

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of CARAT LANE TRADING PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of CARAT LANE TRADING PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

Auditor's Responsibility (continued)

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Material Uncertainty Related to Going Concern

We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rs. 8,389 lakhs during the year ended March 31, 2018 and, as of that date, the company's liabilities exceeded its total assets by Rs. 827 lakhs. As stated in Note 38, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Matters

Corresponding figures for the year ended March 31, 2017 have been audited by another auditor who expressed an unmodified opinion dated May 3, 2017 on the Ind As financial statements of the Company for the year ended March 31, 2017.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) The going concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) 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".
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;



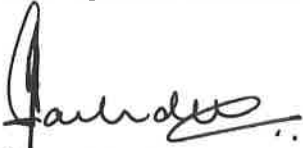
Report on Other Legal and Regulatory Requirements (continued)

- 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 since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended March 31, 2017 have been disclosed.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W /W-100022



Supreet Sachdev

Partner

Membership No: 205385

Place: Bangalore

Date: May 8, 2018

B S R & Co. LLP

CARAT LANE TRADING PRIVATE LIMITED

Annexure to the Independent Auditors' Report (continued)

In respect of the Annexure A referred to in paragraph 1 of our report to the Members of CARAT LANE TRADING PRIVATE LIMITED ('the Company') for the year ended March 31, 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars of fixed assets except quantitative details and situation of various fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which its fixed assets are verified 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. Pursuant to the programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.
- (ii) The inventory, except the goods in transit, have 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.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) are not applicable.
- (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 clause 3(iv) are not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed thereunder.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the products manufactured by the Company.



CARAT LANE TRADING PRIVATE LIMITED
Annexure to the Independent Auditors' 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, employee state insurance, income-tax, sales-tax, service-tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, sales-tax, service-tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or 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 and banks. According to the information and explanation given to us, the Company did not have any outstanding loans or borrowings from government or dues to debenture holders during the year.

- (ix) According to the information and explanations given to us, no money has been raised by way of initial public offer or further public offer (including debt instruments). Additionally, the Company has not availed any term loans during the year.

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

- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid / provided for 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.



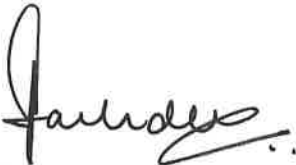
B S R & Co. LLP
CARAT LANE TRADING PRIVATE LIMITED
Annexure to the Independent Auditors' Report (continued)

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of all transactions have been disclosed in the financial statements as required by the applicable 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 equity shares or fully or partly convertible debentures during the year.
- (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 any non-cash transactions with its directors or persons connected with him.
- (xvi) According to the information and explanations 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 No: 205385

Place: Bangalore

Date: May 8, 2018

Annexure - B to the Independent Auditor's Report of even date on the Ind AS financial statements of CARAT LANE TRADING PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of CARAT LANE TRADING PRIVATE LIMITED ("the Company") as of March 31, 2018, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



**Annexure B to the Independent Auditor's Report of even date on the Ind AS financial statements of
CARAT LANE TRADING PRIVATE LIMITED (continued)**

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

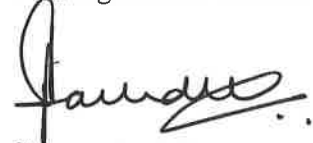
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev

Partner

Membership number: 205385

Place : Bangalore

Date : May 8, 2018

CARAT LANE TRADING PRIVATE LIMITED
BALANCE SHEET
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,254	925
Capital work-in-progress		14	127
Intangible assets	3	241	117
Financial assets			
i. Loans	4 (i)	613	383
ii. Other financial assets	4 (ii)	5	2,313
Income tax assets	5	61	78
Other non-current assets	6	87	60
Total non-current assets		2,275	4,003
Current assets			
Inventories	7	6,626	5,025
Financial assets			
i. Investments	8 (i)	53	1,919
ii. Trade receivables	8 (ii)	977	590
iii. Cash and cash equivalents	8 (iii)	417	562
iv. Other financial assets	8 (iv)	37	76
Other current assets	9	1,532	1,206
Total current assets		9,642	9,378
Total assets		11,917	13,381
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	604	604
Other equity			
Reserves and surplus	11	(1,391)	6,567
Other comprehensive income	11	(40)	(22)
Total equity		(827)	7,149
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Other financial liabilities	12	126	-
Provisions	13	245	132
Total non-current liabilities		371	132
Current liabilities			
Financial liabilities			
i. Borrowings	14 (i)	5,848	-
ii. Gold on loan	14 (ii)	817	1,534
iii. Trade payables	14 (iii)	4,595	3,955
iv. Other financial liabilities	14 (iv)	25	14
Provisions	15	205	155
Other current liabilities	16	883	442
Total current liabilities		12,373	6,100
Total liabilities		12,744	6,232
Total equity and liabilities		11,917	13,381

See accompanying notes to the financial statements.

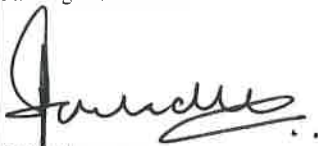
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As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W & W 100022



Supreet Sachdev

Partner

Membership No. 205385

Place: Bangalore

Date: May 8, 2018

for and on behalf of the Board of Directors of

CARAT LANE TRADING PRIVATE LIMITED

(CIN: U 52893 TN2007PTC064830)



Mihir Panchankar

Director

DIN: 91684502

Place: Bangalore

Date: May 8, 2018



Bhaskar Bhat

Director

DIN: 00148778

Place: Bangalore

Date: May 8, 2018



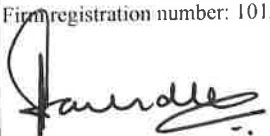

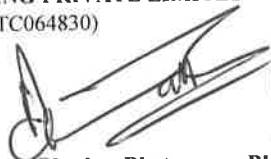
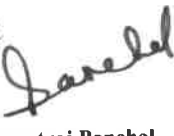
Bharatraj Panchal

