

INDEPENDENT AUDITOR'S REPORT

To The Members of Kalyan Jewellers India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kalyan Jewellers India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon.

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



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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone financial Statements

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



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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 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.



**Deloitte
Haskins & Sells LLP**

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 black ink, appearing to read "C.R. Rajagopal", written over a horizontal line.

C.R. Rajagopal

Partner

(Membership No. 023418)

Place: Thrissur

Date: July 23, 2019

(UDIN: 19023418AAAABI9639)

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, 2019 in conjunction with our audit of the standalone 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 respective 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 Companies Act, 2013, 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, 2019, 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 black ink, appearing to read "C.R. Rajagopal".

C.R. Rajagopal

Partner

(Membership No. 023418)

Place: Thrissur

Date: July 23, 2019

(UDIN: 19023418AAAABI9639)

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:
- 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.
 - 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, 2019 for a period of more than six months from the date they became payable.
 - Details of dues of Service Tax, and Sales Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount unpaid (₹ in Millions)
Kerala Value Added Tax Act, 2003	Kerala VAT dues	Deputy Commissioner (Appeals)/Appellate Tribunal/ High Court	2009-10 to 2015-16	2214.86 ¹
Tamil Nadu Value Added Tax, 2006	Tamil Nadu VAT dues	High court of Chennai	2008-09 to 2013-14 (Except 2012-13)	10.18 ²
Orissa Value Added Tax, 2004	Orissa VAT dues	Deputy commissioner of sales tax, Bhubaneswar	April 2015 – September 2016	1.80 ³
The Rajasthan Value Added Tax Act, 2003	Rajasthan VAT and CST dues	Assistant Commissioner, Commercial Tax, Jaipur	2016-2017	1.37
The Gujarat Value Added Tax Act, 2003	Gujarat VAT dues	Assistant Commissioner, Commercial Tax, Ahmedabad	2012-13 & 2013-14	12.78 ⁴
The Finance Act, 1994	Service tax dues	Assistant Commissioner – CESTAT	2010-11 to Q1 of 2017 - 18	18.04 ⁵

¹ Net of ₹ 13.72 million paid under protest



² Net of ` 26.97 million paid under protest

³ Net of ` 0.70 million paid under protest

⁴ Net of ` 3.20 million paid under protest

⁵ Net of ` 16.73 million paid under protest

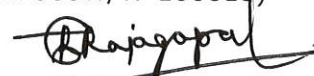
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans 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 not made preferential allotment through private placement of shares during the year under review.
- 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.



Deloitte Haskins & Sells LLP

For Chartered Accountants

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


C.R. Rajagopal

Partner

(Membership No. 023418)

Place: Thrissur

Date: July 23, 2019

(UDIN: 19023418AAAABI9639)

Kalyan Jewellers India Limited
Balance Sheet as at March 31, 2019

Particulars	Note No.	₹ in Millions	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3A	9,466.06	9,285.22
(b) Capital work-in-progress		167.11	162.52
(c) Investment property	4	622.29	622.29
(d) Intangible assets	3B	95.73	125.43
(e) Intangible assets under development		50.16	0.09
(f) Investments in subsidiaries	5	2,671.19	2,601.43
(g) Financial assets			
(i) Other financial assets	6	743.36	370.79
(h) Other non-current assets	7	1,134.41	1,479.76
Total non-current assets		14,950.31	14,647.53
II Current assets			
(a) Inventories	8	35,585.37	39,729.55
(b) Financial assets			
(i) Trade receivables	9	50.32	7.26
(ii) Cash and cash equivalents	10	902.82	1,151.74
(iii) Bank balances other than (ii) above	10	3,771.56	5,740.46
(iv) Other financial assets	6	4,873.08	4,270.10
(c) Other current assets	7	652.37	898.09
Total current assets		45,835.52	51,797.20
Total assets (I+II)		60,785.83	66,444.73
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	11	8,392.42	8,392.42
(b) Compulsorily convertible preference share capital	11	1,190.48	1,190.48
(c) Other equity	12	12,015.90	11,220.08
Total equity		21,598.80	20,802.98
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	799.28	1,647.85
(b) Provisions	14	192.38	164.71
(c) Deferred tax liabilities (net)	25	124.19	62.90
Total non-current liabilities		1,115.85	1,875.46
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	15,607.59	13,746.67
(ii) Metal gold loan	15	9,417.48	13,985.92
(iii) Trade payables	16	2,843.38	5,212.58
(iv) Other financial liabilities	17	944.99	1,635.39
(b) Provisions	14	60.83	44.10
(c) Other current liabilities	18	9,191.72	8,693.38
(d) Current tax liabilities (net)		5.19	448.25
Total current liabilities		38,071.18	43,766.29
Total equity and liabilities (I+II)		60,785.83	66,444.73
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration Number:117366W/W-100018)

For and on behalf of the Board of Directors

C R Rajagopal
Partner

(Membership No. 023418)

T.S. Kalyanaraman
Managing Director
(DIN: 01021928)

T.K. Ramesh
Director
(DIN: 01021868)

T.K. Seetharam
Director
(DIN: 01021898)

Place: Thrissur
Date: July 23, 2019

V. Swaminathan
Chief Financial Officer

Jishnu R.G
Company Secretary



Kalyan Jewellers India Limited
Statement of Profit and Loss for the year ended March 31, 2019

		₹ in Millions	
Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	19	74,481.66	82,971.37
II Other income	20	620.72	218.77
III Total income (I+II)		75,102.38	83,190.13
IV EXPENSES			
Cost of materials consumed	21.a	57,096.64	74,188.17
Changes in stock of finished goods, work-in-progress and stock-in-trade	21.b	5,115.69	(4,911.22)
Excise duty on sale of goods		-	219.32
Employee benefits expense	22	3,190.17	3,026.59
Finance costs	23	2,277.58	2,337.11
Depreciation and amortisation expense	3C	892.87	818.21
Other expenses	24	5,834.64	5,316.53
Total expenses		74,407.59	80,994.71
V Profit before tax (III - IV)		694.79	2,195.42
VI Tax expense			
Current tax	25	204.43	753.69
Deferred tax	25	(9.41)	65.83
Total tax expense		195.02	819.52
VII Profit for the year (V - VI)		499.77	1,375.90
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of employee defined benefit plans		4.87	(74.56)
(b) Income tax on (a) above		(1.70)	25.81
(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		449.27	(509.21)
(d) Income tax on (c) above		(156.39)	176.24
Total comprehensive income for the year (VII + VIII)		795.82	994.18
IX Earnings per equity share of face value of ₹ 10/-			
Basic	27	0.60	1.64
Diluted	27	0.52	1.46
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP

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(Firm's Registration Number:117366W/W-100018)

For and on behalf of the Board of Directors


C R Rajagopal
Partner
(Membership No. 023418)


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Managing Director
(DIN: 01021928)


T.K. Ramesh
Director
(DIN: 01021868)


T.K. Seetharam
Director
(DIN: 01021898)


V. Swaminathan
Chief Financial Officer


Jishnu R.G
Company Secretary

Place: Thrissur
Date: July 23, 2019



Kalyan Jewellers India Limited
Statement of Changes in Equity for the year ended March 31, 2019

a. Equity share capital

	₹ in Millions
Balance as at April 1, 2018	8,392.42
Changes in equity share capital during the year	-
Balance as at March 31, 2019	8,392.42

b. Compulsorily convertible preference share capital

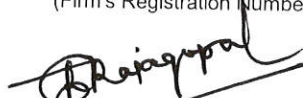
	₹ in Millions
Balance as at April 1, 2018	1,190.48
Issue of preference share capital	-
Balance as at March 31, 2019	1,190.48

c. Other Equity


Particulars	Reserves & Surplus		Other Comprehensive Income		Total other equity
	Securities premium reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	
Balance as at April 1, 2018	9,208.10	2,410.47	(332.97)	(65.52)	11,220.08
Profit for the year (net of taxes)	-	499.77	-	-	499.77
Other Comprehensive Income for the year (net of taxes)	-	-	292.88	3.17	296.05
Total Comprehensive income for the year	-	499.77	292.88	3.17	795.82
Balance as at March 31, 2019	9,208.10	2,910.24	(40.09)	(62.35)	12,015.90

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

For and on behalf of the Board of Directors


C.R. Rajagopal
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(DIN: 01021898)


V. Swaminathan
Chief Financial Officer


Jishnu R.G.
Company Secretary

Place: Thrissur
Date: July 23, 2019



Kalyan Jewellers India Limited
Statement of cash flow for the year ended March 31, 2019


Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	694.79	2,195.42
Adjustments for:		
Depreciation and amortisation expense	892.87	818.21
Net loss/(gain) on disposal of property, plant and equipment	(0.18)	0.09
Plant, property and equipment written off	53.29	9.93
Income from recovery of making charges on account of discontinued schemes.	-	(472.43)
Bad trade and other advances written off	1.97	51.08
Interest income	(295.18)	(183.70)
Net unrealised exchange loss/(gain)	(306.20)	(9.52)
Interest expense	2,189.48	2,246.89
Operating profit before working capital changes	3,230.84	4,655.96
Adjustments for:		
(Increase)/decrease in inventories	4,144.18	(5,672.48)
(Increase)/decrease in trade receivables	(43.05)	51.09
(Increase)/decrease in other current financial assets	(293.74)	(2,063.30)
(Increase)/decrease in other current assets	(151.54)	(266.45)
(Increase)/decrease in other non-current financial assets	(372.71)	(83.62)
(Increase)/decrease in other non-current assets	(15.23)	11.27
Increase/(decrease) in metal gold loan	(4,568.44)	10,535.70
Increase/(decrease) in trade payables	(2,364.33)	1,787.25
Increase/(decrease) in provisions	493.66	(449.85)
Increase/(decrease) in other financial liabilities	(449.32)	548.34
Increase/(decrease) in other current liabilities	498.40	1,256.14
Cash generated from operations	108.72	10,310.04
Net income tax paid	(398.06)	(402.84)
Net cash flow from / (used in) operating activities (A)	(289.34)	9,907.20
B. Cash flow from investing activities		
Additions to property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(1,128.06)	(2,124.27)
Bank balances not considered as cash and cash equivalents	1,968.90	(1,116.99)
Investment in subsidiaries	(69.76)	(85.50)
Interest received	687.56	130.30
Net cash flow from / (used in) investing activities (B)	1,458.64	(3,196.45)
C. Cash flow from financing activities		
Proceeds from borrowings	3,290.96	7,514.76
Repayment of borrowings	(2,484.80)	(16,467.48)
Proceeds from issue of preference shares	-	5,000.00
Finance costs	(2,224.39)	(2,241.42)
Dividends paid, including tax thereon	0.01	(0.05)
Net cash used in financing activities (C)	(1,418.22)	(6,194.19)
Net increase in Cash and cash equivalents (A+B+C)	(248.92)	516.56
Cash and cash equivalents at the beginning of the year (refer note 10)	1,151.74	635.18
Cash and cash equivalents at the end of the year (refer note 10)	902.82	1,151.74
See accompanying notes to the financial statements		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

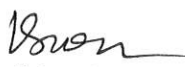

C R Rajagopal
Partner
(Membership No. 023418)

For and on behalf of the Board of Directors


T.S. Kalyanaraman
Managing Director
(DIN: 01021928)


T.K. Ramesh
Director
(DIN: 01021868)


T.K. Seetharam
Director
(DIN: 01021898)


V. Swaminathan
Chief Financial Officer


Jishnu R.G.
Company Secretary

Place: Thrissur
Date: July 23, 2019



1. GENERAL INFORMATION

Kalyan Jewellers India Limited ('Kalyan' or 'the Company') is a closely held public limited company incorporated in India. Kalyan is one of the leading jewellery chains in India headquartered in the city of Thrissur in Kerala. The Company was formed in year 2009 by conversion of erstwhile business entities of M/s Kalyan Jewellers. As of March 31, 2019, the Company has 103 stores located across India. The company also has operations in Middle East through a wholly owned subsidiary and step down subsidiaries.

