

Kalyan Jewellers India Limited
Consolidated Balance Sheet as at 31 March 2021
(Amounts in INR Millions, except for shares data or as otherwise stated)

Particulars	Note No.	As at	As at
		31 March 2021	31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3A	9,617.06	10,791.85
Capital work-in-progress		526.80	242.25
Right-of-use assets	4	8,613.39	10,110.46
Investment property	5	611.36	622.29
Goodwill on consolidation	6	50.56	50.56
Intangible assets	3B	94.46	96.57
Intangible assets under development		3.80	2.22
Financial assets			
Other financial assets	7	988.88	588.37
Deferred tax assets (net)	29	460.58	80.99
Other non-current assets	8	581.63	617.31
Total non-current assets		21,548.52	23,202.87
Current assets			
Inventories	9	53,030.89	47,203.43
Financial assets			
Trade receivables	10	1,126.64	2,136.54
Cash and cash equivalents	11	3,648.56	1,608.68
Bank balances other than cash and cash equivalents	11	7,317.64	5,892.68
Other financial assets	7	343.11	812.18
Other current assets	8	1,635.92	1,330.42
Total current assets		67,102.76	58,983.93
Total assets		88,651.28	82,186.80
Equity and liabilities			
Equity			
Equity share capital	12	10,300.53	8,392.42
Compulsorily convertible preference share capital	12	-	1,190.48
Other equity	13	17,959.77	12,028.20
Non-controlling interests	14	4.96	(30.31)
Total equity		28,265.26	21,580.79
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	201.49	848.38
Lease liabilities	16	6,122.51	6,674.09
Provisions	17	342.08	306.75
Total non-current liabilities		6,666.08	7,829.22
Current liabilities			
Financial liabilities			
Borrowings	15	17,803.56	23,382.09
Metal gold loan	18	14,179.52	11,671.43
Lease liabilities	16	860.12	903.44
Trade payables	19		
Total outstanding dues of micro and small enterprises		0.84	-
Total outstanding dues of creditors other than micro and small enterprises		6,900.22	5,575.61
Other financial liabilities	20	2,868.60	656.37
Provisions	17	103.10	78.21
Other current liabilities	21	10,345.61	10,118.97
Current tax liabilities (net)	22	658.37	390.67
Total current liabilities		53,719.94	52,776.79
Total equity and liabilities		88,651.28	82,186.80

Summary of significant accounting policies (refer note 2.1)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's registration No. 117366W/W-100018)

Balaji M N

Partner

(Membership No. 202094)



For and on behalf of Board of Directors

T.S. Kalyanaraman

Managing Director

DIN: 01021928

T.K. Ramesh

Director

DIN: 01021868

T.K. Seetharam

Director

DIN: 01021898

Sanjay Raghuraman

Chief Executive Officer

V. Swaminathan

Chief Financial Officer

Jishnu R.G

Company Secretary

Place: Bengaluru

Date: 27 May 2021

Place: Thrissur

Date: 27 May 2021



Kalyan Jewellers India Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Particulars	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations	23	85,733.05	1,01,009.18
Other income	24	453.69	800.98
I Total income		86,186.74	1,01,810.16
Expense			
Cost of materials consumed	25	74,824.95	84,692.88
Changes in inventories of finished goods and work-in-progress	25	(3,683.84)	(775.21)
Employee benefits expense	26	3,315.31	3,572.26
Finance costs	27	3,754.16	3,803.15
Depreciation and amortisation expense	3C	2,249.02	2,391.66
Other expenses	28	5,333.57	5,916.55
II Total expenses		85,793.17	99,601.29
III Profit/ (loss) before tax (I - II)		393.57	2,208.87
IV Tax expense	29		
Current tax		762.15	591.30
Income tax credit for prior year		(0.77)	-
Deferred tax		(307.08)	194.82
Total tax expense		454.30	786.12
V Profit/ (loss) for the year (III - IV)		(60.73)	1,422.75
Attributable to owners of the Company		(63.04)	1,429.96
Attributable to non controlling interests		2.31	(7.21)
VI Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of employee defined benefit plans		(15.57)	(10.18)
Income tax on above		3.92	(6.67)
Items that will be reclassified to profit or loss			
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		(670.29)	59.95
Income tax on above		69.04	(19.85)
Total other comprehensive income for the year		(612.90)	23.25
Attributable to owners of the Company		(612.90)	23.25
Attributable to non controlling interests		-	-
Total comprehensive income for the year (V + VI)		(673.63)	1,446.00
Attributable to owners of the Company		(675.94)	1,453.21
Attributable to non controlling interests		2.31	(7.21)
Earnings per equity share of face value of Rs. 10/-			
Basic	31	(0.07)	1.70
Diluted	31	(0.07)	1.49

