

## **INDEPENDENT AUDITOR'S REPORT To The Members of Kalyan Jewellers India Limited**

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Kalyan Jewellers India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

### **Auditor's Responsibility**

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

In conducting 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 and the Order issued under Section 143(11) of the Act.

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



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

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

### **Opinion**

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the 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 standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company 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.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - 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.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018)



A handwritten signature in blue ink, appearing to read "C.R. Rajagopal", written over a horizontal line.

**C.R. Rajagopal**

Partner

(Membership No. 023418)

Place: Coimbatore

Date: July 26, 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 Kalyan Jewellers India Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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





### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018)

A handwritten signature in blue ink, appearing to read "C.R. Rajagopal", written over a horizontal line.

**C.R. Rajagopal**

Partner

(Membership No. 023418)

Place: Coimbatore

Date: July 26, 2018

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph (2) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

Immovable properties of land and buildings whose title deeds have been pledged with banks as security for term loans, are held in the name of the Company based on the Mortgage deed executed between the bank and the Company for which confirmations have been obtained from respective bankers.

- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. In respect of the loans, secured or unsecured, granted by the Company to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:
  - (a) In our opinion and according to the information given to us, the terms and conditions of the loans given by the Company are prima facie, not prejudicial to the interest of the Company.
  - (b) The Company has granted loans that are re-payable on demand to companies covered in the register maintained under section 189 of the Act. We are informed that the repayment of loan will be received as and when the demands are raised; and since no demands has been raised, there has been no default on the part of the parties to whom the monies have been lent.
  - (c) There is no amount overdue for more than 90 days at the balance sheet date.

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.



- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the Order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable, other than provident fund dues of `4.80 Millions, which is represented by the Management as being on account of employee details mismatch between EPF authorities and Aadhar database.
- (c) Details of dues of Service Tax, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

<b>Name of statute</b>	<b>Nature of dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which amount relates</b>	<b>Amount unpaid (in Millions)</b>
Kerala Value Added Tax Act, 2003	Kerala VAT dues	Deputy Commissioner (Appeals)/Appellate Tribunal/ High Court	2009-10 to 2015-16	69.86 <sup>1</sup>
Tamil Nadu Value Added Tax, 2006	Tamil Nadu VAT dues	High court of Chennai	2008-09 to 2013-14 (Except 2012-13)	10.18 <sup>2</sup>
Orissa Value Added Tax, 2004	Orissa VAT dues	Deputy commissioner of sales tax, Bhubaneswar	April 2015 – September 2016	1.80 <sup>3</sup>
The Gujarat Value Added Tax Act, 2003	Gujarat VAT dues	Assistant Commissioner, Commercial Tax, Ahmedabad	2012-13	6.85 <sup>4</sup>
The Finance Act, 1994	Service tax dues	Assistant Commissioner – CESTAT	2010-11 to 2014-15	18.04 <sup>5</sup>

<sup>1</sup> Net of ` 12.93 million paid under protest

<sup>2</sup> Net of ` 26.97 million paid under protest

<sup>3</sup> Net of ` 0.70 million paid under protest

<sup>4</sup> Net of ` 1.71 million paid under protest

<sup>5</sup> Net of ` 16.40 million paid under protest



- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has made preferential allotment through private placement of shares during the year under review.
- In respect of the above issue, we further report that:
- a. the requirement of Section 42 of the Act, as applicable, have been complied with; and
- b. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.



For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

  
**C.R. Rajagopal**  
Partner  
(Membership No. 023418)

Kalyan Jewellers India Limited  
Balance Sheet as at March 31, 2018

		₹ in Millions	
Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3A	9,285.22	8,030.86
(b) Capital work-in-progress		162.52	-
(c) Investment property	4	622.29	622.29
(d) Intangible assets	3B	125.43	72.44
(e) Investments in subsidiaries	5	2,601.43	2,515.93
(f) Financial assets			
(i) Other financial assets	6	370.79	287.01
(g) Deferred tax assets (net)		-	56.52
(h) Other non-current assets	7	1,479.85	1,362.25
<b>Total non-current assets</b>		<b>14,647.53</b>	<b>12,947.30</b>
<b>II Current assets</b>			
(a) Inventories	8	39,729.55	34,057.07
(b) Financial assets			
(i) Trade receivables	9	7.26	58.36
(ii) Cash and cash equivalents	10	1,151.74	635.18
(iii) Bank balances other than (ii) above	10	5,740.46	4,623.47
(iv) Other financial assets	6	4,270.10	2,193.44
(c) Other current assets	7	898.09	633.31
<b>Total current assets</b>		<b>51,797.20</b>	<b>42,200.83</b>
<b>Total assets (I+II)</b>		<b>66,444.73</b>	<b>55,148.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	11	8,392.42	8,392.42
(b) Compulsorily convertible preference share capital	11	1,190.48	-
(c) Other equity	12	11,220.08	6,416.38
<b>Total equity</b>		<b>20,802.98</b>	<b>14,808.80</b>
<b>II LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	1,647.85	2,618.95
(b) Provisions	14	164.71	80.66
(c) Deferred tax liabilities (net)	24	62.90	-
<b>Total non-current liabilities</b>		<b>1,875.46</b>	<b>2,699.61</b>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	13,746.67	21,680.40
(ii) Trade payables	15	19,198.50	6,800.99
(iii) Other financial liabilities	16	1,635.39	1,129.47
(b) Provisions	14	44.10	68.84
(c) Other current liabilities	17	8,693.38	7,870.54
(d) Current tax liabilities (net)		448.25	89.48
<b>Total current liabilities</b>		<b>43,766.29</b>	<b>37,639.72</b>
<b>Total equity and liabilities (I+II)</b>		<b>66,444.73</b>	<b>55,148.13</b>
See accompanying notes to the financial statements			

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

C R Rajagopal  
Partner



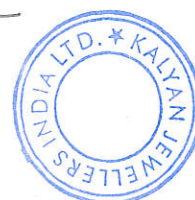
T.S. Kalyanaraman  
Managing Director

V. Swaminathan  
Chief Financial Officer

T.K. Ramesh  
Director

Sreejithraj P  
Company Secretary

T.K. Seetharam  
Director



Place: Thrissur  
Date: July 26, 2018

Place: Thrissur  
Date: July 26, 2018



Kalyan Jewellers India Limited  
Statement of Profit and Loss for the year ended March 31, 2018

₹ in Millions

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue from operations	18	82,754.75	75,552.29
II Other income	19	435.38	513.17
III Total income (I+II)		83,190.13	76,065.46
IV EXPENSES			
Cost of materials consumed	20.a	74,188.17	66,719.77
Changes in stock of finished goods, work-in-progress and stock-in-trade	20.b	(4,911.22)	(5,199.85)
Excise duty on sale of goods		219.32	599.60
Employee benefits expense	21	3,026.59	2,558.18
Finance costs	22	2,337.11	3,138.15
Depreciation and amortisation expense	3C	818.21	775.40
Other expenses	23	5,316.53	6,085.21
Total expenses		80,994.71	74,676.46
V Profit before tax		2,195.42	1,389.00
VI Tax expense			
Current tax	24	753.69	226.18
Less: MAT credit		-	(105.37)
Deferred tax	24	65.83	123.37
Total tax expense		819.52	244.18
VII Profit for the year		1,375.90	1,144.82
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of employee defined benefit plans		(74.56)	(10.69)
(b) Income tax on (a) above		25.81	3.70
(ii) Items that will be reclassified to profit or loss			
(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		(509.21)	-
(d) Income tax on (c) above		176.24	-
Total comprehensive income for the year		994.18	1,137.83
IX Earnings per equity share of face value of ₹ 10/-			
Basic	26	1.64	1.36
Diluted	26	1.46	1.36
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