Company Secretary

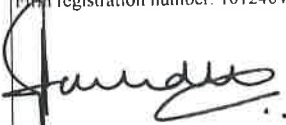


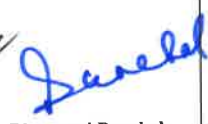
Place: Bangalore

Date: May 8, 2018

CARAT LANE TRADING PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	17	29,018	17,938
Other income	18	232	884
Total income		29,250	18,822
Expenses			
Cost of materials consumed		12,813	11,574
Purchase of stock-in-trade		11,876	5,210
Changes in inventories of work-in-progress, stock-in-trade and finished goods	19	(1,282)	(1,925)
Excise duty		17	73
Employee benefit expense	20	4,500	3,161
Depreciation and amortisation expense	3	444	430
Finance cost	21	453	200
Other expenses	22	8,818	6,011
Total expenses		37,639	24,734
Loss before exceptional items and tax		(8,389)	(5,912)
Exceptional items	40	-	(2,039)
Loss before tax		(8,389)	(7,951)
Income tax expense		-	-
Loss for the year		(8,389)	(7,951)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations	29	(4)	(15)
Remeasurement of the defined benefit obligations	29	(14)	(7)
		(18)	(22)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(8,407)	(7,971)
Earnings per equity share			
Basic and diluted earnings per share (INR)	23	(27.80)	(33.59)
See accompanying notes to the financial statements	2		
As per our report of even date attached			
for BSR & Co. LLP Chartered Accountants Firm registration number: 101248W / W-100022		for and on behalf of the Board of Directors of CARAT LANE TRADING PRIVATE LIMITED (CIN: U52398TN2007PTC064830)	
			
Supreet Sachdev Partner Membership No. 205385	Mithun Padamchand Sacheti Director DIN: 01683592	Bhaskar Bhat Director DIN: 00148778	Bharatraj Panchal Company Secretary
Place: Bangalore Date: May 8, 2018	Place: Bangalore Date: May 8, 2018	Place: Bangalore Date: May 8, 2018	Place: Bangalore Date: May 8, 2018

CARAT LANE TRADING PRIVATE LIMITED
STATEMENT OF CASH FLOW
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(8,388)	(7,951)
<i>Adjustments for:</i>			
Depreciation and amortisation expenses	3	444	430
Assets written off		-	18
Net gain on sale / remeasurement of current investments		(19)	(639)
Provision for bad and doubtful debts		67	-
Interest income		(50)	(235)
Employee share based payment expense		431	86
Issue of sweat equity shares		-	1,806
Change in operating assets and liabilities			
Increase in long term loans		(200)	(99)
(Increase)/decrease in trade receivables		(454)	661
Increase in inventories		(1,601)	(2,552)
Increase in other financial assets and other current and non-current assets		(322)	(868)
Movement in bank deposits		2,308	676
Increase in other financial liabilities		126	-
Increase in provisions		145	149
(Decrease)/increase in trade payables, gold on loan		(77)	2,308
Increase in other current liabilities		441	361
Cash used in operations		(7,149)	(5,849)
Income taxes refund		16	74
Net cash outflow from operating activities (A)		(7,133)	(5,775)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(896)	(438)
Proceeds from sale of property, plant and equipment		98	5
Proceeds from sale of investments		1,885	5,739
Interest received		53	351
Net cash inflow from investing activities (B)		1,140	5,657
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		-	20
Proceeds from borrowings, net		5,848	-
Net cash inflow from financing activities (C)		5,848	20
Net cash decrease in cash and cash equivalents (A+B+C)		(145)	(98)
Cash and cash equivalents as at the beginning of the year	8(iii)	562	660
Cash and cash equivalents as at the end of the year	8(iii)	417	562
See accompanying notes to the financial statements	2		
As per our report of even date attached			
for BSR & Co. LLP Chartered Accountants Firm registration number: 101248W / W-100022			
			
Supreet Sachdev Partner Membership No. 205385			
Place: Bangalore Date: May 8, 2018			
		for and on behalf of the Board of Directors of CARAT LANE TRADING PRIVATE LIMITED (CIN: U52393TN2007PTC064830)	
			
		Mithun Padamchand Sacheti Director DIN: 01683592	Bhaskar Bhat Director DIN: 00148778
			
			Bharatraj Panchal Company Secretary
		Place: Bangalore Date: May 8, 2018	Place: Bangalore Date: May 8, 2018
		Place: Bangalore Date: May 8, 2018	Place: Bangalore Date: May 8, 2018

CARAT LANE TRADING PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
(All amounts in INR lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
Balance at the April 1, 2016		201
Changes in equity share capital during the year	10	403
As at March 31, 2017		604
Changes in equity share capital during the year*	10	-
As at March 31, 2018		604

*The changes in equity share capital during the year aggregated Rs. 22.8 thousand

B. Other equity

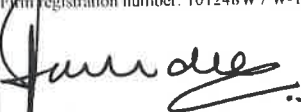
Particulars	Reserves and surplus			Other comprehensive income	Total
	Securities premium reserve	Stock options outstanding account	Retained earnings		
Balance as at April 1, 2016	29,053	144	(16,571)	-	12,626
Premium on shares issued during the year	1,965	-	-	-	1,965
Loss for the year	-	-	(7,951)	-	(7,951)
Employee stock option expense	-	(73)	-	-	(73)
Remeasurement of net defined benefit liability / (asset), net of tax effect	-	-	-	(22)	(22)
Total comprehensive income for the year	1,965	(73)	(7,951)	(22)	(6,081)
Balance as at March 31, 2017	31,018	71	(24,522)	(22)	6,545
Balance as at April 1, 2017	31,018	71	(24,522)	(22)	6,545
Premium on shares issued during the year	22	-	-	-	22
Loss for the year	-	-	(8,389)	-	(8,389)
Employee stock option expense	-	409	-	-	409
Remeasurement of net defined benefit liability / (asset), net of tax effect	-	-	-	(18)	(18)
Total comprehensive income for the year	22	409	(8,389)	(18)	(7,976)
Balance as at March 31, 2018	31,040	480	(32,911)	(40)	(1,431)

See accompanying notes to the financial statements

2

As per our report of even date attached

for: **BSR & Co. LLP**
 Chartered Accountants
 Firm registration number: 101248W / W-100022