The company was converted in to a public limited company effective from June 15, 2016

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of Compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

Comparative Financial information has been regrouped, wherever necessary, to correspond to the figures of the current year.

(ii) Use of estimates and judgement

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment:

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

Fair value of financial assets and liabilities and investments:

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

(iii) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.



(iv) **Revenue Recognition**

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

- a) **Sale of goods:** Revenue from the sale of products is recognised at the point in time when control is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.
- b) **Interest income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset of that asset's net carrying amount on initial recognition.

(v) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. However, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

(vi) **Foreign currencies**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge, if any.

(vii) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(viii) **Employee benefits**

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.



Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is unfunded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

(ix) **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

- a) Current tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- b) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- c) Deferred tax: Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

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

(x) **Property, Plant and Equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- Aeroplanes/Helicopters – 30 years with an estimated residual value of 5%

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.



An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

(xi) **Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(xii) **Intangible Assets**

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Estimated useful lives of the intangible assets is 5 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

(xiii) **Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(xiv) **Inventories**

Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed gold)] are stated at the lower of cost and net realizable value. In respect of gold, cost is determined on first-in-first-out basis, for silver cost is determined on annual weighted average basis and in respect of studded jewellery is determined on specific identification basis. Unfixed gold is valued at the gold prices prevailing on the period closing date.

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

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

(xv) **Provisions and contingencies**

Provisions: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.



(xvi) **Investment in subsidiaries**

Investments representing investments in subsidiaries are measured at cost.

(xvii) **Financial instruments**

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

Financial assets and liabilities are initially recognised 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 recognised immediately in the statement of profit and loss.

- a) **Non-derivative Financial assets:** All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is that which exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

- b) **Derecognition of financial assets:** A financial asset is derecognised only when the Company
- has transferred the rights to receive cash flows from the financial asset or
 - retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

- c) **Foreign exchange gains and losses:** The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss.

- d) **Financial liabilities:** All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.



The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

(xviii) Hedge accounting

The Company designates certain hedging instruments as fair value hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

Fair value hedges

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

Derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments fall under the category of cash flow hedges. The Company has designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions.

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss. The Company has designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions under the previous GAAP.

(xix) Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM). The Company is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

(xx) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.



(xxi) **Earnings per share (EPS)**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate

(xxii) **Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

New standards and interpretations not yet adopted

- a. **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.
- b. **Ind AS 116 'Leases':** On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.
- c. **Amendment to Ind AS 19 'Employee Benefits':** On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.
- d. **Amendment to Ind AS 12 'Income Taxes':** On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements.



Note 3A - Property, plant and equipment

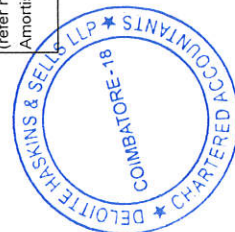
Description of Assets	Freehold Land	Helipad	Buildings	Plant & machinery	Office equipment	Computers	Furniture and fixtures	Aeroplanes / helicopters	Vehicles	Total property, plant and equipment
I. At cost or deemed cost										
Balance as at March 31, 2017	1,443.02	30.80	633.01	36.80	621.46	91.46	3,788.70	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
Additions	1.06	1.02	12.72	4.40	104.69	5.95	945.17	-	16.74	1,091.75
Disposals	-	-	-	-	0.99	-	86.59	-	6.76	94.34
Balance as at March 31, 2019	1,828.12	31.82	978.48	45.00	812.39	103.97	5,492.86	2,700.53	376.22	12,369.39
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
Charge for the year	-	1.02	33.08	3.05	107.01	10.07	559.39	89.60	52.55	855.77
Disposals	-	-	-	-	0.81	-	33.48	-	4.91	39.20
Balance as at March 31, 2019	-	5.78	99.37	10.12	549.05	94.53	1,596.48	362.01	185.98	2,903.33
Carrying value (I-II)										
Balance as at March 31, 2019	1,828.12	26.04	879.11	34.88	263.34	9.44	3,896.38	2,338.52	190.24	9,466.06
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

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
Additions	7.40
Disposals	-
Balance as at March 31, 2019	202.61
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
Charge for the year	37.10
Disposals	-
Balance as at March 31, 2019	106.88
Carrying value (I-II)	
Balance as at March 31, 2019	95.73
Balance as at March 31, 2018	125.43

Note 3C - Depreciation and Amortisation Expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3A)	855.77	789.62
Amortisation of intangible assets (refer note 3B)	37.10	28.59
	892.87	818.21



Note 4 - Investment property

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Cost or deemed cost		
Balance at beginning of the year	622.29	622.29
Additions/(Disposals)	-	-
Balance at end of the year	622.29	622.29
Accumulated depreciation		
Balance at beginning of the year	-	-
Additions/(Disposals)	-	-
Balance at end of the year	-	-
Net Block	622.29	622.29

The Company's investment properties consist only 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, 2019, and March 31, 2018, the fair value of the properties is ₹ 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 32.2B for note on fair value hierarchy).

Note 5 - Investments

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Investment in equity instruments (unquoted)		
In wholly owned subsidiary companies		
Kalyan Jewellers FZE - 150 shares of 1,000,000 AED each fully paid up	2,515.43	2,515.43
Kalyan Jewellers Inc. - 1000 share of 0.001 USD each fully paid up*	0.00	-
Kalyan Jewellers Mini Stores Private Limited - 50,000 shares of ₹10 each fully paid up	0.50	0.50
In subsidiaries		
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	155.26	85.50
	2,671.19	2,601.43
Aggregate value of unquoted investments	2,671.19	2,601.43
Aggregate amount of impairment in value of investments	-	-

* The value of investment in Kalyan Jewellers, Inc. is ₹ 31.10 only on account of the financial statements being rounded off to the nearest ₹ millions, the above item is presented as ₹ 0.00 millions.