Summary of significant accounting policies (refer note 2.1)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

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Chartered Accountants

(Firm's registration No. 117366W/W-100018)


Balaji M N

Partner

(Membership No. 202094)


For and on behalf of Board of Directors
T.S. Kalyanaraman

Managing Director

DIN: 01021928

T.K. Ramesh

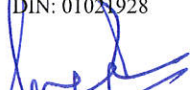
Director

DIN: 01021868

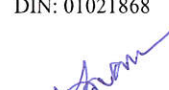
T.K. Seetharam

Director

DIN: 01021898


Sanjay Raghurama

Chief Executive Officer


V. Swaminathan

Chief Financial Officer


Jishnu R.G

Company Secretary

Place: Bengaluru

Date: 27 May 2021

Place: Thrissur

Date: 27 May 2021



Kalyan Jewellers India Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

A Equity shares with voting rights

Particulars	As at			
	31 March 2021		31 March 2020	
	No. of shares	INR	No. of shares	INR
Opening balance	83,92,41,600	8,392.42	83,92,41,600	8,392.42
Transactions during the year	19,08,11,457	1,908.11	-	-
Closing balance	1,03,00,53,057	10,300.53	83,92,41,600	8,392.42

B 0.001% Compulsorily convertible preference shares of Rs. 10 each

Particulars	As at			
	31 March 2021		31 March 2020	
	No. of shares	INR	No. of shares	INR
Opening balance	11,90,47,619	1,190.48	11,90,47,619	1,190.48
Transactions during the year	(11,90,47,619)	(1,190.48)	-	-
Closing balance	-	-	11,90,47,619	1,190.48

C Other equity

Particulars	Reserves & Surplus			Other Comprehensive Income		Other equity	Total equity
	Securities premium	Statutory reserves	Retained earnings	Fair value change of hedging instruments in cash flow hedge	Employee defined benefit plan	Foreign operation translation reserve	
Balance as at 31 March 2019	9,208.10	2.55	1,989.00	(40.09)	(62.36)	289.93	11,387.13
Ind AS 116 impact on retained earnings (net of taxes)	-	-	(896.81)	-	-	-	(896.81)
Profit for the year (net of taxes)	-	2.74	1,429.96	-	-	-	1,432.70
Foreign currency exchange differences during the year	-	-	-	-	-	157.33	157.33
Adjustment on account of acquisition of non controlling interests	-	-	(72.65)	-	-	-	(72.65)
Transfer to statutory reserve	-	-	(2.74)	-	-	-	(2.74)
Other Comprehensive Income for the year (net of taxes)	-	-	-	40.09	(16.85)	-	23.24
Balance as at 31 March 2020	9,208.10	5.29	2,446.76	-	(79.21)	447.26	12,028.20
Profit for the year (net of taxes)	-	-	(63.04)	-	-	-	(63.04)
Add: Premium arising on shares issued during (refer note 12(v) and (vi))	6,797.73	-	-	-	-	-	6,797.73
Adjustment on account of acquisition of non controlling interests	-	-	(152.96)	-	-	-	(152.96)
Foreign currency exchange differences during the period	-	0.38	-	-	-	(37.64)	(37.26)
Other Comprehensive Income for the year (net of taxes)	-	-	-	(601.25)	(11.65)	-	(612.90)
Balance as at 31 March 2021	16,005.83	5.67	2,230.76	(601.25)	(90.86)	409.62	17,959.77