C R Rajagopal  
Partner



T.S. Kalyanaraman  
Managing Director

T.K. Ramesh  
Director

T.K. Seetharam  
Director

V. Swaminathan  
Chief Financial Officer

Sreejithraj P  
Company Secretary



Place: Thrissur  
Date: July 26, 2018

Place: Thrissur  
Date: July 26, 2018

Kalyan Jewellers India Limited  
Statement of Changes in Equity for the year ended March 31, 2018

a. Equity share capital

₹ in Millions

Balance as at April 1, 2017	8,392.42
Changes in equity share capital during the year	-
Balance as at March 31, 2018	8,392.42

b. Compulsorily convertible preference share capital

₹ in Millions

Balance as at April 1, 2017	-
Issue of preference share capital	1,190.48
Balance as at March 31, 2018	1,190.48

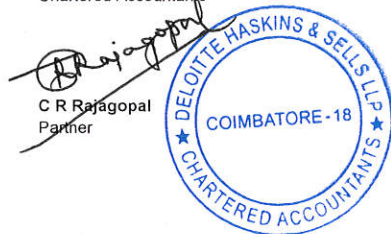
c. Other Equity

₹ in Millions

Particulars	Reserves & Surplus		Other Comprehensive Income		Total other equity
	Securities premium reserve	Retained earnings	Hedging instruments in cash flow	Employee defined benefit plan	
Balance as at April 1, 2017	5,398.58	1,034.57	-	(16.77)	6,416.38
Profit for the year (net of taxes)	-	1,375.90	-	-	1,375.90
Other Comprehensive Income for the year (net of taxes)	-	-	(332.97)	(48.75)	(381.72)
Total Comprehensive income for the year	-	1,375.90	(332.97)	(48.75)	994.18
Share issue premium	3,809.52	-	-	-	3,809.52
Balance as at March 31, 2018	9,208.10	2,410.47	(332.97)	(65.52)	11,220.08

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors



T.S. Kalyanaraman  
Managing Director

V. Swaminathan  
Chief Financial Officer

T.K. Ramesh  
Director

T.K. Seetharam  
Director

Sreejithraj P  
Company Secretary



Place: Thrissur  
Date: July 26, 2018

Place: Thrissur  
Date: July 26, 2018

Kalyan Jewellers India Limited  
Cash Flow Statement for the year ended March 31, 2018






Particulars	₹ in Millions	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Cash flow from operating activities</b>		
Profit before tax	2,195.42	1,389.00
Adjustments for:		
Depreciation and amortisation expense	818.21	775.40
Net loss/(gain) on disposal of property, plant and equipment	0.09	(49.71)
Plant, property and equipment written off	9.93	-
Reversal of liability no longer required recognised in the statement of profit and loss	(472.43)	-
Bad trade and other advances written off	51.08	5.69
Interest income	(400.32)	(456.76)
Net unrealised exchange loss/(gain)	(9.52)	51.37
Interest expense	2,246.89	3,034.40
Operating profit before working capital changes	4,439.35	4,749.39
Adjustments for:		
(Increase)/decrease in inventories	(5,672.48)	(3,849.61)
(Increase)/decrease in trade receivables	51.09	143.45
(Increase)/decrease in other current financial assets	(2,063.30)	(208.16)
(Increase)/decrease in other current assets	(266.45)	916.34
(Increase)/decrease in other non-current financial assets	(83.62)	780.33
(Increase)/decrease in other non-current assets	11.27	(173.32)
Increase/(decrease) in trade payables	12,322.95	(1,388.99)
Increase/(decrease) in provisions	(449.85)	(11.23)
Increase/(decrease) in other financial liabilities	548.34	(148.48)
Increase/(decrease) in other current liabilities	1,256.14	(171.79)
<b>Cash generated from operations</b>	<b>10,093.43</b>	<b>637.93</b>
Net income tax paid	(402.84)	(139.29)
<b>Net cash flow from operating activities (A)</b>	<b>9,690.59</b>	<b>498.64</b>
<b>B. Cash flow from investing activities</b>		
Additions to property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(2,124.27)	(1,139.25)
Bank balances not considered as cash and cash equivalents	(1,116.99)	(352.66)
Investment in subsidiaries	(85.50)	-
Interest received	346.92	341.36
<b>Net cash used in investing activities (B)</b>	<b>(2,979.84)</b>	<b>(1,150.55)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	7,514.76	9,516.92
Repayment of borrowings	(16,467.48)	(5,797.72)
Proceeds from issue of compulsorily convertible preference shares	5,000.00	-
Finance costs	(2,241.42)	(3,016.63)
Dividends paid, including tax thereon	(0.05)	(0.01)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(6,194.19)</b>	<b>702.56</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>516.56</b>	<b>50.65</b>
Cash and cash equivalents at the beginning of the year (refer note 10)	635.18	584.53
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<b>1,151.74</b>	<b>635.18</b>
See accompanying notes to the financial statements		

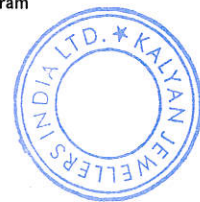
In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Place: Thrissur  
Date: July 26, 2018

For and on behalf of the Board of Directors

 T.S. Kalyanaraman  
Managing Director  
 T.K. Ramesh  
Director  
 T.K. Seetharam  
Director  
 V. Swaminathan  
Chief Financial Officer  
 Sreejithraj P  
Company Secretary



Place: Thrissur  
Date: July 26, 2018

Kalyan Jewellers India Limited  
Notes to the Standalone financial statements for the year ended March 31, 2018

Note 3A - Property, plant and equipment

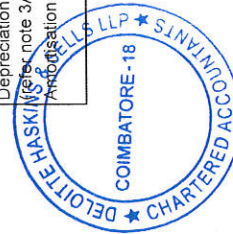
Description of Assets	Freehold Land	Helipad	Buildings	Plant & machinery	Office equipment	Computers	Furniture and fixtures	Aeroplanes / helicopters	Vehicles	Total property, plant and equipment
I. At cost or deemed cost										
Balance as at March 31, 2017	1,443.02	30.80	633.01	36.80	621.46	91.46	3,788.70	2,359.60	339.21	9,344.06
Additions	384.04	-	332.75	3.80	87.23	6.56	861.76	340.93	39.07	2,056.14
Disposals	-	-	-	-	-	-	16.18	-	12.04	28.22
Balance as at March 31, 2018	1,827.06	30.80	965.76	40.60	708.69	98.02	4,634.28	2,700.53	366.24	11,371.98
II. Accumulated Depreciation										
Balance as at March 31, 2017	-	2.02	40.64	4.24	315.29	68.08	598.38	189.71	94.81	1,313.18
Charge for the year	-	2.74	25.65	2.83	127.56	16.38	480.05	82.70	51.71	789.62
Disposals	-	-	-	-	-	-	7.86	-	8.18	16.04
Balance as at March 31, 2018	-	4.76	66.29	7.07	442.85	84.46	1,070.57	272.41	138.34	2,086.76
Carrying value (I-II)										
Balance as at March 31, 2018	1,827.06	26.04	899.47	33.53	265.84	13.56	3,563.71	2,428.12	227.90	9,285.22
Balance as at March 31, 2017	1,443.02	28.77	592.37	32.55	306.16	23.38	3,190.32	2,169.89	244.40	8,030.86

Note 3B - Intangible assets

Description of Assets	Software
I. At cost or deemed cost	
Balance as at March 31, 2017	113.64
Additions	81.57
Disposals	-
Balance as at March 31, 2018	195.21
II. Accumulated Depreciation	
Balance as at March 31, 2017	41.19
Charge for the year	28.59
Disposals	-
Balance as at March 31, 2018	69.78
Carrying value (I-II)	
Balance as at March 31, 2018	125.43
Balance as at March 31, 2017	72.44

Note 3C - Depreciation and Amortisation Expense

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment	789.62	762.03
Amortisation of intangible assets (refer note 3B)	28.59	13.37
	818.21	775.40





**Note 4 - Investment property**

₹ in Millions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Cost or deemed cost</b>		
Balance at beginning of the year	622.29	557.76
Additions/(Disposals)	-	-
Transfer from asset held for sale	-	64.53
<b>Balance at end of the year</b>	<b>622.29</b>	<b>622.29</b>
<b>Accumulated depreciation</b>		
Balance at beginning of the year	-	-
Additions/(Disposals)	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>
<b>Net Block</b>	<b>622.29</b>	<b>622.29</b>

**Information regarding income and expenditure of investment property**

₹ in Millions

Particulars	As at March 31, 2018	As at March 31, 2017
Rental Income derived from investment properties	-	-
Direct operating expenses (including repairs and maintenance)	-	(0.02)
Loss arising from investment properties before depreciation	-	(0.02)
Depreciation	-	-
<b>Loss arising from investment properties</b>	<b>-</b>	<b>(0.02)</b>

The Company's investment properties consist of free hold land and therefore no depreciation is chargeable.