Note 6 - Other financial assets

(Unsecured and considered good)

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Non-current		
Measured at amortised cost		
Security deposits	455.40	333.78
Earmarked deposits with remaining maturity period greater than 12 months	287.94	36.85
Interest accrued on deposits	0.02	0.16
	743.36	370.79
Current		
At cost		
Loans to related parties (refer note 31)	4,262.12	3,234.94
Interest accrued on loans and deposits		
- Loan to wholly owned subsidiary (refer note 31)	283.40	678.69
- Deposits	28.83	25.78
Security deposits	298.73	330.69
	4,873.08	4,270.10



Kalyan Jewellers India Limited
Notes to the Standalone financial statements for the year ended March 31, 2019

Note 7 - Other assets
(Unsecured and considered good)

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advance	38.35	62.10
Deferred rental reserve	465.09	452.21
Balances with revenue authorities		
- Amount paid under protest	68.40	66.06
- Dues from Kerala VAT Department	494.67	494.67
Advance income tax (Net of provisions)	67.90	404.73
	1,134.41	1,479.76
Current		
Advance to related parties (refer note 31)	14.99	61.11
Balances with revenue authorities	283.44	425.23
Prepaid expenses	38.73	46.87
Advance to suppliers	243.06	348.51
Other assets	72.15	16.37
	652.37	898.09

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

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Raw materials	3,406.51	2,435.00
Work-in-progress	5,588.63	5,245.04
Finished goods	26,590.23	32,049.51
	35,585.37	39,729.55

Note: (i) The cost of inventories recognised as expense during the year is ₹ 62,212.32 millions as at March 31, 2019 (2018: ₹ 69,276.95 millions)

Note 9 - Trade receivables

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good - Unsecured	-	-
Considered Doubtful - Unsecured	3.84	1.91
Less: Provision for doubtful debts	(3.19)	(1.91)
Other trade receivables		
Considered Good - Unsecured	45.68	7.26
Considered Doubtful - Unsecured	6.53	3.65
Less: Provision for doubtful debts	(2.54)	(3.65)
	50.32	7.26

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

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Cash in hand	244.72	187.52
Balances with banks		
(i) Current accounts (refer note (i) below)	486.99	730.59
(ii) Funds in transit	121.10	83.63
(iii) Fixed deposit	50.01	150.00
Total cash and cash equivalents as per Ind AS 7	902.82	1,151.74
Bank Balances other than cash and cash equivalents above		
(iv) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	3,358.37	4,403.48
(v) Balances with banks held as margin money	413.19	1,336.98
	3,771.56	5,740.46

Note (i) Balance with current account includes cash in transit - ₹ 10.98 millions (2018: ₹ 24.25 millions)

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, 2019		As at March 31, 2018	
	No. of shares	Amount ₹ in millions	No. of shares	Amount ₹ in millions
(a) Authorised*				
Equity shares of ₹10 each with voting rights	1,20,00,00,000	12,000.00	84,00,00,000	8,400.00
0.001% Compulsorily convertible preference shares of ₹10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹10 each with voting rights	83,92,41,600	8,392.42	83,92,41,600	8,392.42
0.001% Compulsorily convertible preference shares of ₹10 each	11,90,47,619	1,190.48	11,90,47,619	1,190.48
Total	95,82,89,219	9,582.90	95,82,89,219	9,582.90

* 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
Equity shares with voting rights			
Year ended March 31, 2019			
- Number of shares	83,92,41,600	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	8,392.42
Year ended March 31, 2018			
- Number of shares	83,92,41,600	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	8,392.42
Compulsorily convertible preference shares			
Year ended March 31, 2019			
- Number of shares	11,90,47,619.00	-	11,90,47,619.00
- Amount (₹ in millions)	1,190.48	-	1,190.48
Year ended March 31, 2018			
- Number of shares	-	11,90,47,619	11,90,47,619.00
- Amount (₹ in millions)	-	1,190.48	1,190.48

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

Class of shares / Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
T.S. Kalyanaraman	21,80,88,480	25.99%	21,80,88,480	25.99%
T.K. Seetharam	13,83,23,492	16.48%	13,83,23,492	16.48%
T.K. Ramesh	13,83,23,492	16.48%	13,83,23,492	16.48%
T.K. Radhika	3,57,72,038	4.26%	3,57,72,038	4.26%
N.V. Ramadevi	3,57,72,038	4.26%	3,57,72,038	4.26%
Maya Seetharam	3,57,72,038	4.26%	3,57,72,038	4.26%
Deepa Ramesh	3,57,72,038	4.26%	3,57,72,038	4.26%
Highdell Investment Ltd	20,14,17,984	24.00%	20,14,17,984	24.00%
Compulsorily convertible preference shares				
Highdell Investment Ltd	11,90,47,619	100%	11,90,47,619	100%



Kalyan Jewellers India Limited

Notes to the Standalone financial statements for the year ended March 31, 2019

(f) Notes

(i) 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, 2019	As at March 31, 2018
Securities premium reserve (refer 12.a) (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	9,208.10	9,208.10
Retained earnings (refer 12.b) (Retained earnings comprise of the Company's undistributed earnings after taxes)	2,910.24	2,410.47
Other comprehensive income (refer 12.c) (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)	(102.44)	(398.49)
	12,015.90	11,220.08

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
12.a Securities premium reserve		
Balance at beginning of the year	9,208.10	5,398.58
Share issue premium	-	3,809.52
Balance at end of the year	9,208.10	9,208.10
12.b Retained earnings		
Balance at beginning of the year	2,410.47	1,034.57
Profit attributable to owners of the Company	499.77	1,375.90
Balance at end of the year	2,910.24	2,410.47
12.c Other comprehensive income		
Balance at beginning of the year	(398.49)	(16.77)
Remeasurement of defined benefit obligations (net of tax)	3.17	(48.75)
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge (net of tax)	292.88	(332.97)
Balance at end of the year	(102.44)	(398.49)



Note 13 - Borrowings

Non-current

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Secured - at amortised cost		
Terms loans from banks (refer note (i) below)	1,610.98	2,665.73
Less: Current maturities of long-term debt (refer note 17)	(811.70)	(1,017.88)
	799.28	1,647.85

