Independent Auditors’ Report on Special Purpose Financial Information Prepared for Consolidation Purposes

To Mr. Vikash Gupta,
B S R & Co. LLP,
Bangalore, India

As requested in your Group Audit Instructions dated April 11, 2022, we have audited, for purposes of your audit of the consolidated financial statements of CaratLane Trading Private Limited (the ‘Group’), the accompanying special purpose financial information of StudioC Inc. as of March 31, 2022, and for the year then ended. This special purpose financial information has been prepared solely to enable CaratLane Trading Private Limited to prepare its consolidated financial statements.

Management’s Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation of this special purpose financial information in accordance with the Group’s accounting policies, and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“US GAAS”). As requested, our audit procedures also included the additional procedures identified in your instructions. US GAAS require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement. As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the special purpose of the component alone.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in this special purpose financial information. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of this special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of this special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial information.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the Group.

Opinion

In our opinion, the accompanying special purpose financial information for StudioC Inc. as of March 31, 2022, and for the year then ended has been prepared, in all material respects, in accordance with the Group’s accounting policies.

KNAV P.A.
Certified Public Accountants
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Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to the Group to enable it to prepare the consolidated financial statements of the Group. As a result, the special purpose financial information is not a complete set of financial statements of StudioC Inc. in accordance with Indian Accounting Standards ('Ind AS') and is not intended to present fairly, in all material respects, the financial position of StudioC Inc. as of March 31, 2022, and of its financial performance, and its cash flows for the year then ended in accordance with Ind AS. This special purpose financial information may, therefore, not be suitable for another purpose.

This report is intended solely for B S R & Co. LLP and should not be used by or distributed to other parties.

KNAV P.A.

April 27, 2022
Atlanta, Georgia

StudioC Inc.

Balance Sheet as at March 31, 2022

(All amounts in USD, unless otherwise stated)

Particulars	Note no.	As at 31st Mar 2022
ASSETS		
Non-current assets		
Property, plant and equipment	1	17,790
Intangible assets	2	119,453
Intangible assets under development	3	67,625
Other non-current assets	4	2,590
Total non-current assets		**207,458**
Current assets		
Inventories	5	909,944
Financial assets		
i. Cash and cash equivalents	6	217,838
ii. Other financial assets	7	45,641
Other current assets	8	131,645
Total current assets		**1,305,068**
Total assets		**1,512,526**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	9	-
Other equity	10	(911,269)
Total equity		**(911,269)**
Liabilities		
Non-current liabilities		
Financial liabilities		
i. Borrowings	11	300,000
Total non-current liabilities		**300,000**
Current liabilities		
Financial liabilities		
i. Trade payables	12	1,807,651
ii. Other financial liabilities	13	48,293
Contract liabilities	Note D	232,107
Provisions	14	957
Other current liabilities	15	34,787
Total current liabilities		**2,123,795**
Total equity and liabilities		**1,512,526**

The accompanying notes are an integral part of the special purpose financial information

StudioC Inc.

Statement of Profit and Loss for the year ended March 31, 2022

(All amounts in USD, unless otherwise stated)

Particulars	Note	For the year ended 31st Mar 2022
Income		
Revenue from operations	16	1,165,134
Other income	17	842
Total income		**1,165,976**
Expenses		
Purchase of stock-in-trade	18	1,730,898
Changes in inventories of stock-in-trade	19	(909,944)
Employee benefits expense	20	15,547
Finance costs	21	5,625
Depreciation and amortisation expense	22	14,722
Other expenses	23	1,368,772
Total expenses		**2,225,620**
Loss before tax		**(1,059,644)**
Tax expense		
- Current tax		1,625
Loss after tax		**(1,061,269)**

The accompanying notes are an integral part of the special purpose financial information

StudioC Inc.

Statement of changes in Equity for the year ended March 31, 2022

(All amounts in USD, unless otherwise stated)

A. Equity share capital

Current Reporting Period

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
-	-	-

B. Other Equity

Particulars	Reserves and surplus		Total
	Securities premium	Retained earnings	
Balance as at April 01, 2021	-	-	-
Issuance of common stock	150,000	-	150,000
Loss for the year	-	(1,061,269)	(1,061,269)
Balance as at March 31, 2022	**150,000**	**(1,061,269)**	**(911,269)**

The accompanying notes are an integral part of the special purpose financial information

StudioC Inc.
Statement of cash flows for the year ended March 31, 2022
(All amounts in USD, unless otherwise stated)