Summary of significant accounting policies (refer note 2.1)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

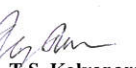
(Firm's registration No. 117366W/W-100018)

For and on behalf of Board of Directors

Balaji M N

Partner

(Membership No. 202094)



T.S. Kalyanaraman

Managing Director

DIN: 01021938

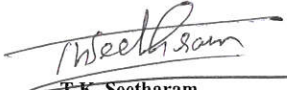

Sanjay Raghuraman
Chief Executive Officer


T.K. Ramesh

Director

DIN: 01021868


V. Swaminathan
Chief Financial Officer


T.K. Seetharam

Director

DIN: 01021898


Jishnu R.G.
Company Secretary

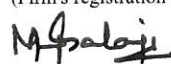
 Place: Bengaluru
Date: 27 May 2021

 Place: Thrissur
Date: 27 May 2021


Particulars	For the year ended	
	31 March 2021	31 March 2020
A Cash flow from operating activities		
Profit before tax	393.57	2,208.87
Adjustments for:		
Exchange difference in translating the financial statements of foreign operations	(37.26)	55.84
Depreciation of property, plant and equipment and amortisation of intangible assets	1,080.68	1,100.21
Amortisation on right-of-use assets	1,168.34	1,291.45
Loss on acquisition	-	(60.00)
Net loss/ (gain) on disposal of property, plant and equipment	(1.00)	(6.40)
Property, plant and equipment written off	334.06	137.76
Profit on sale of mutual funds	-	(2.71)
Credit impaired trade and other advances written off	32.06	51.40
Provision for expected credit loss on financial assets	15.76	-
Provision for impairment on right of use assets	342.55	-
Loss on termination of leases	400.58	-
Interest income	(154.86)	(296.58)
Unrealised loss/ (gain) on derivative financial instruments	407.74	(359.58)
Gain on lease modification	(99.71)	(270.79)
Liabilities no longer required written back	(1.00)	(5.42)
Provision for customer loyalty programs	1.83	0.54
Interest expense	3,616.25	3,630.69
Operating profit before working capital changes	7,499.59	7,475.28
Adjustments for:		
(Increase)/decrease in inventories	(5,470.07)	(2,196.46)
(Increase)/decrease in trade receivables	991.70	(669.60)
(Increase)/decrease in other current financial assets	109.49	(48.56)
(Increase)/decrease in other current assets	(335.12)	638.41
(Increase)/decrease in other non-current financial assets	(114.03)	(71.74)
(Increase)/decrease in other non-current assets	-	18.88
Increase/(decrease) in metal gold loan (net)	2,508.09	(3,292.86)
Increase/(decrease) in trade payables	1,324.62	1,386.98
Increase/(decrease) in non-current and current provisions	44.65	63.93
Increase/(decrease) in other current liabilities	299.56	(41.96)
Cash generated from operations	6,858.48	3,262.30
Net income tax paid	(569.39)	(64.99)
Net cash flow from operating activities [A]	6,289.09	3,197.31
B Cash flow from investing activities		
Payments for property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(481.61)	(1,191.53)
Proceeds from sale of property, plant and equipment and intangibles	2.99	116.51
Bank balances not considered as cash and cash equivalents	(1,700.73)	1,088.32
Acquisition of non controlling interests	(120.00)	-
Proceeds/ (payment) from/ (for) sale/ (purchase) of other investments	-	28.26
Interest received	126.54	301.69
Net cash flow from / (used in) investing activities [B]	(2,172.81)	343.25
C Cash flow from financing activities		
Proceeds from borrowings	-	4,870.53
Repayment of borrowings	(5,131.53)	(3,054.60)
Proceeds from issue of equity shares (net of share issue expenses)	7,564.72	-
Payment towards lease liabilities	(1,645.70)	(2,542.92)
Finance costs on borrowings	(2,863.89)	(2,705.93)
Net cash from / (used in) financing activities [C]	(2,076.40)	(3,432.92)
Net increase / (decrease) in Cash and cash equivalents [A+B+C]	2,039.88	107.64
Cash and cash equivalents at the beginning of the year	1,608.68	1,501.04
Cash and cash equivalents at the end of the year (refer note 11)	3,648.56	1,608.68