(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, 2019	As at March 31, 2018
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) Penal charges: 3% above the normal rate of interest.	-	62.33
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. c) Penal charges: 2% above the normal rate of interest.	-	143.20
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 5.21 millions each commencing from 28 February 2017 & ending 31 January 2021. Interest is charged at base rate plus 205 bps calculated on 360 days basis payable monthly. b) Prepayment charges: 2% prepayment charges as per sanction order. c) Penal charges: 3% above the normal rate of interest.	114.47	176.85
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) Penal charges: 2% above the normal rate of interest.	497.86	746.77
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) Penal charges: 2% above the normal rate of interest.	998.64	1,536.58
(ii) Details of Securities provided	<p>HDFC Bank</p> <p>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</p> <p>State Bank of India</p> <p>Term Loan: 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.</p> <p>Corporate Term Loan: 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.</p>		



Kalyan Jewellers India Limited
Notes to the Standalone financial statements for the year ended March 31, 2019

Current

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Secured - at amortised cost		
Loans repayable on demand from banks (refer note below)	15,607.59	13,746.67
	15,607.59	13,746.67

(i) Details of short-term borrowings

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand from banks		
State Bank of India	5,052.29	2,712.98
Axis Bank	950.94	0.28
HDFC Bank	1,020.00	1,020.00
Indian Overseas Bank	99.56	1,478.85
South Indian Bank	247.40	247.27
IDBI Bank	293.65	292.77
Syndicate Bank	1,499.74	1,499.76
Bank of Baroda	3,964.22	3,995.37
Bank of India	985.17	998.61
Canara Bank	1,494.62	1,500.78
Total	15,607.59	13,746.67

(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, 2019	As at March 31, 2018
Non-current		
Provision for employee benefits - gratuity	192.38	164.71
	192.38	164.71
Current		
Provision for employee benefits - gratuity	60.80	44.09
Provision for proposed preference dividend (including dividend distribution tax)	0.03	0.01
	60.83	44.10

Note 15 - Metal gold loan

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
Payable to banks*	9,417.48	13,985.92
	9,417.48	13,985.92

* Includes amounts payable against gold purchased from various banks under gold on loan scheme with variable interest rates and is payable at monthly intervals. The credit period under the aforesaid arrangement is 90 days to 180 days from the date of delivery of gold.



Kalyan Jewellers India Limited

Notes to the Standalone financial statements for the year ended March 31, 2019

Note 16 - Trade payables

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Payable to micro and small enterprises	-	-
Others (refer note below)	2,843.38	5,212.58
	2,843.38	5,212.58

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.

Note 17 - Other Financial Liabilities

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt	811.70	1,017.88
Interest accrued on borrowings	32.06	66.95
Payable on purchase of property, plant and equipment	41.28	41.35
Derivative Instruments in designated hedge accounting relationship	59.95	509.21
	944.99	1,635.39

Note 18 - Other current liabilities

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues	117.42	82.60
Security deposit received from Employees	99.56	73.56
Deferred income	-	44.86
Advance from customers (refer note below)	8,974.74	8,492.36
	9,191.72	8,693.38

Advance from customers includes amounts of ₹ 2,873.89 millions (2018: ₹ 2,973.30 millions) received towards sale of jewellery products under various sale initiatives / retail customer programmes. The advance from customers also includes amounts totalling to ₹ 458.81 millions as at March 31, 2019 (2018: ₹ 429.34 millions), against which the customers have not claimed / purchased jewellery within the time specified in the terms and conditions of these programmes.



Note 19 - Revenue from operations

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from sale of goods	74,113.63	82,135.63
Other operating revenue (refer note (i) below)	368.03	835.74
	74,481.66	82,971.37

Note (i)

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Other operating revenue comprises:		
Discount received	0.30	97.05
Ear piercing income	3.80	3.08
Insurance service charges (net)	109.20	46.56
Interest income from margin money deposits	254.73	216.61
Income from recovery of making charges on account of discontinued schemes.	-	472.43
	368.03	835.74

Note 20 - Other income

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Recurring:		
Interest Income earned on financial assets that are not designated as at fair value through profit or loss:		
(i) Other financial assets	295.18	183.70
Gain on disposal of property, plant and equipment (Net)	0.18	-
Net gain on foreign currency transactions and translation	306.20	9.52
Non-Recurring:		
VAT refunds relating to earlier years	9.62	-
Liabilities no longer required written back	0.02	23.98
Miscellaneous income	9.52	1.57
	620.72	218.77

Note 21.a - Cost of materials consumed

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	2,435.00	1,673.74
Add: Purchases	58,068.15	74,949.43
	60,503.15	76,623.17
Less: Closing stock	(3,406.51)	(2,435.00)
	57,096.64	74,188.17

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

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Finished goods	26,590.23	32,049.51
Work-in-progress	5,588.63	5,245.04
	32,178.86	37,294.55
Inventories at the beginning of the year:		
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
Net (increase) / decrease	5,115.69	(4,911.22)



Note 22 - Employee benefits expense

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	2,749.53	2,635.40
Contribution to provident and other funds	190.92	195.19
Gratuity	56.83	29.13
Staff welfare expenses	192.89	166.87
	3,190.17	3,026.59

Note 23 - Finance cost

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	2,189.48	2,246.89
Other borrowing costs	88.10	90.22
	2,277.58	2,337.11

Note 24 - Other expenses

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and fuel	363.98	327.43
Freight and forwarding	0.00	4.56
Rent including lease rentals	1,742.85	1,487.46
Repairs and maintenance - Machinery	9.37	11.94
Repairs and maintenance - Others	216.17	189.53
Telephone and leased line expenses	48.89	58.76
Bank charges	175.79	195.64
Property, plant and equipment written off	53.29	9.93
Packing materials and compliments	123.71	116.44
Sitting fees and commission to directors (refer note 31)	3.00	0.80
Rates and taxes	41.76	69.62
Expenditure on corporate social responsibility (refer note (i) below)	23.97	77.74
Insurance charges	18.67	20.06
Sales Promotion	342.40	448.19
Commission, and rebates	82.54	56.54
Advertisement expense	2,016.19	1,449.54
Excise duty	3.43	-
Auditors remuneration and out-of-pocket expenses (refer note (ii) below)	8.64	5.51
VAT Expenses	-	208.77
Legal and other professional costs	65.94	77.43
Donations and contributions (refer note (iii) below)	19.05	13.73
Travelling and conveyance	323.52	263.02
Printing and stationery	23.61	26.21
Bad trade and other advances written off	1.97	51.08
Provision for doubtful debts	0.17	5.56
Loss on disposal of property, plant and equipment (net)	-	0.09
Security expenses	40.67	42.79
Miscellaneous expenses	85.06	98.16
	5,834.64	5,316.53

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 ₹ 21.94 millions (Previous Year ₹ 13.13 millions).