Particulars	For the year ended March 31, 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(1,059,644)
Adjustments for:	
Depreciation and amortisation expenses	14,722
Finance cost	5,625
Operating loss before working capital changes	**(1,039,297)**
Change in operating assets and liabiities	
(increase) in inventories	(909,944)
(increase) in financial assets	(45,641)
(increase) in other assets	(134,235)
increase in other financial liabilities	42,668
increase in provisions	957
increase in trade payables	1,807,651
increase in contract liabilities	232,107
increase in other liabilities	34,787
Cash used in operating activities before taxes	**(10,947)**
Income taxes paid	(1,625)
Net cash outflow from operating activities (A)	**(12,572)**
B. CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment, intangible assets and intangible assets under development	(219,590)
Net cash used in investing activities (B)	**(219,590)**
C. CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of equity share capital	150,000
Proceeds from borrowings - related party	300,000
Net cash generated from financing activities (C)	**450,000**
Net increase in cash and cash equivalents (A+B+C)	217,838
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	**217,838**

The accompanying notes are an integral part of the special purpose financial information

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

StudioC Inc. is a corporation incorporated in the state of Delaware, USA. The company was incorporated on 11 February 2021 and commenced its operations from 27 November 2021. The Company's principal place of business is in New York. The Company is involved in trading of jewelry online under the brand name of 'CaratLane'. It is a wholly owned subsidiary of CaratLane Trading Private Limited, a company incorporated in India.

The financial statements are presented on a non-comparative basis for the fiscal year ended March 31, 2022.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

(i) Basis of Preparation

The Special Purpose Financial Information have been prepared in conformity with the Group accounting policies of CaratLane Trading Private Limited ('CaratLane'), which are in accordance with the recognition and measurement principles of Indian Accounting Standard notified under section 133 of the Companies Act 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015, including subsequent amendments] ('Ind AS') and other accounting principles generally accepted in India. The special purpose financial information has been prepared to facilitate CaratLane in preparation of its consolidated financial statements. The special purpose financial information includes the disclosures as required under Ind AS to the extent it facilitates and is applicable for preparation of CaratLane's consolidated financial statements.

(ii) Basis of measurement

The special purpose financial information has been prepared on an accrual basis under the historical cost convention.

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

(iii) Use of estimates, assumptions and judgement

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

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

(iv) Going concern and management's plans

The Company is subject to a number of risks similar to those of other entities in the early stage of operations. Principal among these risks is the competition from substitute products and larger companies, reliance on the support of related parties, the risks associated with changes in domestic and international economic or political conditions or regulations. The Company's long-term success is dependent upon its ability to successfully market its products and services, generate revenues, meet its financial obligations, maintain adequate financing, and ultimately attain profitable operations. During the year, the Company has sustained an operating loss of $ 1,061,269 and incurred negative cash flows from operations of $ 12,572. Even though these factors cast significant doubt on the Company's ability to continue as a going concern, in view of the continued support from the parent company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

(v) 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 special purpose financial information is presented in United States Dollars ("USD" or "$"), which is the Company's functional and presentation currency.

(vi) Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

(vii) Revenue recognition

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

The core principle is that an entity recognizes 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.

To achieve this core principle, the Company has applied the five-step process:
1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

The Company is involved in online sale of jewelry through prepaid orders on the Company's website. Revenue is measured based on the transaction price which is determined based on the price available on the website after applying strikethrough, coupon, and exceptional discounts, if any and other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company generally offers a return policy of 15 days and provides for an allowance for sales returns during the period in which the sales are made. Revenue and cost of revenue reported in the statement of loss are reduced to reflect estimated returns.

(viii) Property, plant and equipment

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

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

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

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

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

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

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

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

Depreciation methods, estimated useful life and residual value

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

Asset category	Management estimate of useful life
Furniture and fittings	10 years
Computer equipment	3 years
Office equipment	5 years
Jewellery Machine	15 years
Leasehold improvements	4 years

Depreciation for assets purchased / sold during the year is proportionally charged.

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

(ix) Intangible assets

(a) Internally generated : Research and development

Expenditure on research activities is recognized in the statement of loss as incurred.

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

(b) Amortization

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

Asset category	Management estimate of useful life
Website Development costs	3 years
Internal Use software	3 years

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

(x) Impairment

(a) Financial assets

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

(b) Non-financial assets
Intangible assets and property, plant and equipment

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

(xi) Leases

Company as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a. the contract involves the use of an identified asset;
b. the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
c. the Company has the right to direct the use of the asset.

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

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(xii) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined as follows:

Stock-in-trade is valued at weighted average / cost of purchase.