Supreet Sachdev
 Partner
 Membership No. 205385


Place: Bangalore
 Date: May 8, 2018

for and on behalf of the Board of Directors of
CARAT LANE TRADING PRIVATE LIMITED
 (CIN: U32293TN2007PTC064830)



Mihun Padamchand Sacheti
 Director
 DIN: 01683592

Place: Bangalore
 Date: May 8, 2018



Bhaskar Bhat
 Director
 DIN: 00148778

Place: Bangalore
 Date: May 8, 2018



Bharatraj Panchal
 Company Secretary

Place: Bangalore
 Date: May 8, 2018

CARAT LANE TRADING PRIVATE LIMITED**Significant accounting policies and notes to the financial statements for the year ended March 31, 2018****1 Background**

Carat Lane Trading Private Limited is a company limited by shares, incorporated and domiciled in India. The Company primarily manufactures and trades in jewellery. The Company's operations are primarily based out of Chennai, Mumbai and Delhi.

2 SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation and presentation****(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 accrual basis under the historical cost convention except for the following items:

- Certain financial assets and liabilities that are measured at fair value
- Share based payments are measured at fair value
- Net defined benefit liability that are measured at fair value of present value of demand benefit obligations

(iii) Use of estimates and judgement

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may be different from these estimates.

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

(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, which is the Company's functional and presentation currency.

2.2 (i) Revenue recognition

Revenue from sale of products is recognised, net of returns and trade discounts on transfer of substantial risks and rewards of ownership are transferred to the buyer, which generally coincides with the delivery to customers as per terms of the contracts.

Income from sale of investment is recognised upon redemption of instrument of investment and is determined as a difference between sale price and the cost of investment.

Revenue from trademark, platform and license fee is recognised as percentage of the sale of products net of discount and service tax, reported by the licensee.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(ii) Property, plant and equipment

Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

The cost 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 capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Any gain or loss on disposal of an item of property, plant and equipment is recognised 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.

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	Useful life
Furniture and fittings	10 years
Computer equipment	3 years
Office equipments	5 years
Artificial jewellery	1 year
Plant and machinery	15 years
Motor vehicles	8 years
Leasehold improvements	Lease period

The useful lives are as prescribed under Part C of Schedule II of the Companies Act, 2013.



CARAT LANE TRADING PRIVATE LIMITED**Significant accounting policies and notes to the financial statements for the year ended March 31, 2018****(ii) Property, plant and equipment (continued)**

Depreciation for assets purchased / sold during the period is proportionally changed.

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.

(iii) Intangible assets**(a) Internally generated : Research and development**

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised 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 recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

Amortisation 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 amortisation in statement of profit and loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3 years
CaratLane portal	3 years

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

(iv) 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. 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 recognised 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 amortisation or depreciation) had no impairment loss been recognized for the asset in prior years.

(v) Leases**Finance leases**

Assets taken on finance lease are capitalised at an amount equal to fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. The lease payment is apportioned between finance charge and reduction of outstanding liability, the finance charge being allocated to periods over the lease term so as to produce the constant periodic rate of interest on remaining liability.

Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has agreed to take the asset on lease together with any additional periods for which the lessee has the option to continue the lease, only in case this option is reasonably expected to be exercised at the time of inception of the lease, with or without any further payment.

(vi) Inventories

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

(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 average cost of production.

(iii) Traded goods (stock-in-trade) are valued at weighted average

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 and, where applicable, excise duty.

Unfixed Gold is valued at the gold prices prevailing on the period closing date.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.



(vii) Foreign currency transactions

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 recognised in the statement of profit and loss of 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 recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using exchange rate on the date of the transaction.

Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using exchange rate on the date of the transaction.

(viii) Taxation

Income tax expense is the sum of current tax and deferred tax.

a) Current tax: Current tax is determined in accordance with the applicable provisions. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

b) Deferred tax: Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is reasonably probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(ix) Employee benefits**a) 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 in the year in which the employee renders the related service.

b) 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. The Company has no further obligations under this plan beyond its monthly contributions.

c) 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 recognises 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. Actuarial gains or losses are recognized immediately in the statement of profit and loss.

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.

d) 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 recognised 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.

(x) Stock based compensation

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, 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 in employee benefits expense.

(xi) Financial instruments**a. Recognition and measurement**

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.



(xi) Financial instruments (continued)**b. Classification and subsequent measurement****Financial assets***Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised 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.

Financial liabilities

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.

c. Derecognition*Financial assets*

The Company derecognises 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 recognised 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 derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised 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 realise the asset and settle the liability simultaneously.

d. Derivative financial instruments*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, foreign exchange 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 recorded in the Statement of Profit and Loss with an adjustment 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.

(xii) Provisions and contingent liabilities*a. General*

Provisions are recognised 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 recognised as a finance cost.

Product warranty expenses: 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 recognised 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.

(xiii) Cash and cash equivalents

Cash and cash equivalents comprise cash 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.

(xiv) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (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.



CARAT LANE TRADING PRIVATE LIMITED**Significant accounting policies and notes to the financial statements for the year ended March 31, 2018****(xv) Earnings per share**

Basic earnings per share is computed by dividing the net profit / loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. 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.

(xvi) Standards issued but not yet effective

The Company has not applied the following new and revised Ind AS that have been issued but are not yet effective:

Ind AS 115 - Revenue from contracts with customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

(xvi) Standards issued but not yet effective (continued)

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Based on a preliminary evaluation carried out, Ind AS 115 is not expected to have a material impact on the Company's financial statements. The Company is still in the process of carrying out a detailed analysis, including the extensive disclosure requirements.

Ind AS 115 - Revenue from contracts with customers (continued)

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

Appendix B to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

Appendix B, Foreign Currency Transactions and Advance Consideration has been inserted in Ind AS 21. It requires the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The effective date for adoption of Appendix B is annual reporting periods beginning on or after April 1, 2018. The impact of adopting Appendix B is not expected to have a material impact on the Company's financial statements.