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

Note (ii) Payment to auditors

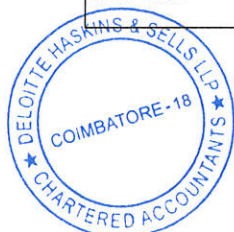
₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Payments to the auditors comprise		
(a) To statutory auditors (inclusive of GST)		
Audit	8.34	5.50
Reimbursement of expenses	0.30	0.01
	8.64	5.51

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

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Bharatiya Janatha Party (BJP)	0.35	3.00
Communist Party of India - Marxist (CPIM)	2.01	1.06
Communist Party of India (CPI)	2.20	0.92
Indian National Congress	0.05	0.75
Shiva Sena	0.01	-
	4.62	5.73



Note 25 - Tax expense

₹ in Millions		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
In respect of the current year	204.43	739.47
In respect of prior years	-	14.22
Deferred tax	(9.41)	65.83
Total income tax expense recognised during the year	195.02	819.52
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:		
Current Tax:		
Profit before tax	694.79	2,195.42
Enacted income tax rate	34.94%	34.61%
Computed expected tax expense	242.76	759.79
Effect of:		
Expenses that are not deductible in determining taxable profit	46.30	(17.41)
Adjustments recognised in the current year in relation to prior years	-	14.22
Others	2.76	(2.91)
Income tax expense recognised in the profit or loss	291.82	753.69
Deferred Tax:		
Relating to the origination and reversal of temporary differences (see below)	(9.41)	65.83
Relating to MAT credit utilised	(87.39)	-
Tax expense reported in the Statement of Profit and Loss	195.02	819.52

₹ in Millions		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Deferred tax		
Opening balance	62.90	(56.52)
MAT credit entitlement / (Utilised)	(87.39)	255.64
<u>Recognised in Profit or loss</u>		
Property, plant and equipment	15.74	83.26
Defined benefit obligation	(17.90)	(8.08)
Provision for doubtful debts	(0.08)	(1.93)
Ind AS adjustments	(7.17)	(7.42)
	(9.41)	65.83
<u>Recognised in Other Comprehensive Income</u>		
Defined benefit obligation	(1.70)	25.81
Hedging instruments designated as cash flow hedges	(156.39)	176.24
Closing balance	124.19	62.90



Note 26 - 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, 2019 and 2018 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 27 - Earnings per share (EPS)

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit attributable to ordinary shareholders - for Basic and Diluted EPS (₹ in millions)	499.77	1,375.90
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	83,92,41,600	83,92,41,600
Weighted Average Potential Equity Shares	11,90,47,619	10,56,75,147
Weighted average number of equity shares used in the calculation of diluted earnings per share	95,82,89,219	94,49,16,747
Earnings per share of ₹ 10/-		
- Basic (in ₹)	0.60	1.64
- Diluted (in ₹)	0.52	1.46

Note 28 - Operating leases

28.1 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.

28.2 Payments recognised as an expense

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Minimum lease payments	1,742.85	1,487.46

28.3 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, 2019	For the year ended March 31, 2018
For a period not later than one year	1,429.46	1,163.53
For a period later than one year but not later than five years	6,037.22	4,914.70
For a period later than five years	9,495.19	9,249.04
	16,961.87	15,327.27

Note 29 - Contingent liabilities

Particulars	₹ in Millions	
	As at March 31, 2019	As at March 31, 2018
Other monies for which the Company is contingently liable:		
- Disputed Sales Tax demands (out of which ₹ 44.59 millions (Previous Year ₹ 42.31 millions) have been deposited under protest).	139.79	131.00
- Disputed Service Tax demands (out of which ₹ 16.73 millions (Previous year ₹ 16.40 millions have been deposited under protest).	34.43	34.43
- The Company has provided Standby Letter of Credit to banks on behalf of its subsidiary - Kalyan Jewellers FZE	2,028.50	2,368.32
- Counter guarantee given to a bank for guarantees issued by it on behalf of the company (refer note (ii) below)	5,378.72	8,195.39

(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 ₹ 750 millions (2018: ₹ 1,250 millions)

Note 30 - Employee benefit plans

(a) Defined Contribution Plan

Particulars	₹ in Millions	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Provident fund	164.31	161.03
Employee state insurance	26.61	34.16
Total	190.92	195.19

(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, 2019	For the year ended March 31, 2018
Defined Benefit Obligation at beginning of the year	208.80	110.90
Current service cost	42.05	21.92
Past service cost	-	0.08
Interest cost	14.78	7.13
Actuarial (Gain) / Loss	(4.87)	74.56
Benefits paid	(7.58)	(5.79)
Defined Benefit Obligation at the year end	253.18	208.80

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

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of Plan Assets at beginning of year	-	-
Employer contributions	7.58	5.79
Benefits paid	(7.58)	(5.79)
Fair value of Plan Assets at the year end	-	-

Expenses recognised during the year

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
In Income Statement		
Current service cost	42.05	21.92
Past service cost	-	0.08
Interest on net defined benefit liability/ (asset)	14.78	7.13
Net Cost	56.83	29.13
In Other Comprehensive Income		
Actuarial (Gain) / Loss	(4.87)	74.56
Net (Income)/ Expense for the year recognised in OCI	(4.87)	74.56

The current service cost 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, 2019	As at March 31, 2018
Discount rate (per annum)	6.88%	7.21%
Rate of escalation in Salary (per annum)	6.00%	6.00%
Attrition rate (per annum)	24.00%	22.00%