Summary of significant accounting policies (refer note 2.1)
See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's registration No. 117366W/W-100018)

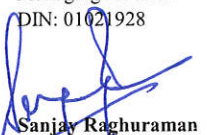

Balaji M N

Partner
(Membership No. 202094)

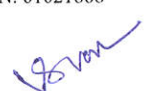


For and on behalf of Board of Directors

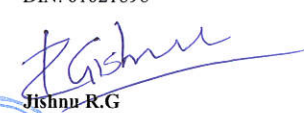

T.S. Kalyanaraman
Managing Director
DIN: 01021928


Sanjay Raghuraman
Chief Executive Officer
Place: Thrissur
Date: 27 May 2021


T.K. Ramesh
Director
DIN: 01021868


V. Swaminathan
Chief Financial Officer


T.K. Seetharam
Director
DIN: 01021898


Jishnu R.G
Company Secretary

Place: Bengaluru
Date: 27 May 2021



1. GENERAL INFORMATION

Kalyan Jewellers India Limited ('the Company' or 'the Holding Company'), together with its subsidiaries Kalyan Jewelers, Inc., USA, Enovate Lifestyles Private Limited, Kalyan Jewellers FZE, UAE and its step down subsidiaries - Kalyan Jewellers LLC, UAE, Kalyan Jewellers for Golden Jewelry Company, W.L.L, Kalyan Jewellers LLC., Qatar, Kalyan Jewellers LLC, Oman, Kalyan Jewellers Bahrain W.L.L, Kenouz Al Sharq Gold Ind. LLC (collectively referred to as 'the Group') is a leading international retail Jewellery Chain, into the manufacture and retailing of primarily gold and precious stone studded jewelleryes.

The Company is headquartered in the city of Thrissur in Kerala, India, and has offices in USA, UAE, Kuwait, Qatar and Oman.

2.1 SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013.

The Group has consistently applied accounting policies to all years. Comparative Financial information has been regrouped, wherever necessary, to correspond to the figures of the current year.

(ii) Basis of preparation and presentation

The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for the certain financial instruments that are measured at fair values as required by relevant Ind AS:

- a) certain financial assets and liabilities (including derivative instruments)
- b) defined employee benefit plans - plan assets are measured at fair value

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

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including un-realized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.



Kalyan Jewellers India Limited**Notes forming part of the consolidated financial statements for the year ended 31 March 2021**

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership held by	Ownership interest	
				31 March 2021	31 March 2020
Enovate Lifestyles Private Limited	Subsidiary	India	Kalyan Jewellers India Limited	93%	77%
Kalyan Jewellers FZE, UAE	Subsidiary	United Arab Emirates (UAE)	Kalyan Jewellers India Limited	100%	100%
Kalyan Jewelers, Inc., USA	Subsidiary	USA	Kalyan Jewellers India Limited	100%	100%
Kalyan Jewellers LLC, UAE	Step down subsidiary	United Arab Emirates	Kalyan Jewellers FZE, UAE	100%	100%
Kalyan Jewellers for Golden Jewelry Company, W.L.L.	Step down subsidiary	Kuwait	Kalyan Jewellers LLC, UAE	100%	100%
Kalyan Jewellers LLC, Qatar	Step down subsidiary	Qatar	Kalyan Jewellers LLC, UAE	100%	100%
Kalyan Jewellers LLC, Oman	Step down subsidiary	Oman	Kalyan Jewellers FZE, UAE	100%	100%
Kenouz Al Sharq Gold Ind. LLC, UAE	Step down subsidiary	United Arab Emirates (UAE)	Kalyan Jewellers LLC, UAE	100%	100%
Kalyan Jewellers Bahrain W.L.L.	Step down subsidiary	Bahrain	Kalyan Jewellers FZE, UAE	100%	100%



Kalyan Jewellers India Limited**Notes forming part of the consolidated financial statements for the year ended 31 March 2021**