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.

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

(xiii) Foreign currency transactions and balances

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

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

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

(xiv) Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in statement of loss.

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

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

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

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

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

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

(xv) Financial instruments

Recognition of financial assets and financial liabilities:

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

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

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

A) Financial assets

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

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

(i) Financial assets carried at amortized cost

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

(ii) 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.

(iii) Financial assets at fair value through profit and loss

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

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

(i) Financial liabilities carried at amortized cost

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

(ii) Financial liabilities at fair value through profit and loss

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

Derecognition

Financial assets

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

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

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

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

(xvi) Provisions and contingent liabilities

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

b. Contingent liabilities

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

c. Onerous contracts

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

(xvii) Cash and cash equivalents

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

(xviii) Borrowing Cost

Borrowing costs are interest and other costs incurred in connection with borrowing of funds. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(xix) Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:
(a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
(b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
(c) Specified format for disclosure of shareholding of promoters
(d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
(e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
(f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:
(a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

StudioC Inc.
Notes to the financial statements
(All amounts in USD, unless otherwise stated)

1 Property, plant and equipment

Particulars	Gross carrying amount				Accumulated depreciation				Carrying amount (net)
	Opening Balance	Additions	Deletions	Closing Balance	Opening Balance	Charge for the period	Deletions	Closing Balance	Closing Balance
Tangible assets									
Furniture and fittings	-	1,380	-	1,380	-	33	-	33	1,347
Leasehold improvements	-	3,300	-	3,300	-	341	-	341	2,959
Computer equipment	-	3,933	-	3,933	-	411	-	411	3,522
Office equipment	-	9,932	-	9,932	-	529	-	529	9,403
Jewellery machine	-	575	-	575	-	16	-	16	559
Total	-	**19,120**	-	**19,120**	-	**1,330**	-	**1,330**	**17,790**

2 Intangible assets

Particulars	Gross carrying amount				Accumulated depreciation				Carrying amount (net)
	Opening Balance	Additions	Deletions	Closing Balance	Opening Balance	Charge for the period	Deletions	Closing Balance	Closing Balance
Website development costs	-	68,395	-	68,395	-	6,034	-	6,034	62,361
Internal use software	-	64,450	-	64,450	-	7,358	-	7,358	57,092
Total	-	**132,845**	-	**132,845**	-	**13,392**	-	**13,392**	**119,453**

3 Intangible assets under development

Particulars	Gross carrying amount				Accumulated depreciation				Carrying amount (net)
	Opening Balance	Additions	Deletions	Closing Balance	Opening Balance	Charge for the period	Deletions	Closing Balance	Closing Balance
Intangible assets under development	-	67,625	-	67,625	-	-	-	-	67,625
Total	**-**	**67,625**	**-**	**67,625**	**-**	**-**	**-**	**-**	**67,625**

Ageing of intangible assets under development

Particulars	Amount for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Projects in progress	67,625	-	-	-	67,625
(b) Projects temporarily suspended	-	-	-	-	-
Total	**67,625**	**-**	**-**	**-**	**67,625**

As at March 31, 2022 there were no projects under intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

4 Other non-current assets

Particulars	As at 31st Mar 2022
Unsecured, considered good	
Capital advances	2,590
Total	**2,590**

5 Inventories

Particulars	As at 31st Mar 2022
Stock-in-trade	909,944
Total	**909,944**

6 Cash and cash equivalents

Particulars	As at 31st Mar 2022
Cash on hand	3,314
Balances with banks	
(i) in current accounts	214,524
Total	**217,838**

There is no repatriation restriction with regard to cash and cash equivalents at the end of March 31, 2022.

7 Other financial assets

Particulars	As at 31st Mar 2022
Receivable from payment gateways	44,812
Other receivables	829
Total	**45,641**

8 Other current assets

Particulars	As at 31st Mar 2022
Unsecured, considered good	
Prepaid expenses	56,187
Contract assets	23,457
Advance to suppliers	50,000
Other assets	2,000
Total	**131,645**

9 Share capital

Particulars	As at 31st Mar 2022	
	No of shares	Amount
Auhorised equity share capital		
Equity share with no par value	1,000	-
Total authorised share capital	**1,000**	**-**
Issued, subscribed and fully paid up equity share capital		
Equity share with no par value	150	-
Total issued share capital	**150**	**-**

(i) Reconciliation of Number of Shares

Particulars	As at 31st Mar 2022	
	No of shares	Amount
Balance as at April 01, 2021	-	-
Add: Shares issued during the year	150	-
Balance as at March 31, 2022	**150**	**-**

(ii) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares with no par value. Each holder of equity shares is entitled to one vote per share.