CARAT LANE TRADING PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2018
(All amounts in INR lakhs, unless otherwise stated)

3 Property, plant and equipment and Intangible assets

Particulars	As at April 1, 2017		Cost or deemed cost		As at March 31, 2018		As at April 1, 2017		Accumulated depreciation		Carrying amount (net)	
	As at April 1, 2017	As at March 31, 2018	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2018	As at March 31, 2018
A. Property, plant and equipment												
Furniture and fittings	414	596	223	41	596	103	49	3	149	447		
Leasehold improvements	507	757	261	31	757	258	146	2	402	335		
Computer equipment	268	360	102	10	360	186	52	2	235	125		
Artificial jewellery	347	250	3	-	247	247	3	-	250	-		
Office equipments	323	415	118	26	415	176	57	4	230	185		
Plant and machinery	155	195	40	-	195	34	11	-	44	151		
Motor vehicles	32	32	-	-	32	17	4	-	21	11		
Sub-total (A)	1,946	2,585	747	108	2,585	1,021	322	11	1,331	1,254		
B. Intangible assets												
Computer software	142	388	246	-	388	117	58	-	175	213		
Caratlane portal	253	253	-	-	253	161	64	-	225	28		
Sub-total (B)	395	641	246	-	641	278	122	-	400	241		
Total (A+B)	2,341	3,226	993	108	3,226	1,299	444	11	1,731	1,495		
Capital work in progress	127	14	279	392	14	-	-	-	-	14		

Particulars	As at April 1, 2016		Cost or deemed cost		As at March 31, 2017		As at April 1, 2016		Accumulated depreciation		Carrying amount (net)	
	As at April 1, 2016	As at March 31, 2017	Additions	Deletions	As at March 31, 2017	As at April 1, 2016	Additions	Deletions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2017	As at March 31, 2017
A. Property, plant and equipment												
Furniture and fittings	364	414	75	25	414	78	44	19	103	311		
Leasehold improvements	482	507	55	30	507	178	109	29	258	249		
Computer equipment	217	268	65	14	268	120	76	10	186	82		
Artificial jewellery	207	247	40	-	247	207	40	-	247	-		
Office equipments	298	323	40	15	323	127	61	12	176	147		
Plant and machinery	139	155	17	1	155	25	10	1	34	121		
Motor vehicles	31	32	1	-	32	13	4	-	17	15		
Sub-total (A)	1,738	1,946	293	85	1,946	748	344	71	1,021	925		
B. Intangible assets												
Computer software	131	142	11	-	142	90	27	-	117	25		
Caratlane portal	239	253	14	-	253	102	59	-	161	92		
Sub-total (B)	370	395	25	-	395	192	86	-	278	117		
Total (A+B)	2,108	2,341	318	85	2,341	940	430	71	1,299	1,042		
Capital work in progress	50	7	84	7	7	-	-	-	-	127		



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CARAT LANE TRADING PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2018
(All amounts in INR lakhs, unless otherwise stated)
4 Financial assets
(i) Loans

Particulars	As at March 31, 2018	As at March 31, 2017
<i>Unsecured, considered good:</i>		
Security deposits to related parties*	6	18
Security deposits	569	348
Other deposits	38	17
Total long term loans	613	383

* Forms a part of outstanding balances as disclosed under note 26.

(ii) Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
<i>Balances with Banks</i>		
In deposit accounts (Refer note 30)	5	2,313
Total non-current assets	5	2,313

5 Income tax asset

Particulars	As at March 31, 2018	As at March 31, 2017
TDS receivable	61	78
Total income tax assets	61	78

6 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Capital advances	87	60
Total non-current assets	87	60

7 Inventories

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	2,003	1,684
Work-in-progress	43	47
Finished goods	1,619	1,742
Stock-in-trade	2,961	1,552
Total inventories	6,626	5,025
Included above, goods in transit		
Raw materials	177	31
Finished goods	168	147

(i) Refer point (vi) under significant accounting policies for mode of valuation.

8 Financial assets
(i) Investments

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in mutual funds		
Quoted		
Nil (2017: 2,078,860 units) units in Birla sunlife dynamic bond fund growth plan	-	604
Nil (2017: 127,609 units) units in Birla sunlife short term fund growth plan	-	79
Nil (2017: 4,599,731 units) units in DSP blackrock mutual fund - income opportunities fund	-	1,236
1,476 (2017: Nil) units in HDFC short term fund - growth plan	53	-
Total investments	53	1,919
Aggregate carrying amount of quoted investments	51	1,570
Aggregate market value of quoted investments	53	1,919



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

8 Financial assets (continued)**(ii) Trade receivables**

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Trade receivables	887	408
Receivables from related parties (refer note 26)	147	186
Less: Allowance for doubtful trade receivables	(57)	(4)
Total trade receivables	977	590

Breakup of security details

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Unsecured, considered good	977	590
Total trade receivables	977	590

(iii) Cash and cash equivalents

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Cash on hand	28	18
Balances with banks		
(i) In current accounts	359	507
Deposits with maturity of less than three months (Refer note 30)	30	37
Total cash and cash equivalents	417	562

(iv) Other financial assets

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Loans to employees	36	40
Interest accrued on fixed deposits	1	36
Total financial assets	37	76

9 Other current assets

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Advances to related parties	170	9
Prepayments	76	74
Input credit receivable	881	636
Advance to suppliers	86	257
Deferred rental deposit	168	99
Other advances	38	33
Others	113	98
Total current assets	1,532	1,206



CARAT LANE TRADING PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2018
(All amounts in INR lakhs, unless otherwise stated)
10 Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of shares	Amount (Rs. lakhs)	No of shares	Amount (Rs. lakhs)
Authorised share capital				
Equity share of Rs. 2 each with voting rights	30,810,889	616	30,810,889	616
Compulsorily convertible Series A preference shares of Rs. 2 each	5,015,000	100	5,015,000	100
Compulsorily convertible Series B preference shares of Rs. 2 each	2,944,137	59	2,944,137	59
Compulsorily convertible Series C preference shares of Rs. 2 each	3,140,413	63	3,140,413	63
Compulsorily convertible Series D preference shares of Rs. 2 each	8,042,795	161	8,042,795	161
Total authorised share capital	49,953,234	999	49,953,234	999
Issued, subscribed and fully paid up equity share capital				
Equity share of Rs. 2 each with voting rights	30,189,672	604	30,178,272	604
Total issued share capital	30,189,672	604	30,178,272	604

(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 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) Rights, preferences and restrictions attached to all class of preference shares

The Company had four classes of compulsory convertible preference shares which are convertible upon earlier of:

- expiry of nineteen years from the effective date or
- filing of red herring prospectus in relation to a qualified initial public offering.