The Company's investment properties consist of seven properties in the nature of free hold land in India. As at March 31, 2018, and March 31, 2017, the fair value of the properties are ₹ 1,332.99 millions. These are based on valuations performed by independent valuers for the purposes of bank financing at the time availing such financing facility. The management has considered these valuations on the basis that there is no material change in the value of property since acquired. The fair value hierarchy is at level 2, which is derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.(refer note 31.2B for note on fair value hierarchy).

**Note 5 - Investments**

₹ in Millions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investment in equity instruments (unquoted)</b>		
<b>In wholly owned subsidiary companies</b>		
Kalyan Jewellers FZE - 150 shares of 1,000,000 AED each fully paid up	2,515.43	2,515.43
Kalyan Jewellers Ministores Private Limited - 50,000 shares of ₹10 each fully paid up (refer note below)	0.50	0.50
<b>In subsidiaries</b>		
Enovate Lifestyles Private Limited - 226,240 shares of ₹10 each, of which 66,240 shares fully paid up and 160,000 shares partly paid up	85.50	-
	<b>2,601.43</b>	<b>2,515.93</b>
<b>Aggregate value of unquoted investments</b>	<b>2,601.43</b>	<b>2,515.93</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>-</b>	<b>-</b>

Note: The Board of Directors in its meeting held on July 26, 2018 have approved the amalgamation of Kalyan Jewellers Ministores Private Limited, a wholly owned subsidiary of the Company with the Company in accordance with section 233 of the Companies Act, 2013 along with all other applicable provisions thereof.

**Note 6 - Other financial assets**

(Unsecured and considered good)

₹ in Millions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
<b>Measured at amortised cost</b>		
Security deposits	333.78	287.01
Earmarked deposits with remaining maturity period greater than 12 months	36.85	-
Interest accrued on deposits	0.16	-
	<b>370.79</b>	<b>287.01</b>
<b>Current</b>		
<b>At cost</b>		
Loans to related parties (refer note 30)	3,234.94	1,234.36
Interest accrued on loans and deposits		
Loan to wholly owned subsidiary (refer note 30)	678.69	629.28
Deposits	25.78	21.95
Security deposits	330.69	252.51
<b>At fair value</b>		
Derivatives financial instruments designated and effective as hedging instruments	-	55.34
	<b>4,270.10</b>	<b>2,193.44</b>





Kalyan Jewellers India Limited  
Notes to the Standalone financial statements for the year ended March 31, 2018

**Note 7 - Other assets**  
(Unsecured and considered good)

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Capital advance	62.18	196.88
Deferred rental reserve	452.21	469.01
Balances with revenue authorities		
- Amount paid under protest	66.06	60.52
- Dues from Kerala VAT Department	494.67	494.67
Advance income tax (Net of provisions)	404.73	141.17
	<b>1,479.85</b>	<b>1,362.25</b>
<b>Current</b>		
Advance to related parties (refer note: 30)	61.11	117.10
Balances with revenue authorities	425.23	210.72
Prepaid expenses	46.87	27.73
Advance to suppliers	348.51	265.90
Other assets	16.37	11.86
	<b>898.09</b>	<b>633.31</b>

**Note 8 - Inventories**  
(Lower of cost or net realisable value)

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	2,435.00	1,673.74
Work-in-progress	5,245.04	6,443.68
Finished goods	32,049.51	24,451.14
Stock-in-trade	-	1,488.51
	<b>39,729.55</b>	<b>34,057.07</b>

Note: (i) The cost of inventories recognised as expense during the year is ₹ 69,276.95 millions as at March 31, 2018 (2017: ₹ 61,519.93 millions)  
(ii) The mode of valuation of inventories has been stated in note 2(xiv)  
(iii) During the year, the Company has changed its accounting policy on gold jewellery from weighted average to first in first out basis to align with its hedging objectives and industry practices. The change has been applied on a retrospective basis as per Ind AS 8, has resulted in increase in the profit by ₹ 356.38 millions.

**Note 9 - Trade receivables**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered Good	-	9.06
Considered Doubtful	1.91	-
Less: Provision for doubtful debts	(1.91)	-
<b>Other trade receivables</b>		
Considered Good	7.26	49.30
Considered Doubtful	3.65	-
Less: Provision for doubtful debts	(3.65)	-
	<b>7.26</b>	<b>58.36</b>

The Company generally operates on a cash and carry model, and hence the expected credit loss allowance for trade receivables is insignificant. The concentration of credit risk is also limited due to the fact that the customer base is large and unrelated.

**Note 10 - Cash and bank balances**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents</b>		
Cash in hand	187.52	150.76
Balances with banks		
(i) Current accounts (refer note (i) below)	730.59	449.47
(ii) Funds in transit	83.63	34.95
(iii) Fixed deposit	150.00	-
<b>Total cash and cash equivalents as per Ind AS 7</b>	<b>1,151.74</b>	<b>635.18</b>
<b>Bank Balances other than cash and cash equivalents above</b>		
(iv) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	4,403.48	4,340.90
(v) Balances with banks held as margin money	1,336.98	282.57
	<b>5,740.46</b>	<b>4,623.47</b>

Note (i) Balance with current account includes funds in transit - ₹ 24.25 millions (2017: ₹ 5.49 millions)  
(ii) The deposits maintained by the Company with banks comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.



## Note 11 - Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount ₹ in millions	No. of shares	Amount ₹ in millions
<b>(a) Authorised*</b>				
Equity shares of ₹10 each with voting rights	840,000,000	8,400.00	840,000,000	8,400.00
0.001% Compulsorily convertible preference shares of ₹10 each	200,000,000	2,000.00	200,000,000	2,000.00
<b>(b) Issued, Subscribed and fully paid up</b>				
Equity shares of ₹10 each with voting rights	839,241,600	8,392.42	839,241,600	8,392.42
0.001% Compulsorily convertible preference shares of ₹10 each	119,047,619	1,190.48	-	-
<b>Total</b>	<b>958,289,219</b>	<b>9,582.90</b>	<b>839,241,600</b>	<b>8,392.42</b>

\* Pursuant to the approval of the members of the company in the Extra Ordinary General meeting held on April 25, 2018 the authorised share capital of the company is increased to ₹ 14,000 millions divided into 1,200,000,000 equity shares of ₹ 10 each and 200,000,000 Compulsorily convertible preference shares of ₹ 10 each.

**(c) Rights, preferences and restrictions attached to shares**

The company has only one class of equity shares having a par value of ₹10/- per share. Each share holder is entitled for one vote. As per the terms of the Share holder's Agreement, the Company shall declare an annual dividend payable to the share holders in proportion to the respective equity shares held by them on a fully diluted basis. However during the current year the share holders have waived their rights to receive dividend. Repayment of share capital on liquidation will be in proportion to the number of equity shares held.