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
As at March 31, 2019		
Defined benefit obligation on plus 50 basis points	248.78	258.36
Defined benefit obligation on minus 50 basis points	257.74	248.14
As at March 31, 2018		
Defined benefit obligation on plus 50 basis points	204.79	213.50
Defined benefit obligation on minus 50 basis points	212.98	204.25

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, 2019	As at March 31, 2018
Expected total benefit payments		
Within 1 year	53.20	38.54
1 year to 2 years	50.38	37.47
2 years to 3 years	44.63	35.36
3 years to 4 years	36.89	31.78
4 years to 5 years	30.06	26.67
5 years to 10 years	81.65	76.70



Note 31 - 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 Jewellers for Golden Jewellers W.L.L, Kuwait Kalyan Jewellers W.L.L, Doha, Qatar Kalyan Jewellers LLC,Oman Kenouz Al Sharq Gold Ind. LLC Kalyan Jewellers, Inc., USA 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 (ceased to be Whole-time Director w.e.f 13th Jan 2018)
(c) Non - executive Directors	Ramaswamy M (Independent Director) A D M Chavali (Independent Director) Kishori Jayendra Udeshi (Independent Director) Akshaykumar Narendrasinhji Chudasama (ceased to be independent director w.e.f 26th Jul 2018) Trikkur Sitaraman Anantharaman (Appointed as independent director w.e.f 15th Dec 2018)
(d) Enterprises over which Key Managerial Personnel are able to exercise significant influence	M/s Kalyan Textile M/s Kalyan Developers

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)	Non Executive Director	Enterprises as defined in point (a&d) above	Total
Transactions during the year				
<u>Sales</u>				
Kalyan Jewellers WLL, Qatar	-	-	-	-
	(-)	(-)	(27.33)	(27.33)
Kalyan Jewellers Mini Stores Private Limited	-	-	-	-
	(-)	(-)	(356.85)	(356.85)
<u>Purchases</u>				
Kalyan Jewellers Mini Stores Private Limited	-	-	-	-
	(-)	(-)	(113.02)	(113.02)
<u>Staff welfare items purchased</u>				
M/s Kalyan Textile	-	-	22.02	22.02
	(-)	(-)	(22.08)	(22.08)
<u>Remuneration paid</u>				
T.S.Kalyanaraman	100.00	-	-	100.00
	(90.00)	(-)	(-)	(90.00)
T.K.Seetharam	100.00	-	-	100.00
	(90.00)	(-)	(-)	(90.00)
T.K.Ramesh	100.00	-	-	100.00
	(90.00)	(-)	(-)	(90.00)
Sanjay Raghuraman	-	-	-	-
	(8.99)	(-)	(-)	(8.99)
<u>Sitting fees paid</u>				
Ramaswamy M	-	0.40	-	0.40
	(-)	(0.30)	(-)	(0.30)
A D M Chavali	-	0.40	-	0.40
	(-)	(0.30)	(-)	(0.30)
Akshaykumar Narendrasinhji Chudasama	-	-	-	-
	(-)	(0.10)	(-)	(0.10)
Kishori Jayendra Udeshi	-	0.30	-	0.30
	(-)	(0.10)	(-)	(0.10)
Trikkur Sitaraman Anantharaman	-	0.10	-	0.10
	(-)	(-)	(-)	(-)
<u>Commission paid</u>				
Ramaswamy M	-	0.60	-	0.60
	(-)	(-)	(-)	(-)
A D M Chavali	-	0.60	-	0.60
	(-)	(-)	(-)	(-)
Kishori Jayendra Udeshi	-	0.60	-	0.60
	(-)	(-)	(-)	(-)
<u>Reimbursement of expenses</u>				
Kalyan Jewellers LLC, U.A.E	-	-	50.25	50.25
	(-)	(-)	(55.43)	(55.43)
T.S.Kalyanaraman	-	-	-	-
	(0.15)	(-)	(-)	(0.15)
T.K.Seetharam	1.33	-	-	1.33
	(0.25)	(-)	(-)	(0.25)
T.K Ramesh	3.51	-	-	3.51
	(3.09)	(-)	(-)	(3.09)
Sanjay Raghuraman	-	-	-	-
	(1.66)	(-)	(-)	(1.66)



Details of transactions during the year (contd.,)

₹ in Millions

Nature of transaction	Key Management Personnel (KMP)	Non Executive Director	Enterprises as defined in point (a&d) above	Total
<u>Staff cost Incurred</u>				
Kalyan Jewellers Mini Stores Private Limited	-	-	-	-
	(-)	(-)	(17.61)	(17.61)
<u>Interest on loan accrued but not due</u>				
Kalyan Jewellers FZE	-	-	218.73	218.73
	(-)	(-)	(122.46)	(122.46)
Kalyan Jewellers Mini Stores Private Limited	-	-	37.41	37.41
	(-)	(-)	(31.41)	(31.41)
Enovate Lifestyles Private Limited	-	-	1.28	1.28
	(-)	(-)	(1.18)	(1.18)
Kalyan Jewelers, Inc.	-	-	0.51	0.51
	(-)	(-)	(-)	(-)
<u>Loans and advances to subsidiaries given</u>				
Kalyan Jewellers FZE	-	-	813.57	813.57
	(-)	(-)	(1713.53)	(1,713.53)
Enovate Lifestyles Private Limited	-	-	-	-
	(-)	(-)	(11.63)	(11.63)
Kalyan Jewelers, Inc.	-	-	10.40	10.40
	(-)	(-)	(-)	(-)
<u>Investments in Equity Share Capital</u>				
Enovate Lifestyles Private Limited	-	-	69.76	69.76
	(-)	(-)	(85.50)	(85.50)
Balance as on balance sheet date				
<u>Investment</u>				
Kalyan Jewellers FZE	-	-	2,515.43	2,515.43
	(-)	(-)	(2515.43)	(2,515.43)
Kalyan Jewellers Mini Stores Private Limited	-	-	0.50	0.50
	(-)	(-)	(0.50)	(0.50)
Enovate Lifestyles Private Limited	-	-	155.26	155.26
	(-)	(-)	(85.50)	(85.50)
<u>Receivables/Outstanding(Net) from related parties</u>				
Kalyan Jewellers Mini Stores Private Limited	-	-	397.85	397.85
	(-)	(-)	(366.03)	(366.03)
Kalyan Jewellers FZE	-	-	4,122.91	4,122.91
	(-)	(-)	(3,534.90)	(3,534.90)
Kalyan Jewellers LLC, U.A.E.	-	-	14.99	14.99
	(-)	(-)	(61.11)	(61.11)
Enovate Lifestyles Private Limited	-	-	13.84	13.84
	(-)	(-)	(12.69)	(12.69)
Kalyan Jewelers, Inc.	-	-	10.91	10.91
	(-)	(-)	(-)	(-)
<u>Payables (Net) to related parties</u>				
T.S.Kalyanaraman	5.30	-	-	5.30
	(4.85)	(-)	(-)	(4.85)
T.K.Seetharam	5.30	-	-	5.30
	(4.85)	(-)	(-)	(4.85)
T.K.Ramesh	5.30	-	-	5.30
	(4.85)	(-)	(-)	(4.85)
Sanjay Raghuraman	-	-	-	-
	(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, 2019	For the year ended March 31, 2018
Short-term employee benefits	301.20	279.79
Post-employment benefits	-	0.69