(iii) Share based payments

During the financial year 2017-18, the Company introduced Carat Lane Employee Stock Option Scheme ('the Scheme'). The Carat Lane Option Plan, 2013 was introduced in the FY 2013-14 which superseded the following stock options and stock option plans:

- Executive Management Stock Option Scheme 2009
- CaratLane Trading India Private Limited Stock Option Scheme for Consultants, 2013

As per the scheme, 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 14,060 options to employees under the Carat Lane Employee Stock Option Scheme, 2017. A maximum of 714,017 options are issuable under this plan. The movement in options issued are as below:

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Options outstanding at the beginning of the year	322,000	351,000
Options granted during the year	214,000	118,000
Options forfeited during the year	56,600	65,600
Options exercised during the year	11,400	81,400
Outstanding at the end of the year	468,000	322,000
Options exercisable at the end of the year	262,900	203,600
Weighted average exercise price per option (Rs.)	17	2

Fair value measurement

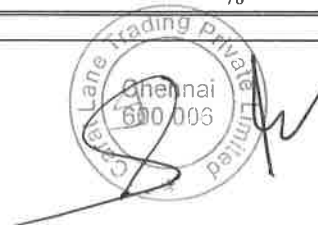
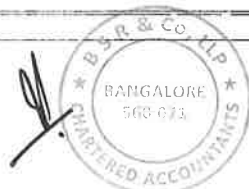
The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest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

The key inputs used in Black-Scholes 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 31 March 2018 and 31 March 2017 under the Carat Lane stock Options Plan was 7 years and 7 years respectively.

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

Particulars	31-Mar-18	31-Mar-17
No of options granted	214,000	118,000
Date of grant	1-April-2017	Multiple dates
Vesting period	1-3 years	1-3 years
Expected life of options (years)	7	7
Expected volatility	1.53%	1.53%
Risk free rate	7.68%	7.68%
Weighted average fair value of options per share (Rs.)	78	185



CARAT LANE TRADING PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2018***(All amounts in INR lakhs, unless otherwise stated)***10 Share capital (continued)****(iii) Share based payments (continued)**

The stock price of the Company is arrived using the last round of funding closer 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 10 years subject to adjustment of time lapses from the date of grant. The risk free rate considered for calculation is based on the yield on Government Securities for 10 years as on the date of valuation.

During the year ended March 31, 2018 the Company recorded employee compensation of Rs. 431 lakhs in the Statement of Profit and Loss toward options granted / forfeited / expired and net of diminution in the fair value of options Rs. 86 lakhs during the year ended March 31, 2017.

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	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	30,178,272	604	10,030,200	201
Add: Issue of shares during the year	-	-	924,327	18
Add: Conversion of preference shares	-	-	19,142,345	383
Add: ESOP options exercised	11,400	-	81,400	2
At the end of the year	30,189,672	604	30,178,272	604
Compulsorily convertible Series A preference shares				
At the beginning of the year	-	-	50,150,000	100
Add: Conversion of preference shares	-	-	(50,150,000)	(100)
At the end of the year	-	-	-	-
Compulsorily convertible Series B preference shares				
At the beginning of the year	-	-	2,944,137	59
Add: Conversion of preference shares	-	-	(2,944,137)	(59)
At the end of the year	-	-	-	-
Compulsorily convertible Series C preference shares				
At the beginning of the year	-	-	3,140,413	63
Add: Conversion of preference shares	-	-	(3,140,413)	(63)
At the end of the year	-	-	-	-
Compulsorily convertible Series D preference shares				
At the beginning of the year	-	-	8,042,795	161
Add: Conversion of preference shares	-	-	(8,042,795)	(161)
At the end of the year	-	-	-	-

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares held	% holding	No. of shares held	% holding
Equity shares with voting rights				
Mr. Mithun Padam Sacheti	3,805,327	12.60%	3,805,327	12.61%
Mr. Siddhartha Padam Sacheti	3,700,000	12.26%	3,700,000	12.26%
Lister Technologies Private Limited	2,600,000	8.61%	2,600,000	8.62%
Titan Company Limited	20,042,545	66.39%	20,042,545	66.41%
Total	30,189,672		30,178,272	

The image shows two circular stamps and two handwritten signatures. The stamp on the left is for BSR & Co. LLP, Bangalore, 560 071, Chartered Accountants. The stamp on the right is for Carat Lane Trading Private Limited. The signatures are in black ink and appear to be of the individuals mentioned in the table above.

CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

11 Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Securities premium reserve <i>(Amounts received on issue of shares in excess of the par value has been classified as securities premium)</i>	31,040	31,018
Stock options outstanding account <i>(Amounts received on issue of shares in excess of the par value has been classified as securities premium)</i>	480	71
Retained earnings <i>(Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)</i>	(32,911)	(24,522)
Other comprehensive income <i>(Represents actuarial gain or loss on remeasurement of defined benefit obligation)</i>	(40)	(22)
Total other equity	(1,431)	6,545

12 Financial liabilities

i. Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Franchisee's rental deposit	126	-
Total financial liabilities	126	-

13 Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Rent equalisation reserve	75	20
Provision for gratuity (Refer note 29)	116	65
Provision for compensated absences (Refer Note 29)	54	47
Total provisions	245	132

14 Financial liabilities

i. Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
Bank overdraft - ICICI bank*	2,327	-
Cash credit - Axis bank**	3,521	-
Total borrowings	5,848	-

* Secured against the Company's inventory and receivables

** Secured against the Company's current assets and fixed assets

ii. Gold on loan

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
Payable to banks*	817	1,534
Total	817	1,534

(a) Secured against inventory and receivables

* Includes amounts payable against gold purchased from various banks under gold on loan scheme. The interest rate of the GOL varies from 2.80% to 3.50% 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.