The consolidated financial statements prepared by Kalyan Jewellers FZE, UAE includes 100% of the assets, liabilities and results of operations of its following subsidiaries, reflecting its controlling and beneficial equity interest in the subsidiaries through agreement with legal owners:

Name of the Company	Place of registration and operation	Ownership %	Control and beneficial interest %	Principal Activity
Kalyan Jewellers LLC,UAE	Dubai, UAE	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewellers for Golden Jewelry Company, W.L.L.	Kuwait	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewellers LLC,Qatar	Doha, Qatar	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewellers LLC,Oman	Oman	70	100	Trading in jewellery, watches and perfumes
Kenouz Al Sharq Gold Ind. LLC,UAE	Sharjah, UAE	49	100	Manufacturing of jewellery
Kalyan Jewellers Bahrain W.L.L.	Bahrain	49	100	Trading in jewellery, watches and perfumes

The financial statements of the subsidiary companies which are included in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31 March, 2021. The financial statements of the subsidiaries included in consolidation are audited except Kalyan Jewellers Inc.,USA.

(iv) Use of estimates and judgement

The preparation of consolidated 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 Group 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, liabilities, and investments:

The Group 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.

(v) Functional and presentation currency

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

(vi) Revenue Recognition

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Group 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 Group 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.

(vii) Leases

The Group's lease asset classes consist of leases for buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.



The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

(viii) Foreign currencies

In preparing the financial statements of the Group, 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.

(ix) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period 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.

(x) Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits either are classified as defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group'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 Group's obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Group. 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 Group'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 Group 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 Group. The gratuity fund is unfunded. The Group'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.

(xi) 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 Group 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 Group.



- 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(xii) 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 aeroplanes/Helicopters (30 years with an estimated residual value of 5%), 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.:

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.

(xiii) 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.

(xiv) 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 assets 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.

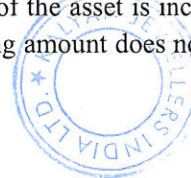
The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

(xv) Impairment of tangible and intangible assets

At the end of each reporting period, the Group 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.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows.

(xvi) 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 Group), 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.

(xvii) Provisions and contingencies

Provisions: A provision is recognised when the Group has a present obligation because 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 in 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.

(xviii) Business combination and Goodwill

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred.



The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized in capital reserve.

(xix) Financial instruments

Financial assets and financial liabilities are recognised when the Group 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.

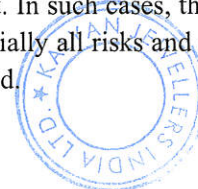
Effective interest method:

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 that 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
- Group 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 Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Whether 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 Group has not retained control of the financial asset. When the Group 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.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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.



De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group'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

(xx) Hedge accounting

The Group designates certain hedging instruments as fair value hedges/cash flow 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. The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy. Furthermore, at the inception of the hedge and on an ongoing basis, the Group 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.

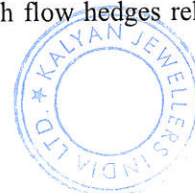
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

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



(xxi) Segment reporting

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

(xxii) 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 Group's cash management system.

(xxiii) 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.

(xxiv) Operating Cycle

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

(xxv) Recent IND AS and other statutory/ legal announcements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2021.

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.



Kalyan Jewellers India Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.2 Additional information as required by Paragraph 2 of the General Instructions for Preparation of consolidated Ind AS financial statements to Schedule III to the Companies Act, 2013:

- As on and for the period ended 31 March, 2021:

Name of the entity	Net Assets i.e, total assets minus total liabilities		Share in total comprehensive income	
	As % of consolidated net assets	Rs. in Millions	As % of consolidated total comprehensive income	Rs. in Millions
Parent Company: Kalyan Jewellers India Limited	77.55 %	22,380.96	1,565.85 %	1,218.07
Indian Subsidiary: Enovate Lifestyles Private Limited	0.24 %	69.29	42.11 %	32.76
Foreign Subsidiary Kalyan Jewellers FZE, UAE	22.21%	6,410.58	(1,689.20 %)	(1,314.03)
Kalyan Jewelers, Inc., USA	0.00 %	0.27	(18.76 %)	(14.59)
Total	100 %	28,861.10	(100 %)	(77.79)