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

Particulars	Opening Balance	Fresh Issue / Conversion / Redemption	Closing Balance
<b>Equity shares with voting rights</b>			
Year ended March 31, 2018			
- Number of shares	839,241,600	-	839,241,600
- Amount (₹ in millions)	8,392.42	-	8,392.42
Year ended March 31, 2017			
- Number of shares	704,259,970	134,981,630	839,241,600
- Amount (₹ in millions)	7,042.60	1,349.82	8,392.42
<b>Compulsorily convertible preference shares</b>			
Year ended March 31, 2018			
- Number of shares	-	119,047,619	119,047,619
- Amount (₹ in millions)	-	1,190.48	1,190.48
Year ended March 31, 2017			
- Number of shares	200,000,000	(200,000,000)	-
- Amount (₹ in millions)	2,000.00	(2,000.00)	-

**(e) Shareholders holding more than 5% shares in the Company**

Class of shares / Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
T.S. Kalyanaraman	218,088,480	25.99%	260,752,148	31.07%
T.K. Seetharam	138,323,492	16.48%	138,323,492	16.48%
T.K. Ramesh	138,323,492	16.48%	95,659,824	11.40%
T.K. Radhika	35,772,038	4.26%	35,772,038	4.26%
N.V. Ramadevi	35,772,038	4.26%	35,772,038	4.26%
Maya Seetharam	35,772,038	4.26%	35,772,038	4.26%
Deepa Ramesh	35,772,038	4.26%	35,772,038	4.26%
Highdell Investment Ltd	201,417,984	24.00%	201,417,984	24.00%
<b>Compulsorily convertible preference shares</b>				
Highdell Investment Ltd	119,047,619	100%	-	-



**Kalyan Jewellers India Limited**

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

**(f) Notes**

(i) Pursuant to the approval of the members of the Company in the Extra Ordinary General meeting held on January 25, 2017, the authorised share capital of the Company has been increased from ₹ 8000 million divided into 800,000,000 equity shares of ₹10 each to ₹8400 million divided into 840,000,000 Equity Shares of ₹10 each. There is no change in the authorised share capital of Compulsorily convertible preference shares

(ii) Pursuant to the Subscription and Share Purchase Agreement dated March 31, 2017, entered into between the Company, its promoters, Investor and Other Sellers as defined in the agreement, the Company has issued 0.001% 119,047,619 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹32/- each to Highdell Investment Ltd ("Investor"), the proceeds of which shall be used for purposes of funding the growth and expansion of the Company, meeting the working/capital expenditure and for the general corporate purposes. The preference shares are Compulsorily Convertible into equity shares based on various conversion and exit options at an agreed internal rate of return as per the terms of agreement.

**Note 12 - Other equity**

Particulars	₹ in Millions	
	As at March 31, 2018	As at March 31, 2017
<b>Securities premium reserve (refer 12.a)</b> (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	9,208.10	5,398.58
<b>Retained earnings (refer 12.b)</b> (Retained earnings comprise of the Company's undistributed earnings after taxes)	2,410.47	1,034.57
<b>Other comprehensive income (refer 12.c)</b> (Items of other comprehensive income consists of effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge and remeasurement of net defined benefit liability/asset)	(398.49)	(16.77)
	<b>11,220.08</b>	<b>6,416.38</b>

Particulars	₹ in Millions	
	As at March 31, 2018	As at March 31, 2017
<b>12.a Securities premium reserve</b>		
Balance at beginning of the year	5,398.58	4,748.40
Share issue premium	3,809.52	650.18
<b>Balance at end of the year</b>	<b>9,208.10</b>	<b>5,398.58</b>
<b>12.b Retained earnings</b>		
Balance at beginning of the year*	1,034.57	(110.23)
Profit attributable to owners of the Company	1,375.90	1,144.82
Preference share dividends	-	(0.02)
Tax on dividend	-	-
<b>Balance at end of the year</b>	<b>2,410.47</b>	<b>1,034.57</b>
*Refer note 8(iii)		
<b>12.c Other comprehensive income</b>		
Balance at beginning of the year	(16.77)	(9.78)
Remeasurement of defined benefit obligations (net of tax)	(48.75)	(6.99)
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge (net of tax)	(332.97)	-
<b>Balance at end of the year</b>	<b>(398.49)</b>	<b>(16.77)</b>





**Note 13 - Borrowings**  
**Non-current**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured - at amortised cost</b>		
Terms loans from banks (refer note (i) below)	2,665.73	3,684.73
Less: Current maturities of long-term debt (refer note 16)	(1,017.88)	(1,065.78)
	<b>1,647.85</b>	<b>2,618.95</b>

(i) Details of terms of repayment of long-term borrowings and interest thereon are as follows:

₹ in Millions			
Particulars	Terms of repayment	As at March 31, 2018	As at March 31, 2017
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 5.21 millions each commencing from 31 March 2015 & ending 31 March 2019. Interest is charged at base rate plus 235 bps calculated on 360 days basis payable monthly. b) Prepayment charges: No prepayment charges as per sanction order. c) Default charges: 3% above the normal rate of interest.	62.33	125.22
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 7.81 million and in 46 monthly instalments of ₹ 8.15 million each commencing from 12 December 2014 and 18 February 2015 respectively & ending 12 December 2018. Interest is charged at base rate plus 235 bps calculated on 360 days basis payable monthly. b) Prepayment charges: 2% on the outstanding amount. c) Default charges: 2% above the normal rate of interest.	143.20	335.26
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 5.21 millions each commencing from 28 February 2017 & ending 30 March 2019. Interest is charged at base rate plus 205 bps calculated on 360 days basis payable monthly. b) Prepayment charges: No prepayment charges as per sanction order. c) Default charges: 2% above the normal rate of interest.	176.85	237.63
State Bank of India (Term loan)	a) Repayable in 46 monthly instalments commencing from 1 June 2017 & ending 1 March 2021 amounting to ₹ 62.5 millions per quarter. Interest is charged at 1.90% above SBI base rate with two years reset. b) Prepayment charges: No prepayment charges as per sanction order. c) Default charges: 2% above the normal rate of interest.	746.77	994.63
State Bank of India (Corporate term loan)	a) Repayable in 48 Monthly Instalment of ₹ 41.6 millions each commencing from April 2017 to 31 March 2021 Interest charged at 11.15 %. b) Prepayment charges: No prepayment charges as per sanction order. c) Default charges: 2% above the normal rate of interest.	1,536.58	1,991.99
(ii) Details of Securities provided	<b>HDFC Bank</b> a) First pari passu charge on the Legacy 650 Jet Aircraft with SBI for the term loan facility. b) Pari passu charge on other movable fixed assets of the company along with other term loan lenders. c) Personal guarantee of promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K Seetharam, Mr.T.K Ramesh <b>State Bank of India</b> <b>Term Loan:</b> a) First pari passu charge on the current assets of the company along with other working capital lenders. b) First charge over the fixed assets of the company excluding a) the aircrafts and b) the landed properties belonging to the company and mortgaged to the consortium as collateral security for working capital exposure on pari passu basis. Personal guarantees by promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K Seetharam, Mr.T.K Ramesh and their relatives - Mrs.N.V.Ramadevi, Mrs.Maya Seetharam, Mrs.Deepa Ramesh & Mrs.T.K.Radhika c) First charge over the Aircrafts owned by the company on pari passu basis with HDFC bank. <b>Corporate Term Loan:</b> a) First charge over the fixed assets of the company excluding a) the aircrafts and b) the landed properties belonging to the company and mortgaged to the consortium as collateral security for working capital exposure on pari passu basis with HDFC.		