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

14 Financial liabilities (continued)

iii. Trade payable

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables		
Total outstanding dues of micro and small enterprises [Refer note (a) below]	-	-
Total outstanding dues of other than micro and small enterprises		
- Creditors for goods	2,901	2,112
- Creditors for services	1,694	1,843
Total trade payables	4,595	3,955

iv. Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Capital creditors	25	14
Total financial liabilities	25	14

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

There are no dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2018. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
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.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due not payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-
Total	-	-

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.

15 Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for gratuity (Refer Note 29)	26	26
Provision for compensated absences (Refer Note 29)	22	12
Provision for sales return	139	117
Provision for warranty	18	-
Total provision	205	155

16 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory liabilities	174	134
Advance from customers	709	308
Total other current liabilities	883	442



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

17 Revenue from operations

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Sale of products	29,018	17,938
Total revenue	29,018	17,938

18 Other income

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Interest income	50	235
Net gain on sale / remeasurement of current investments	19	639
Provision no longer required	-	3
Franchisee signing fees	45	-
Service charges	22	2
Miscellaneous income	96	5
Total other income	232	884

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

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Finished goods		
- Closing stock (including G.I.T)	1,619	1,742
- Opening stock (including G.I.T)	(1,742)	(730)
	(123)	1,012
Work-in-progress		
- Closing stock	43	47
- Opening stock	(47)	(14)
	(4)	33
Stock-in-trade		
- Closing stock	2,961	1,552
- Opening stock	(1,552)	(672)
	1,409	880
Total changes in inventories of finished goods, work-in-progress and stock-in-trade	1,282	1,925

20 Employee benefits expense

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Salaries, wages and bonus	3,690	2,824
Contribution to provident and other funds	186	132
Staff welfare expense	193	119
Employee share based payment expense	431	86
Total employee benefit expense	4,500	3,161



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

21 Finance cost

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Interest on borrowings	166	43
Bank charges	287	157
Total finance cost	453	200

22 Other expenses

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Power and fuel	65	71
Rent	1,071	660
Repairs and Maintenance - Others	106	147
Insurance	33	47
Rates and taxes	874	235
Communication	123	113
Travelling and conveyance	250	216
Freight and forwarding	609	441
Business promotion	112	59
Legal and professional charges	392	268
Assets written off	-	18
Sales and marketing	4,097	3,292
Management agent commission	491	-
Portal expenditure	286	241
Provision for doubtful debts	67	-
Payments to auditors (Refer note below)	15	14
Miscellaneous expenses	227	189
Total other expenses	8,818	6,011

Payment to auditors

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
For audit	12	6
For taxation matters	3	3
For Others	-	-
Reimbursement of expenses	1	-
Total	16	14

23 Earnings per share

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

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Basic and diluted EPS		
Loss after tax (lakhs)	(8,389)	(7,951)
Weighted average number of equity shares	30,179,502	23,670,982
Nominal value of shares (in INR)	2	2
Loss per share - Basic and diluted (in INR)	(27.80)	(33.59)

Since the company has incurred losses in the current year the impact of conversion of ESOPs was anti-dilutive in nature.



CARAT LANE TRADING PRIVATE LIMITED**Notes to the financial statements for the year ended March 31, 2018***(All amounts in INR lakhs, unless otherwise stated)***24 Earnings in foreign exchange**

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Export of goods on FOB basis	74	103

25 Expenditure in foreign currency

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Import of goods	120	264
Services	956	1,325
Total expenditure in foreign currency	1,076	1,589

26 Related party disclosures

a) Holding company	Titan Company Limited
b) Fellow subsidiaries	Titan Engineering and Automation Limited Titan Timeproducts Limited Favre Leuba AG (Switzerland) subsidiary of Favre Leuba AG)
c) Other related parties	Jaipur Gems Starfire Gems Private Limited Label Corp Private Limited (w.e.f 2 February 2018) Freshworks Inc. (w.e.f. 20 January 2018)
d) Fully owned subsidiary	Caratlane Inc. USA (dissolved w.e.f 9 February 2018)
d) Key management personnel	Mr. Mithun Padamchand Sacheti Mr. Bhaskar Bhat Mr. CK Venkataraman Mr. Subramaniam Somasundaram Mr. Mathrubootham Rathnagirish (w.e.f 23 January 2018) Ms. Neelam Chhiber (w.e.f 20 March 2018)
d) Relatives of key management personnel	Mr. Padam Chand Sacheti Mrs. Manju Sacheti



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

26 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	Total	
		2017-18	2016-17
Jaipur Gems	Purchase of goods	5	6
	Sale of goods	7	134
	Reimbursement of expenses - receivable	8	8
Mr. Mithun Padam Sacheti	Reimbursement of expenses - payable	-	1
	Director's remuneration	120	120
	Sweat equity	-	1,825
Starfire Gems Private Limited	Reimbursement of expenses	3	1
	Purchase of goods	358	107
	Sale of goods	11	431
Mr. Padam Chand Sacheti	Rent and expenses payable	19	24
	Rent	-	15
Mrs. Manju Sacheti	Rent	-	5
	Services	1	-
Titan Company Limited	Purchase of goods	2,851	704
	Sale of goods	4,261	2,213
	Sitting fees	42	3
	Reimbursement of expenses/services - receivable	25	6
	Reimbursement of expenses/services - payable	14	0

Balances as on balance sheet date

Name of the related party	Nature of transaction	Balance as on March 31, 2018	Balance as on March 31, 2017
Jaipur Gems	Receivable	-	1
	Advances received towards material	2	-
	Advances for rental	16	8
Mr. Mithun Padam Sacheti	Payables	-	11
Mr. Padam Chand Sacheti	Security deposits	-	9
Mrs. Manju Sacheti	Payables	-	1
	Security deposits	-	3
	Payables	-	0
Starfire Gems Private Limited	Receivable	2	92
	Payables	25	64
	Security deposits	6	6
	Advances for expenses	2	5
Label Corp Pvt. Ltd.	Advances towards collaboration services	154	-
Freshworks Inc.	Payables	-	-
Titan Company Limited	Payable	653	517
	Receivable	145	93
	Sitting fees	-	3
	Advances for services	3	-



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

27 The Company has not recognized deferred tax asset in the absence of reasonable certainty for set off against future taxable income.