(iii) Shareholding Pattern

Particulars	As at 31st Mar 2022	
	Percentage	No of shares
Holding Company - CaratLane Trading Private Limited	100%	150

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10 Other equity

Particulars	**As at 31st Mar 2022**
Securities premium	150,000
(Amounts received on issue of shares in excess of the par value has been classified as securities premium)	
Deficit in statement of profit and loss	(1,061,269)
Total	**(911,269)**

11 Borrowings

Particulars	**As at 31st Mar 2022**
Unsecured	
Long-term borrowings from related party*	300,000
Total	**300,000**

** Loan from CaratLane Trading Private Limited at an interest rate of 5% p.a repayable as mutually agreed between the parties not less than 2 years*

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12 Trade payables

Particulars	As at 31st Mar 2022
Dues to related parties*	
- Creditors for goods	1,205,181
- Creditors for services	106,312
Dues to Others	
- Creditors for goods	139,359
- Creditors for services	356,799
Total	**1,807,651**

*Transactions with Holding Company - CaratLane Trading Private Limited

Ageing of Trade payables

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade and other payables	1,807,651*	-	-	-	1,807,651
Total	**1,807,651**	**-**	**-**	**-**	**1,807,651**

*Includes trade payables which is not yet due

13 Other financial liabilities

Particulars	**As at 31st Mar 2022**
Capital creditors	42,668
Accrued interest	5,625
Total	**48,293**

14 Provisions

Particulars	**As at 31st Mar 2022**
Provision for warranty	957
Total	**957**

Movement below is for provision of warranty during the period:

Particulars	**As at 31st Mar 2022**
Opening balance	-
Provisions made during the period	957
Utilsations / reversed during the period	-
Provision at the end of the period	**957**

15 Other current liabilities

Particulars	**As at 31st Mar 2022**
Statutory dues	34,787
Total	**34,787**

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16 Revenue from operations

Particulars	For the year ended 31st Mar 2022
Sale of products	1,162,734
Other operating revenue	2,400
Total	**1,165,134**

Reconciliation of revenue recognised with contract price:

Particulars	For the year ended 31st Mar 2022
Contract price	1,629,619
Reduction towards variable components:	
Adjustments for refund liabilities and discounts	(466,885)
Revenue recognised	**1,162,734**

17 Other income

Particulars	For the year ended 31st Mar 2022
Miscellaneous income	842
Total	**842**

18 Purchases of stock-in-trade

Particulars	For the year ended 31st Mar 2022
Purchases of stock-in-trade	1,633,835
Direct Expenses	97,063
Total	**1,730,898**

19 Changes in inventories of stock-in-trade

Particulars	For the year ended 31st Mar 2022
Stock-in-trade	
- Closing stock	909,944
- Opening stock	-
Increase in inventory	**(909,944)**

20 Employee benefits expense

Particulars	For the year ended 31st Mar 2022
Director's Remuneration	15,547
Total	**15,547**

21 Finance cost

Particulars	For the year ended 31st Mar 2022
Interest on borrowings	5,625
Total	**5,625**

22 Depreciation and amortisation expense

Particulars	For the year ended 31st Mar 2022
Depreciation of property, plant and equipment (refer note 1)	1,330
Amortisation of intangible assets (refer note 2)	13,392
Total	**14,722**

23 Other expenses

Particulars	For the year ended 31st Mar 2022
Advertising	693,764
Commission Charges	44,930
Rent	15,986
Freight and forwarding	167,063
Professional service charges	189,570
Bank charges	1,980
Software expenditure	114,915
Communication expenses	986
Rates and taxes	14,352
Repairs and maintenance	487
Insurance	5,567
Payments to auditors (Refer note below)	10,500
Corporate Expenses	103,911
Miscellaneous expenses	4,761
Total	**1,368,772**

Payment to auditors

Particulars	For the year ended 31st Mar 2022
For statutory audit	10,500
For tax audit	-
Other matters	-
Reimbursement of out-of-pocket expenses	-
Total	**10,500**

NOTE C - INCOME TAXES

(a) Income Tax recognised in profit or loss:

Particulars	Year ended 31 March 2022
Current Tax:	
In respect of current year	1,625
Total income tax expense on continuing operations	**1,625**

(b) The reconciliation of estimated income tax expense at corporate tax rate of 23.20% payable by corporate entities in the US on taxable profits under US tax laws to income tax expense reported in statement of comprehensive income(loss) is as follows:

Particulars	Year ended 31 March 2022
Profit/(loss) before tax from continuing operations	(1,059,644)
Income tax expense calculated at 23.20%	-
Minimum state taxes	1,625
Income tax expense recognised In profit or loss from continuing operations	**1,625**

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st Mar 2022
Deductible Temporary differences (will never expire)	54,211
Unused Tax losses (revenue in nature)	2,014,116
Total	**2,068,327**

The Company has federal NOLs of $ 1,007,058 as at March 31, 2022. Such NOLs being generated after 2018-19 will be carried forward indefinitely.