**Current**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured - at amortised cost</b>		
Loans repayable on demand from banks (refer note below)	13,746.67	21,680.40
	<b>13,746.67</b>	<b>21,680.40</b>

(i) Details of short-term borrowings

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Loans repayable on demand from banks</b>		
State Bank of India	1,253.06	3,662.87
Axis Bank	0.28	225.05
HDFC Bank	1,020.00	770.00
Indian Overseas Bank	1,478.85	2,993.92
State Bank of India (State Bank of Hyderabad)	112.79	2,946.17
State Bank of India (State Bank of Mysore)	-	1,747.70
State Bank of India (State Bank of Travancore)	1,347.13	5,898.28
South Indian Bank	247.27	1,197.47
IDBI Bank	292.77	740.18
Syndicate Bank	1,499.76	1,498.76
Bank of Baroda	3,995.37	-
Bank of India	998.61	-
Canara Bank	1,500.78	-
<b>Total</b>	<b>13,746.67</b>	<b>21,680.40</b>

(ii) Details of securities for the secured short-term borrowings

- a) First pari passu charge on the entire current assets of the company viz. inventory, receivables and other current assets on pari passu basis with the member banks in consortium. Personal guarantees by promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K. Seetharam, Mr.T.K. Ramesh and their relatives - Mrs.N.V.Ramadevi, Mrs.Maya Seetharam, Mrs.Deepa Ramesh & Mrs.T.K.Radhika)
- b) Other charges : No Prepayment charges & Default charges as per sanction order.

**Note 14 - Provisions**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Provision for employee benefits - gratuity	164.71	80.66
	<b>164.71</b>	<b>80.66</b>
<b>Current</b>		
Provision for employee benefits - gratuity	44.09	30.24
Provision for proposed preference dividend (including dividend distribution tax)	0.01	0.06
Provision for customer loyalty programmes	-	38.54
	<b>44.10</b>	<b>68.84</b>

**Note 15 - Trade payables**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
Payable to micro and small enterprises	-	-
Others (refer note below)	19,198.50	6,800.99
	<b>19,198.50</b>	<b>6,800.99</b>

Note: (i) There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors. Hence, disclosures relating to amount unpaid as at year end together with interest paid/payable under this Act have not been given.

(ii) The average credit period on purchases is normally 90 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that payables are paid within the pre-agreed credit terms.

(iii) Includes metal gold loan of ₹ 13,985.92 millions (2017: ₹ 3,450.22 millions).

**Note 16 - Other Financial Liabilities**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt	1,017.88	1,065.78
Interest accrued on borrowings	66.95	61.48
Payable on purchase of property, plant and equipment	41.35	2.21
Derivatives financial instruments designated and effective as hedging instruments	509.21	-
	<b>1,635.39</b>	<b>1,129.47</b>

**Note 17 - Other current liabilities**

₹ in Millions		
Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues	82.60	415.02
Security deposit received from Employees	73.56	95.24
Deferred income	44.86	130.00
Advance from customers (refer note below)	8,492.36	7,230.28
	<b>8,693.38</b>	<b>7,870.54</b>

Advance from customers includes amounts of ₹ 2,973.30 millions (2017: ₹ 778.76 millions) received towards sale of jewellery products under various sale initiatives





Kalyan Jewellers India Limited  
Notes to the Standalone financial statements for the year ended March 31, 2018

Note 18 - Revenue from operations

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from sale of goods	82,135.63	75,301.62
Other operating revenue (refer note (i) below)	619.12	250.67
	<b>82,754.75</b>	<b>75,552.29</b>

Note (i)

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Other operating revenue comprises:</b>		
Discount received	97.05	11.26
Ear piercing income	3.08	4.42
Insurance service charges (net)	46.56	89.12
Income from recovery of making charges on account of discontinued schemes.	472.43	145.87
	<b>619.12</b>	<b>250.67</b>

Note 19 - Other income

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Recurring:</b>		
Interest Income earned on financial assets that are not designated as at fair value through profit or loss:		
(i) Bank deposits	216.61	316.27
(ii) Other financial assets	183.70	140.49
Gain on disposal of property, plant and equipment (Net)	-	49.71
Net gain on foreign currency transactions and translation	9.52	-
<b>Non-Recurring:</b>		
Liabilities no longer required written back	23.98	-
Miscellaneous income	1.57	6.70
	<b>435.38</b>	<b>513.17</b>

Note 20.a - Cost of materials consumed

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	1,673.74	3,023.98
Add: Purchases	74,949.43	65,369.53
	76,623.17	68,393.51
Less: Closing stock	(2,435.00)	(1,673.74)
	<b>74,188.17</b>	<b>66,719.77</b>

Note 20.b - Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Inventories at the end of the year:</b>		
Finished goods	32,049.51	24,451.14
Work-in-progress	5,245.04	6,443.68
Stock-in-trade	-	1,488.51
	37,294.55	32,383.33
<b>Inventories at the beginning of the year:</b>		
Finished goods	24,451.14	19,662.47
Work-in-progress	6,443.68	5,191.86
Stock-in-trade	1,488.51	2,329.15
	32,383.33	27,183.48
<b>Net increase</b>	<b>(4,911.22)</b>	<b>(5,199.85)</b>



Note 21 - Employee benefits expense

₹ in Millions		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	2,635.40	2,167.25
Contribution to provident and other funds	195.19	199.12
Gratuity	29.13	23.51
Staff welfare expenses	166.87	168.30
	<b>3,026.59</b>	<b>2,558.18</b>

Note 22 - Finance cost

₹ in Millions		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses	2,246.89	3,034.40
Other borrowing costs	90.22	103.75
	<b>2,337.11</b>	<b>3,138.15</b>

Note 23 - Other expenses

₹ in Millions		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and fuel	327.43	294.26
Freight and forwarding	4.56	12.76
Rent including lease rentals	1,487.46	1,321.05
Repairs and maintenance - Machinery	11.94	4.62
Repairs and maintenance - Others	189.53	201.31
Telephone and leased line expenses	58.76	61.77
Bank charges	195.64	151.31
Property, plant and equipment written off	9.93	-
Packing materials and compliments	116.44	112.20
Directors sitting fees	0.80	0.60
Rates and taxes	69.62	78.17
Expenditure on corporate social responsibility (refer note (i) below)	77.74	24.82
Insurance charges	20.06	27.30
Sales Promotion	448.19	239.94
Commission, and rebates	56.54	25.88
Advertisement expense	1,449.54	2,094.12
Excise duty	-	137.69
Auditors remuneration and out-of-pocket expenses (refer note (ii) below)	5.51	6.08
VAT Expenses	208.77	794.98
Legal and other professional costs	77.43	37.39
Donations and contributions (refer note (iii) below)	13.73	24.53
Travelling and conveyance	263.02	200.82
Printing and stationery	26.21	21.09
Bad trade and other advances written off	51.08	5.69
Provision for doubtful debts	5.56	-
Loss on disposal of property, plant and equipment (net)	0.09	-
Net loss on foreign currency transactions and translation	-	51.37
Security expenses	42.79	33.44
Miscellaneous expenses	98.16	122.02
	<b>5,316.53</b>	<b>6,085.21</b>

Note (i) Expenditure on corporate social responsibility

CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹ 13.13 millions (Previous Year ₹ 25.75 millions).

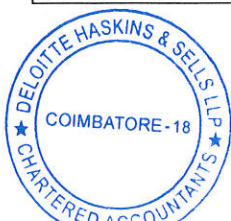
The amount spent during the year is on purposes of other than construction/acquisition of any asset.