28 Non-cancellable operating leases

The Company leases office and residential facilities under cancellable and non - cancellable operating lease agreements.

Particulars	As at March 31, 2018	As at March 31, 2017
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	1,068	629
Later than one year but not later than five years	3,333	2,852
Later than five years	1,578	1,687
Total	5,979	5,168

The total rental expense under cancellable operating leases amounted to Rs. 740 Lakhs (previous year: Rs. 457 Lakhs). The total rental expense under non cancellable operating leases amounted to Rs. 331 Lakhs (previous year: Rs. 203 Lakhs) respectively.

29 Employee benefit obligations

a) Defined contribution plan

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

Particulars	As at March 31, 2018	As at March 31, 2017
Employee provident fund	122	96
Employee state insurance	13	6

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	As at March 31, 2018	As at March 31, 2017
Discount rate (p.a.)	7.13%	6.80%
Salary escalation rate (p.a.)	10%	10%

- 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 (2006-08) Ult table.
- Rates of attrition is 26.97% (2017: 23%)

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, 2018	
	Discount rate	Escalation rate
Defined benefit obligation on plus 50 bps	179.23	186.94
Defined benefit obligation on minus 50 bps	187.06	179.31

Maturity profile of defined benefit obligation:

Maturity profile	Amount
Expected benefits for year 1	23
Expected benefits for year 2	21
Expected benefits for year 3	23
Expected benefits for year 4	26
Expected benefits for year 5	22
Expected benefits in next 5 years	57



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

29 Employee benefit obligations (continued)

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

Particulars	As at March 31, 2018	As at March 31, 2017
Current service cost	32	26
Past service cost	13	-
Interest on net defined benefit liability	6	4
Total expense charged to the statement of profit and loss	51	30

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

Particulars	As at March 31, 2018	As at March 31, 2017
Remeasurements during the year	4	15

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	As at March 31, 2018	As at March 31, 2017
Opening defined benefit liability	91	56
Expense charged to statement of profit and loss	51	30
Amount recognised outside the statement of profit and loss account	4	15
Employer contributions	(4)	(10)
Closing defined benefit liability	142	91

c) Compensated absences

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

Provision as at March 31, 2018 amounting to Rs. 22 lakhs (2017: Rs. 12 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 as per 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	As at March 31, 2018	As at March 31, 2017
Opening defined benefit liability	60	47
Expense charged to statement of profit and loss	25	15
Amount recognised outside the statement of profit and loss account	14	7
Employer contributions	(23)	(10)
Closing defined benefit liability	76	60

30 Deposits given on lien as security to bank

Particulars	As at March 31, 2018	As at March 31, 2017
Security for purchase of corporate credit card with HDFC	30	30
Security for bank guarantee facility	-	506
Security for sales tax	5	3
Security for gold loan	-	1,811
Total	35	2,350

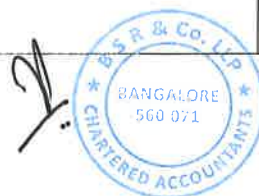
31 Segment reporting

The Chief Operating Decision Maker ('CODM') evaluates the Company's performance and allocates resources based on analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment has been identified to be "Jewellery" as the CODM reviews business performance at an overall Company level as one segment.

32 Contingent liabilities and commitments

Nature	As at March 31, 2018	As at March 31, 2017
Contingent liability		
Claims against the Company, not acknowledged as debts	1	1
Capital commitments		
Estimated amount of contracts remaining to be executed on capital		104



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

33 Financial instruments

33.1 Categories of financial instruments

Financial assets

Particulars	As at	
	March 31, 2018	March 31, 2017
a. Measured at fair value through profit or loss ('FVTPL')		
- Unquoted investments	53	1,919
Total financial assets measured at FVTPL (a)	53	1,919
b. Measured at amortised cost		
- Trade receivables	977	590
- Cash and cash equivalents	417	562
- Security deposits	613	383
- Loans to employees	36	40
- Other financial assets	-	-
Total financial assets measured at amortised cost (b)	2,043	1,575
Total financial assets (a + b)	2,096	3,494

Financial liabilities

Particulars	As at	
	March 31, 2018	March 31, 2017
a. Measured at amortised cost		
- Franchisee deposits	126	-
- Borrowings	5,848	-
- Trade payables	4,595	3,955
- Gold loan payable	817	1,534
Total financial liabilities measured at amortised cost	11,386	5,489

33.2 (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 measured at fair value - March 31, 2018				
- Other unquoted investments	-	-	53	53
Total financial assets	-	-	53	53
Financial assets measured at fair value - March 31, 2017				
- Other unquoted investments	-	-	1,919	1,919
Total financial assets	-	-	1,919	1,919

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, mutual instruments and derivative financial instruments. The fair value of all equity instruments that are traded in the stock exchanges is valued using the closing price at the reporting period. The mutual funds are valued using the closing Net Asset Value. Fair value of derivative financial instruments are fair value using closing rates at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example: Over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case of unlisted instruments, deposits, employee loans.

(ii) Valuation technique used to determine fair value

Specific value techniques used to value financial instruments include

- the use of quoted market prices for listed instruments,
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

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

The fair value of employee loans were calculated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy. In case of security deposits paid to public utilities, the deposit amount is deemed to be the fair value.

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



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

33.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. 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 or gain. Credit risk arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customer respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are retail or institutional customers, their geographic location, industry, trading history with the Company and existence of previous financial difficulties. The default in collection as a percentage to total receivable is low.

33.4 Liquidity risk

The Company has an approved policy to invest 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 and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The table below sets out details of undrawn facilities that the company has at its disposal to further reduce liquidity risk.