Note 32 - Financial instruments

32.1 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, 2019	As at March 31, 2018
Net Debts	12,544.19	9,520.20
Total Equity	21,598.81	20,802.98
Net gearing ratio (times)	0.58	0.46

32.2 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	₹ in Millions			
	As at March 31, 2019		As at March 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
<u>Measured at amortised cost</u>				
Investments (unquoted)	2,671.19	2,671.19	2,601.43	2,601.43
Others financial assets - non current	743.36	743.36	370.79	370.79
Trade receivables	50.32	50.32	7.26	7.26
Cash and Bank balances	4,674.38	4,674.38	6,892.20	6,892.20
Others financial assets - current	4,873.08	4,873.08	4,270.10	4,270.10
Total financial assets measured at amortised cost	13,012.33	13,012.33	14,141.78	14,141.78
Total financial assets	13,012.33	13,012.33	14,141.78	14,141.78
Financial liabilities				
<u>Measured at amortised cost</u>				
Borrowings	16,406.87	16,406.87	15,394.52	15,394.52
Metal gold loan	9,417.48	9,417.48	13,985.92	13,985.92
Trade payables	2,843.38	2,843.38	5,212.58	5,212.58
Others financial liabilities	944.99	885.04	1,635.39	1,126.18
Total financial assets measured at amortised cost (a)	29,612.72	29,552.77	36,228.41	35,719.20
<u>Mandatorily measured at FVTPL</u>				
Derivative instruments in designated hedge accounting relationships (b)	-	59.95	-	509.21
Total financial liabilities (a + b)	29,612.72	29,612.72	36,228.41	36,228.41

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:

- 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, 2019 was assessed to be insignificant.
- The Company enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. As at March 31, 2019, 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 financial 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.

32.3 - 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 inventory
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 safeguarding 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, 2019	1,854	(59.95)	Range - within 6 months
Probable forecast sales and currency forward	March 31, 2018	5,351	(509.21)	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, 2019	2,979	9,417.48
March 31, 2018	4,588	13,985.92

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, 2019, 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, 2019	As at March 31, 2018
Variable rate borrowing	16,406.87	15,394.52
Fixed rate borrowing	-	-
Total borrowings	16,406.87	15,394.52

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, 2019 would be impacted by ₹ 139.65 millions (For the year ended March 31, 2018: ₹ 144.98 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.

₹ in Millions

March 31, 2019	Less than 1 year	1-3 year	More than 3 year	Total
Borrowings	15,607.59	799.28	-	16,406.87
Metal gold loan	9,417.48	-	-	9,417.48
Trade payable	2,843.38	-	-	2,843.38
Other financial liabilities	944.99	-	-	944.99
Total	28,813.44	799.28	-	29,612.72
March 31, 2018				
Borrowings	13,746.67	1,647.85	-	15,394.52
Metal gold loan	13,985.92	-	-	13,985.92
Trade payable	5,212.58	-	-	5,212.58
Other financial liabilities	1,635.39	-	-	1,635.39
Total	34,580.56	1,647.85	-	36,228.41



Kalyan Jewellers India Limited

Notes to the Standalone financial statements for the year ended March 31, 2019

Note 33 - Goods 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 2019 are not comparable with the previous period presented in the statement of profit and loss.

Note 34 - Proposed Amalgamation of Kalyan Jewellers Mini Stores Private Limited

The Company extended inter-company loans to Kalyan Jewellers Mini Stores Private Limited ("KJMSPL"), a wholly owned subsidiary of the company and balance outstanding as on March 31, 2019 is ₹ 397.85 millions. The company has completed all the necessary procedures under Section 233 of the Companies Act, 2013, in relation to the amalgamation of the company with KJMSPL. The scheme of amalgamation has been filed with Registrar of Companies, Kerala and is pending for approval with Regional Director, Southern Region - Chennai. The company expects to complete the amalgamation process within a reasonable time. On the scheme of amalgamation taking effect, to the extent that there are inter-company loans given to KJMSPL in the books of accounts of the company, shall be set off against the liabilities in that behalf in the books of accounts of KJMSPL and the accumulated losses amounting to ₹ 344.45 Million of KJMSPL shall be aggregated with the corresponding balance of the Retained Earnings appearing in the financial statements of the Company.

Note 35 - The figures of the previous year have been regrouped / reclassified, wherever necessary to conform with the current year classification.

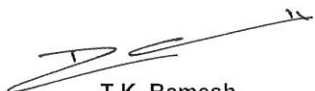
Note 36 - Approval of financial statements

The financial statements were approved for issue by the board of directors on July 23, 2019.

For and on behalf of the Board of Directors



T.S. Kalyanaraman
Managing Director
(DIN: 01021928)



T.K. Ramesh
Director
(DIN: 01021868)



T.K. Seetharam
Director
(DIN: 01021898)



V. Swaminathan
Chief Financial Officer



Jishnu R.G
Company Secretary

Place: Thrissur

Date: July 23, 2019