Note (i) Payment to auditors

₹ in Millions		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Payments to the auditors comprise		
(a) To statutory auditors (inclusive of service tax)		
Audit	5.50	5.45
Taxation matters	-	0.61
Reimbursement of expenses	0.01	0.02
	<b>5.51</b>	<b>6.08</b>

Note (iii) Donations and contributions include donations made to the below political parties

₹ in Millions		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Bharatiya Janatha Party (BJP)	3.00	1.40
Communist Party of India - Marxist (CPIM)	1.06	0.03
Communist Party of India (CPI)	0.92	0.33
JDU State Committee	-	0.20
President DCC, Thrissur	-	0.03
Secretary, CPI Kerala State Council	-	1.00
Indian National Congress	0.75	-
	<b>5.73</b>	<b>2.99</b>



₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Current tax</b>		
In respect of the current year	739.47	220.52
Less: MAT Credit	-	(105.37)
In respect of prior years	14.22	5.66
<b>Deferred tax</b>	65.83	123.37
<b>Total income tax expense recognised during the year</b>	<b>819.52</b>	<b>244.18</b>
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
<b>Current Tax:</b>		
Profit before tax	2,195.42	1,389.00
Enacted income tax rate	34.61%	34.61%
Computed expected tax expense	759.79	480.71
<b>Effect of:</b>		
Expenses that are not deductible in determining taxable profit	(17.41)	(137.12)
Items of restatement and IndAS adjustments	-	(123.34)
Long term capital gain	-	0.27
Adjustments recognised in the current year in relation to prior years	14.22	5.66
Adjustment on account on MAT credit availed	-	(105.37)
Others	(2.91)	-
<b>Income tax expense recognised in the profit or loss</b>	<b>753.69</b>	<b>120.81</b>
<b>Deferred Tax:</b>		
Relating to the origination and reversal of temporary differences (see below)	65.83	123.37
<b>Tax expense reported in the Statement of Profit and Loss</b>	<b>819.52</b>	<b>244.18</b>

**Deferred tax**

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Opening balance</b>	(56.52)	(73.88)
MAT credit entitlement	255.64	(102.30)
<b>Recognised in Profit or loss</b>		
Property, plant and equipment	83.26	97.45
Defined benefit obligation	(8.08)	(6.66)
Provision for doubtful debts	(1.93)	-
Ind AS adjustments	(7.42)	32.58
	65.83	123.37
<b>Recognised in Other Comprehensive Income</b>		
Defined benefit obligation	25.81	3.70
Hedging instruments designated as cash flow hedges	176.24	-
<b>Closing balance</b>	<b>62.90</b>	<b>(56.52)</b>

**Deferred tax**

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Closing balance</b>		
MAT credit entitlement	(69.32)	(324.95)
Property, plant and equipment	390.06	306.81
Defined benefit obligation	(72.26)	(38.38)
Provision for doubtful debts	(1.93)	-
Ind AS adjustments	(7.42)	-
Hedging instruments designated as cash flow hedges	(176.24)	-





**Note 25 - Segment information**

The Chief Operating Decision Maker (CODM) of the Company examines the performance from the perspective of the Company as a whole viz. 'jewellery business' and hence there are no separate reportable segments as per Ind AS 108. There are no material individual markets outside India and hence the same is not disclosed for geographical segments for the segment revenues or results or assets. During the year ended March 31, 2018 and 2017 respectively, revenue from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from the external customers.

**Note 26 - Earnings per share (EPS)**

Particulars	₹ in Millions	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit attributable to ordinary shareholders - for Basic and Diluted EPS (₹ in millions)	1,375.90	1,144.82
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	839,241,600	839,241,600
Weighted Average Potential Equity Shares	105,675,147	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	944,916,747	839,241,600
Earnings per share of ₹ 10/-		
- Basic (in ₹)	1.64	1.36
- Diluted (in ₹)	1.46	1.36

**Note 27 - Operating leases**

**27.1 Leasing arrangements**

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 0 to 180 months and are renewable based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 20% every 1 to 3 years.

**27.2 Payments recognised as an expense**

Particulars	₹ in Millions	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Minimum lease payments	1,487.46	1,321.05

**27.3 Non-cancellable operating lease commitments**

The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

Particulars	₹ in Millions	
	For the year ended March 31, 2018	For the year ended March 31, 2017
For a period not later than one year	1,163.53	1,091.35
For a period later than one year but not later than five years	4,914.70	5,518.34
For a period later than five years	9,249.04	8,422.66
	15,327.27	15,032.35

**Note 28 - Contingent liabilities**

Particulars	₹ in Millions	
	As at March 31, 2018	As at March 31, 2017
<b>Other monies for which the Company is contingently liable:</b>		
- Disputed Sales Tax demands (out of which ₹ 42.31 millions (Previous Year ₹ 40.40 millions) have been deposited under protest).	131.00	121.68
- Disputed Service Tax demands (out of which ₹ 16.40 millions (Previous year ₹ 13.85 millions have been deposited under protest).	34.43	21.23
- The Company has provided Standby Letter of Credit to banks on behalf of its subsidiary - Kalyan Jewellers FZE	2,368.32	2,364.04
- Counter guarantee given to a bank for guarantees issued by it on behalf of the company (refer note (ii) below)	8,195.39	5,504.38

(i) Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. Management is hopeful of successful outcome in the appellate proceedings.

(ii) Includes counter guarantees for availing metal gold loans amounting to ₹ 1,250 millions (2017: ₹ 775 millions)

**Note 29 - Employee benefit plans**

**(a) Defined Contribution Plan**

Particulars	₹ in Millions	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Provident fund	161.03	174.42
Employee state insurance	34.16	24.70
	195.19	199.12

**(b) Defined Benefit Plans:**

**Gratuity**

The Company has not funded its gratuity obligations. The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary:



## Reconciliation of opening and closing balances of defined benefit obligation

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Defined Benefit Obligation at beginning of the year	110.90	80.99
Current service cost	21.92	17.68
Past service cost	0.08	-
Interest cost	7.13	5.83
Actuarial (Gain) / Loss	74.56	10.69
Benefits paid	(5.79)	(4.29)
<b>Defined Benefit Obligation at the year end</b>	<b>208.80</b>	<b>110.90</b>

## Reconciliation of opening and closing balances of fair value of plan assets

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value of Plan Assets at beginning of year	-	-
Employer contributions	5.79	4.29
Benefits paid	(5.79)	(4.29)
<b>Fair value of Plan Assets at the year end</b>	<b>-</b>	<b>-</b>

## Expenses recognised during the year

₹ in Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>In Income Statement</b>		
Current service cost	21.92	17.68
Past service cost	0.08	-
Interest on net defined benefit liability/ (asset)	7.13	5.83
<b>Net Cost</b>	<b>29.13</b>	<b>23.51</b>
<b>In Other Comprehensive Income</b>		
Actuarial (Gain) / Loss	74.56	10.69
<b>Net (Income)/ Expense for the year recognised in OCI</b>	<b>74.56</b>	<b>10.69</b>

The current service cost, past service and the net interest expense for the period are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

## Actuarial assumptions

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate (per annum)	7.21%	6.60%
Rate of escalation in Salary (per annum)	6.00%	3.00%
Attrition rate (per annum)	22.00%	36.00%

The retirement age of employees of the Company is 58 years.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult table.

## Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

₹ in Millions

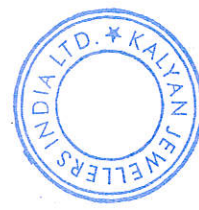
Particulars	Discount rate	Salary escalation rate
<b>As at March 31, 2018</b>		
Defined benefit obligation on plus 50 basis points	204.79	213.50
Defined benefit obligation on minus 50 basis points	212.98	204.25
<b>As at March 31, 2017</b>		
Defined benefit obligation on plus 50 basis points	109.59	112.55
Defined benefit obligation on minus 50 basis points	112.24	109.28

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## Maturity profile of defined benefit obligation

₹ in Millions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Expected total benefit payments</b>		
Within 1 year	38.54	32.23
1 year to 2 years	37.47	28.39
2 years to 3 years	35.36	21.75
3 years to 4 years	31.78	16.40
4 years to 5 years	26.67	11.48
5 years to 10 years	76.70	19.04





**Note 30 - Related party disclosures**

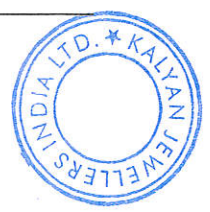
List of related parties where control exists and also related parties with whom transactions have taken place and relationships