The Company has state net operating loss carryforwards of approximately $ 1,007,058 as at March 31, 2022 which if unutilized will expire based on the statutes of various states.

NOTE D - REVENUE FROM CONTRACTS WITH CUSTOMERS

Contract Asset/ Liabilities:

Contract Asset/ Liability in the Balance Sheet represents provision for sales return computed as per relevant Ind AS Standards.

Nature	As at March 31, 2022
Contract liability	
Opening balance	-
Less: Provision reversed towards sales returns	-
Add: Provision towards sales return created	33,698
Add: Advance from Customers	198,409
Closing balance	**232,107**
Contract assets	
Opening balance	-
Less: Provision reversed towards sales returns	-
Add: Provision towards sales return created	23,457
Closing balance	**23,457**

NOTE E - RELATED PARTY TRANSACTIONS

(i) Related party disclosures

Nature of Relationship	Name of Related Party
Holding company	CaratLane Trading Private Limited
Other related parties	Rawat Gems LLC
	Freshworks Inc.
Key management personnel	Mr.Neeraj Rawat, Director

(ii) Transactions during the year

Name of Related Party	Nature of Transaction	Amount
CaratLane Trading Private Limited	Purchase of Goods	1,366,586
	Loan Availed	300,000
	Interest on Loan	5,625
	Inter Company Corporate Expenses	103,911
	Reimbursement of expenses	2,402
Freshworks Inc	IT Support and Maintenance Services	9,500
Neeraj Rawat	Director Remuneration	15,547

(iii) Balances as at year end

Name of Related Party	Nature of Transaction	Amount
CaratLane Trading Private Limited	Trade Payables	1,311,493
	Loan	300,000
	Interest on Loan payable	5,625
Freshworks Inc	Trade Payables	-

StudioC Inc.
Notes to the financial statements
(All amounts in USD, unless otherwise stated)

NOTE F - DISCLOSURE OF RATIOS

Ratio	Current year
(a) Current ratio	0.61
(b) Debt-equity ratio	(0.33)
(c) Debt service coverage ratio	(184.76)
(d) Return on equity ratio	1.16
(e) Inventory turnover ratio	0.90
(f) Trade payables turnover ratio	0.90
(g) Net capital turnover ratio	(1.28)
(h) Net profit ratio	-91.09%
(i) Return on capital employed	1.70

Note :
(a) Current ratio = Current asset/Current liabilities
(b) Debt-equity ratio = Total Debt/Total Equity
(c) Debt service coverage ratio = Profit before finance costs, depreciation and amortisation and tax ('EBITDA') / (Finance costs + Principal repayments during the year)
(d) Return on equity ratio = Profit after Tax/Total Equity
(e) Inventory turnover ratio = Sum of cost of materials consumed, purchase of stock-in-trade, changes in inventories of stock-in-trade ('Cost of goods sold') / Average inventory
(f) Trade payables turnover ratio = Net Credit Purchases / Average Accounts Payable
(g) Net capital turnover ratio = Sales/Net Assets
(h) Net profit ratio = Net profit after Tax/Revenue from Operations
(i) Return on capital employed = Profit before finance costs, depreciation and amortisation/Capital Employed
(j) Capital Employed = Total Assets - Current Liabilities

NOTE G - COMMITMENTS & CONTIGENCIES

Party Name	Nature	For FY 2022-23	Period of Contract
5W Public Relations, LLC	Digital marketing	$ 25,000	4 months from February 11th, 2021
J.Zupnik & Co. LLC	Lease Rental*	$ 10,000	12 month period ending 31st Aug 2022

As per the company's policy, since the lease term is for a period of twelve months only, the company has elected to take the short term exemption for recognition of leases as per Ind AS 116.

NOTE H - SUBSEQUENT EVENTS

No significant subsequent events were identified post the Balance sheet date up to the date when the special purpose financial information are available to be issued.