Particulars	March 31, 2018	March 31, 2017
Secured bank overdraft facility, payable at call		
- amount used	6,665	1,534
- amount unused	2,835	966

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, 2018			
Non-derivative			
- Franchisee deposits	-	126	126
- Borrowings	5,848	-	5,848
- Trade payables	4,431	164	4,595
- Gold loan payable	485	332	817
Total non-derivative liabilities	10,764	622	11,386

Contractual maturities of financial liabilities	Less than 3 months	> 3 months	Total
March 31, 2017			
Non-derivative			
- Franchisee deposits	-	-	-
- Borrowings	-	-	-
- Trade payables	3,940	17	3,957
- Gold loan payable	806	726	1,532
Total non-derivative liabilities	4,746	743	5,489

33.5 Market risk

The company is exposed to foreign exchange risk through its export sales and purchases in USD only. Exchange rate between the rupee and foreign currencies has changed in recent years and may fluctuate in the future. Consequently, the results of the company's operations are affected as the rupee appreciates/ depreciates against these currencies.

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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD	143,743	31,298	161,276	184,685

Foreign currency sensitivity analysis

The Company is mainly exposed to USD. The Company's sensitivity to a 5% 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 5% change in foreign currency rates. There is an increase in profit or equity by Rs 1 lakhs where the INR strengthens 5% against the relevant currency. For a 5% 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.

34 Estimated amount of contracts remaining to be executed and not provided for is as follows:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
- on capital account	130	149
- others	154	45
	283	194



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

35 Capital management

The Company's 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 manage 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 its ability to continue as a going concern and to optimise 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 is included as a part of borrowings and gold loan. The total equity of the Company was eroded in the current year resulting in a negative net worth and hence impacting the debt to equity ratio. The Company plans to take corrective action in the coming year.

As at	31-Mar-18	31-Mar-17
Total debt	6,665	1,534
Total equity	(827)	7,149
Debt to equity ratio	-805%	21%

36 Repatriation of foreign receivables and payables:

As at March 31, 2018, the Company has receivables in foreign currency from customers amounting to Rs 104 lakhs which is outstanding for a period exceeding nine months from the due date. As per RBI Master Circular No. 14/2015-16 on Export of Goods and Services updated as on 5 November 2015, "It is obligatory on the part of the exporter to realise and repatriate the full value of goods/software/services to India within a stipulated time from the date of export." The export proceeds against these dues have not been repatriated within the stipulated period under the Foreign Exchange Management Act, 1999 and Rules and Regulations framed thereunder. The management is in the process of seeking requisite approval from the authorised dealer for condonation of such delay.

As at 31 March 2018, the Company has payables in Foreign currency to vendors amounting to Rs 20 lakhs which is outstanding for a period exceeding six months from the date they became payable. As per RBI Master Circular No. 13/2015-16 on Import of Goods and Services amended up to 27 November 2015, the remittances against imports should be completed not later than six months from the date of shipment. The management is in the process of seeking requisite approval from the authorised dealer for condonation of such delay in making the payments.

37 Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 (Vide MCA Notification No. G.S.R. 307(E) dated 20th March, 2017)

Particulars	Specified Bank Notes	Other Notes	Total
Closing cash on hand as on November 8, 2016	100	4	104
(+) Permitted receipts	-	56	56
(-) Permitted payments	-	8	8
(-) Amount deposited in banks	100	47	147
Closing cash on hand as on December 30, 2016	-	0	5

38 Going concern

The Company incurred a net loss of Rs. 3,389 lakhs during the year ended March 31, 2018 and, as of that date, the company's liabilities exceeded its total assets by Rs. 827 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 Management's forecast of increase in the scale of operations. Accordingly, the financial statements do not include any adjustment relating to recoverability and classification of assets and liabilities that may be necessary if this Company is unable to continue as a going concern.

39 The previous year figures have been regrouped/ reclassified, wherever necessary to conform to the current year's presentation. The following significant regroupings/reclassifications of previous year figures that have been made are as below:

Particulars	Previous year grouping	Current year grouping	Amount
Deposit more than 3 months	Cash and cash equivalents	Other non current assets	2,310
Input credit receivable	Short term loan and advances	Other current assets	636
Deferred rental deposit	Short term loan and advances	Other current assets	99
Employee benefits obligations	Long term provision	Non current liability	112
Gold loan payable	Trade payable	Financial liabilities	1,534
Other expenses related to sales	Revenue from operations	Finance cost	154



CARAT LANE TRADING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakhs, unless otherwise stated)

40 Exceptional items

a) Allotment of equity shares without consideration

During the previous financial year, the Company allotted 924,327 equity shares for consideration other than cash to Mr. Mithun Sacheti in recognition of his efforts in building the Company's business. The total cost towards such allotment amounted to Rs. 18.2 crores. As the said amount is material and non recurring in nature, the same has been disclosed as an exceptional item on the face of the Statement of Profit and Loss.

b) Closure of Franchisee Businesses

During the previous financial year, the Company closed down operations of a few franchisees. As against this decision the franchisees have made demands on the Company for compensation of losses which has impacted its operations. The Company evaluated the demands carefully and after negotiations decided to absorb an amount of Rs. 2.14 crores. As the said amount is material and non recurring in nature, the same has been disclosed as an exceptional item on the face of the Statement of Profit and Loss.

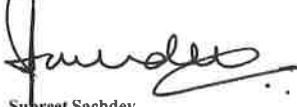
41 Previous year audit was carried out by a firm other than B S R & Co. LLP

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W / W-100022



Supreet Sachdev

Partner

Membership No. 205385

Place: Bangalore

Date: May 8, 2018

for and on behalf of the Board of Directors of
CARAT LANE TRADING PRIVATE LIMITED
(CIN: U52995TN2007PTC064830)



Mithun Padamchand Sacheti

Director

DIN: 01683592

Place: Bangalore

Date: May 8, 2018



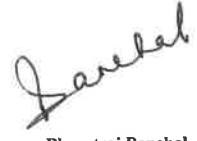
Bhaskar Bhat

Director

DIN: 00148778

Place: Bangalore

Date: May 8, 2018



Bharatraj Panchal

Company Secretary

Place: Bangalore

Date: May 8, 2018