(a) Subsidiary	Kalyan Jewellers FZE, U.A.E Kalyan Jewellers LLC, U.A.E Kalyan Jewelers for Golden Jewelleries W.L.L, Kuwait Kalyan Jewelers W.L.L, Doha, Qatar Kalyan Jewellers LLC, Oman Kenouz Al Sharq Gold Ind. LLC Kalyan Jewellers Mini stores Private Limited Enovate Lifestyles Private Limited
(b) Key Management Personnel (KMP)	T.S. Kalyanaraman (Chairman and Managing Director) T.K. Seetharam (Whole-time Director) T.K. Ramesh (Whole-time Director) Sanjay Raghuraman (Whole-time Director) (ceased to be Director wef 13th Jan 2018)  T.K. Radhika (Director) (ceased to be director wef 13th Jan 2018) Ramaswamy M (Independent Director) A D M Chavali (Independent Director) Akshaykumar Narendrasinhji Chudasama (Independent Director) (appointed as director wef 17th Jan 2018) Kishori Jayendra Udeshi (Independent Director) (appointed as director wef 17th Jan 2018)
(c) Enterprises over which Key Managerial Personnel are able to exercise significant influence	M/s Kalyan Textile M/s Kalyan Developers TKS Merchandise Private Limited

Transactions with related parties during the year are set out in the table below  
(Previous year figures are in brackets)

₹ in Millions

Nature of transaction	Key Management Personnel (KMP)	Relatives of KMP	Enterprises as defined in point (a&d) above	Total
<b>Transactions during the year</b>				
<u>Sales</u>				
Kalyan Jewellers LLC, U.A.E	-	-	-	-
	(-)	(-)	(128.01)	(128.01)
Kalyan Jewellers WLL, Qatar	-	-	27.33	27.33
	(-)	(-)	(-)	(-)
Kalyan Jewellers Mini stores Pvt Ltd	-	-	356.85	356.85
	(-)	(-)	(249.10)	(249.10)
<u>Purchases</u>				
Kalyan Jewellers LLC, U.A.E	-	-	-	-
	(-)	(-)	(16.41)	(16.41)
Kalyan Jewellers Mini stores Pvt Ltd	-	-	113.02	113.02
	(-)	(-)	(660.37)	(660.37)
<u>Staff welfare items purchased</u>				
M/s Kalyan Textile	-	-	22.08	22.08
	(-)	(-)	(22.39)	(22.39)
<u>Remuneration paid</u>				
T.S.Kalyanaraman	90.00	-	-	90.00
	(80.00)	(-)	(-)	(80.00)
T.K.Seetharam	90.00	-	-	90.00
	(80.00)	(-)	(-)	(80.00)
T.K.Ramesh	90.00	-	-	90.00
	(80.00)	(-)	(-)	(80.00)
Sanjay Raghuraman	8.99	-	-	8.99
	(8.48)	(-)	(-)	(8.48)
<u>Sitting fees paid</u>				
Ramaswamy M	0.30	-	-	0.30
	(0.30)	(-)	(-)	(0.30)
A D M Chavali	0.30	-	-	0.30
	(0.30)	(-)	(-)	(0.30)
Akshaykumar Narendrasinhji Chudasama	0.10	-	-	0.10
	(-)	(-)	(-)	(-)
Kishori Jayendra Udeshi	0.10	-	-	0.10
	(-)	(-)	(-)	(-)
<u>Reimbursement of expenses</u>				
Kalyan Jewellers LLC, U.A.E	-	-	55.43	55.43
	(-)	(-)	(176.24)	(176.24)
T.S.Kalyanaraman	0.15	-	-	0.15
	(0.10)	(-)	(-)	(0.10)
T.K.Seetharam	0.25	-	-	0.25
	(1.14)	(-)	(-)	(1.14)
T.K Ramesh	3.09	-	-	3.09
	(2.13)	(-)	(-)	(2.13)
Sanjay Raghuraman	1.66	-	-	1.66
	(1.12)	(-)	(-)	(1.12)



Details of transactions during the year (contd.,)				₹ in Millions
Nature of transaction	Key Management Personnel (KMP)	Relatives of KMP	Enterprises as defined in point (a&d) above	Total
<u>Recovery of advertisement expenses</u>	-	-	-	-
Kalyan Jewellers Mini stores Pvt Ltd	(-)	(-)	(63.43)	(63.43)
<u>Staff cost Incurred</u>	-	-	-	-
Kalyan Jewellers Mini stores Pvt Ltd	(-)	(-)	17.61	17.61
	-	-	(35.47)	(35.47)
<u>Purchase of vehicle</u>	-	-	-	-
T.S.Kalyanaraman	(0.46)	(-)	(-)	(0.46)
<u>Sale of Property</u>	-	-	-	-
Kalyan Developers	(-)	(-)	(170.00)	(170.00)
<u>Interest on loan accrued but not due</u>	-	-	-	-
Kalyan Jewellers FZE	(-)	(-)	122.46	122.46
	-	-	(58.45)	(58.45)
Kalyan Jewellers Mini Stores Pvt Ltd	(-)	(-)	31.41	31.41
	-	(-)	(52.53)	(52.53)
Enovate Lifestyles Pvt.Ltd.	-	-	1.18	1.18
	(-)	(-)	(-)	(-)
<u>Loans and advances to subsidiaries given</u>	-	-	-	-
Kalyan Jewellers FZE	(-)	(-)	1,713.53	1,713.53
	-	-	(347.71)	(347.71)
Enovate Lifestyles Pvt.Ltd.	(-)	(-)	11.63	11.63
	-	(-)	(-)	(-)
<u>Investments in Equity Share Capital</u>	-	-	-	-
Enovate Lifestyles Pvt.Ltd.	(-)	(-)	85.50	85.50
	-	(-)	(-)	(-)
<b>Balance as on balance sheet date</b>				
<u>Investment</u>	-	-	2,515.43	2,515.43
Kalyan Jewellers FZE	(-)	(-)	(2515.43)	(2,515.43)
Kalyan Jewellers Mini Stores Pvt Ltd	-	-	0.50	0.50
	(-)	(-)	(0.50)	(0.50)
Enovate Lifestyles Pvt.Ltd.	-	-	85.50	85.50
	(-)	(-)	(-)	(-)
<u>Receivables/Outstanding(Net) from related parties</u>	-	-	366.03	366.03
Kalyan Jewellers Mini stores Pvt Ltd	(-)	(-)	(121.60)	(121.60)
Kalyan Jewellers FZE	-	-	3,534.90	3,534.90
	(-)	(-)	(1742.04)	(1,742.04)
Kalyan Jewellers LLC, U.A.E.	-	-	61.11	61.11
	(-)	(-)	(117.10)	(117.10)
Enovate Lifestyles Pvt.Ltd.	-	-	12.69	12.69
<u>Payables (Net) to related parties</u>	4.85	-	-	4.85
T.S.Kalyanaraman	(-)	(-)	(-)	(-)
T.K.Seetharam	4.85	-	-	4.85
	(-)	(-)	(-)	(-)
T.K.Ramesh	4.85	-	-	4.85
	(-)	(-)	(-)	(-)
Sanjay Raghuraman	0.77	-	-	0.77
	(0.77)	(-)	(-)	(0.77)

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits	279.79	249.08
Post-employment benefits	0.69	0.35

#### Note 31 - Financial instruments

##### 31.1 Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and other bank balances (including non-current earmarked balances)



The table below summarises the capital, net debt and net debt to equity ratio (Gearing ratio) of the Company

Particulars	₹ in Millions	
	As at March 31, 2018	As at March 31, 2017
Net Debts	9,520.20	20,106.48
Total Equity	20,802.98	14,808.80
Net gearing ratio (times)	0.46	1.36

