement of profit and loss. Details of movements in hedging reserve is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at beginning of the year (net of taxes)	-	-
Changes in fair value of effective portion of cash flow hedges	55	-
Cumulative gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	(55)	-
Balance at end of the year (net of taxes)	**-**	**-**

Impact of COVID 19 (Global pandemic):

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions may be impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The impact of ineffectiveness in hedges will be evaluated and taken in the financial statements based on occurrence of the event leading to hedge ineffectiveness.

35 **Financial instruments (continued)**

35.5 **Market risk (continued)**

Foreign currency risk management

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

(i) The risk management strategy on foreign currency exchange fluctuation arising on account of purchase is covered above.

(ii) In respect of normal purchase transactions denominated in foreign currency, contracts are measured at fair value through the statement of profit and loss.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:
The following table gives details of contracts as at the end of the reporting period.

Currency	Liabilities as at		Assets as at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
INR *(in lakhs)*	43	8	62	85

Foreign currency sensitivity analysis

The Company is mainly exposed to USD. The Company's sensitivity to a 1% increase and decrease in the INR 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. There is an increase in loss or equity by Rs 25.44 lakhs where the INR strengthens 1% against the relevant currency. For a 1% weakening of the INR against the relevant currency, there would be a comparable decrease in profit or equity.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

36 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 194 lakhs (Previous year: Rs. 47 lakhs)

37 **Capital management**

The Company's capital management policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure, the Company monitors the return on capital, as well as level of dividends to equity shareholders. The Company aims to manage its capital efficiency so as to safeguard it ability to continue as a going concern and to optimize returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves and debt only includes borrowings.

Particulars	As at March 31, 2020	As at March 31, 2019
Total debt *	10,726	3,175
Total equity	1,587	4,611
Debt to equity ratio	676%	69%

* Total debt includes only borrowings. Gold on loan and lease liabilities has not been considered for the purpose of above.

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number.: 101248W/ W-100022

Supreet Sachdev
Partner
Membership No. 205385

Place: Bengaluru
Date: June 1, 2020

for and on behalf of the Board of Directors

Mithun Padamchand Sacheti
Managing Director
DIN: 01683592

Place: Chennai
Date: June 1, 2020

S.Subramaniam
Director
DIN: 01494407

Place: Bengaluru
Date: June 1, 2020

Manoj Bhanawat
Chief Financial Officer

Place: Mumbai
Date: June 1, 2020

Bharatraj Panchal
Company Secretary

Place: Chennai
Date: June 1, 2020