### 31.2 Categories of Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in Note 2(xvii)

#### A. Financial assets and liabilities

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
<u>Measured at amortised cost</u>				
Investments (unquoted)	2,601.43	2,601.43	2,515.93	2,515.93
Others financial assets - non current	370.79	370.79	287.01	287.01
Trade receivables	7.26	7.26	58.36	58.36
Cash and Bank balances	6,892.20	6,892.20	5,258.65	5,258.65
Others financial assets - current	4,270.10	4,270.10	2,193.44	2,138.10
<b>Total financial assets measured at amortised cost (a)</b>	<b>14,141.78</b>	<b>14,141.78</b>	<b>10,313.39</b>	<b>10,258.05</b>
<u>Mandatorily measured at FVTPL</u>				
Derivative instruments in designated hedge accounting relationships (b)	-	-	-	55.34
<b>Total financial assets (a + b)</b>	<b>14,141.78</b>	<b>14,141.78</b>	<b>10,313.39</b>	<b>10,313.39</b>
<b>Financial liabilities</b>				
<u>Measured at amortised cost</u>				
Borrowings	15,394.52	15,394.52	24,299.35	24,299.35
Trade payables	19,198.50	19,198.50	6,800.99	6,800.99
Others financial liabilities	1,635.39	1,126.18	1,129.47	1,129.47
<b>Total financial assets measured at amortised cost (a)</b>	<b>36,228.41</b>	<b>35,719.20</b>	<b>32,229.81</b>	<b>32,229.81</b>
<u>Mandatorily measured at FVTPL</u>				
Derivative instruments in designated hedge accounting relationships (b)	-	509.21	-	-
Derivative instruments in designated hedge accounting relationships (b)	-	-	-	-
<b>Total financial liabilities (a + b)</b>	<b>36,228.41</b>	<b>36,228.41</b>	<b>32,229.81</b>	<b>32,229.81</b>

The management assessed that fair values of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following methods and assumptions were used to estimate the fair values:

i) Fair values of the Company's interest-bearing borrowings are determined by using EIR method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at March 31, 2018 was assessed to be insignificant.

ii) The Company enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. As at March 31, 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financials instruments recognised at fair value.

#### B. Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within 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).

#### Quantitative disclosures fair value measurement hierarchy

The derivative instruments in designated hedge accounting relationships is measured at fair value at level 1, with valuation technique being use of market available inputs such as gold prices and foreign exchange rates.





**31.3 - Financial risk management objective**

The Company's activities expose it to a variety of financial risks. The Company's primary focus is to foresee the unpredictability of such risks and seek to minimize potential adverse effects on its financial performance.

The Company has a robust risk management process and framework in place. This process is coordinated by the Board, which meets regularly to review risks as well as the progress against the planned actions. The Board seeks to identify, evaluate business risks and challenges across the Company through such framework. These risks include market risks, credit risk and liquidity risk.

The risk management process aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Risk management
Market risk - prices	Gold price fluctuations	Used as a hedging instrument for gold sales
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Periodic review by management
Market risk - interest rate	Borrowings at variable rates	Mix of borrowings taken at fixed and floating rates
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments and other financial assets	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Availability of committed credit lines and borrowing facilities

**Market risk - price risk**

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold. The Company's business objective includes safe-guarding its earnings against adverse price movements of gold as well as foreign exchange risks.

The Company has adopted a structured risk management process to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for fair value hedges/cash flow hedges, as designated at the inception of the hedge. The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The Company has entered into contracts to sell gold for USD and sell USD for INR contracts to protect the inventory prices (in case of fair value hedges) / price fluctuations relating to certain highly probable forecasted transactions (in case of cash flow hedges). The Company assesses the effectiveness of its designated hedges by using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the Company actually uses. However, this hedge ratio will be rebalanced, when required (i.e., when the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting), by adjusting weightings of the hedged item and the hedging instrument. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

The table below shows the position of hedging as of the balance sheet date.

Commodity price risk and currency risk	As at	Quantity (Kgs)	₹ in Millions	
			Carrying amount	Maturity date
Probable forecast sales and currency forward	March 31, 2018	5,351	(509.21)	Range - within 6 months
Inventory of gold and currency forward	March 31, 2017	500	55.34	Range - within 6 months

The line items in the Balance Sheet that include the above hedging instruments are other financial assets/(liabilities).

The table below shows the position of metal gold loans as on the balance sheet date.

As at	₹ in Millions	
	Quantity (Kgs)	Amount
March 31, 2018	4,588	13,985.92
March 31, 2017	1,209	3,450.22

**Market risk - Foreign exchange**

The Company is exposed to foreign exchange risk arising from foreign currency transactions with subsidiaries, primarily with respect to Arab Emirates Dirhams (AED). Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. Exposures to foreign currency balances are periodically reviewed to ensure that the results from fluctuating currency exchange rates are appropriately managed.

**Foreign currency sensitivity analysis**

The following table details the Company's sensitivity to a 10% increase and decrease in the ₹ against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the ₹ strengthens 10% against the relevant currency will increase the profit and equity by ₹ 359.60 millions. For a 10% weakening of the ₹ against the relevant currency, there would be an equal and opposite impact on profit and equity.





**Market risk - Interest rate****(i) Liabilities:**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Below is the overall exposure of the Company to interest rate risk:

Particulars	₹ in Millions	
	As at March 31, 2018	As at March 31, 2017
Variable rate borrowing	15,394.52	24,299.35
Fixed rate borrowing	-	-
<b>Total borrowings</b>	<b>15,394.52</b>	<b>24,299.35</b>

**Interest rate sensitivity analysis:**

The sensitivity analyses below have been determined based on the exposure to interest rates for non derivative instruments at the reporting date. For floating rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2018 would impacted by ₹ 144.98 millions (For the year ended March 31, 2017: ₹ 140 millions).

**(ii) Assets:**

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Credit risk on receivables is limited as the nature of the business is cash and carry except for related parties and other large number of individual customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties.

The credit risk for cash and cash equivalents, bank deposits, security deposits and loans is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

**Liquidity risk**

The Company requires funds both for short-term operational needs as well as for long-term expansion programmes. The Company remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Company manages liquidity risk by maintaining adequate support of facilities from its holding company, and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Company's short term and long term borrowings and trade payables based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

March 31, 2018	₹ in Millions			
	Less than 1 year	1-3 year	More than 3 year	Total
Borrowings	13,746.67	1,647.85	-	15,394.52
Trade payable	19,198.50	-	-	19,198.50
Other financial liabilities	1,635.39	-	-	1,635.39
<b>Total</b>	<b>34,580.56</b>	<b>1,647.85</b>	<b>-</b>	<b>36,228.41</b>
<b>March 31, 2017</b>				
Borrowings	21,680.40	1,829.58	789.37	24,299.35
Trade payable	6,800.99	-	-	6,800.99
Other financial liabilities	1,129.47	-	-	1,129.47
<b>Total</b>	<b>29,610.86</b>	<b>1,829.58</b>	<b>789.37</b>	<b>32,229.81</b>



**Note 32 - Good and Services Tax**

The Government of India introduced the Goods and Services Tax (GST) with effect from 1st July 2017. GST is collected on behalf of the Government and no economic benefit flows to the entity and hence Revenue from Operations under GST regime is presented excluding GST as per Ind AS 18 'Revenue'. However, Revenue from Operations under pre-GST regime included Excise Duty which is now subsumed in GST. Consequently, the figures for the year ended 31st March 2018 are not comparable with the previous period presented in the statement of profit and loss.

**Note 33** - The figures of the previous year have been regrouped / reclassified, wherever necessary to conform with the current year classification.

**Note 34 - Approval of financial statements**

The financial statements were approved for issue by the board of directors on July 26, 2018

For and on behalf of the Board of Directors



  
T.S. Kalyanaraman  
Managing Director

  
T.K. Ramesh  
Director

  
L.K. Seetharam  
Director

  
V. Swaminathan  
Chief Financial Officer

  
Sreejithraj P  
Company Secretary



Place: Thrissur

Date: July 26, 2018