- As on and for the year ended March 31, 2020:

Name of the entity	Net Assets i.e, total assets minus total liabilities		Share in total comprehensive income	
	As % of consolidated net assets	` in Millions	As % of consolidated total comprehensive income	` in Millions
Parent Company: Kalyan Jewellers India Limited	64.72 %	13,965.84	89.95%	1,299.23
Indian Subsidiary: Enovate Lifestyles Private Limited	0.32 %	69.61	1.49%	21.53
Foreign Subsidiaries: Kalyan Jewellers FZE, UAE	34.95 %	7542.50	1.48 %	7.00
Kalyan Jewelers, Inc., USA	0.01 %	2.84	(8.55 %)	(40.49)
Total	100 %	21,580.79	100 %	1,446.00



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

3A Property, plant and equipment

Description of Assets

	Freehold Land	Helipad	Buildings	Plant & machinery	Office equipment	Computers	Furniture and fixtures	Aeroplanes / helicopters	Vehicles	Total
I. At cost or deemed cost										
Balance as at 31 March 2019	1,828.12	30.80	979.50	309.66	854.96	222.59	7,233.32	2,700.53	403.57	14,562.05
Additions	14.81	-	17.57	224.28	55.24	25.20	600.88	-	16.47	954.45
Disposals	-	-	-	(8.28)	(2.06)	-	(194.47)	-	(15.12)	(219.93)
Effect of foreign currency exchange differences	-	-	-	20.56	-	9.15	133.19	-	2.11	165.01
Balance as at 31 March 2020	1,842.93	30.80	997.07	546.22	908.14	256.94	7,771.92	2,700.53	407.03	15,461.58
Additions	7.15	-	3.85	3.09	30.30	13.11	193.42	-	16.43	267.35
Transfer from investment property	10.93	-	-	-	-	-	-	-	-	10.93
Disposals (refer note 28(iv))	-	-	-	(0.51)	(20.84)	(2.07)	(629.79)	-	(8.86)	(662.07)
Effect of foreign currency exchange differences	-	-	-	(5.75)	-	(3.13)	(37.88)	-	(0.38)	(47.14)
Balance as at 31 March 2021	1,861.01	30.80	1,000.92	543.05	917.60	264.85	7,297.67	2,700.53	414.22	15,030.65
II. Accumulated depreciation										
Balance as at 31 March 2019	-	4.76	100.39	117.26	583.05	161.17	2,133.96	362.01	202.13	3,664.73
Charge for the year	-	1.02	33.14	23.95	111.50	37.21	708.30	89.60	54.71	1,059.43
Disposals	-	-	-	(4.93)	(1.51)	-	(98.14)	-	(13.37)	(117.95)
Effect of foreign currency exchange differences	-	-	-	10.17	-	6.75	44.78	-	1.82	63.52
Balance as at 31 March 2020	-	5.78	133.53	146.45	693.04	205.13	2,788.90	451.61	245.29	4,669.73
Charge for the year	-	1.05	33.83	27.73	89.17	32.41	714.96	89.61	53.55	1,042.31
Disposals (refer note 28(iv))	-	-	-	(0.08)	(18.15)	(1.77)	(254.05)	-	(6.86)	(280.91)
Effect of foreign currency exchange differences	-	-	-	(0.53)	-	(2.40)	(14.34)	-	(0.27)	(17.54)
Balance as at 31 March 2021	-	6.83	167.36	173.57	764.06	233.37	3,235.47	541.22	291.71	5,413.59
Carrying value (I-II)										
Balance as at 31 March 2021	1,861.01	23.97	833.56	369.48	153.54	31.48	4,062.20	2,159.31	122.51	9,617.06
Balance as at 31 March 2020	1,842.93	25.02	863.54	399.77	215.10	51.81	4,983.02	2,248.92	161.74	10,791.85



Note

No.

3B Intangible assets

Description of Assets	Software	Intangible assets (Lease rights)	Total
I. At cost or deemed cost			
Balance as at 31 March 2019	207.95	3,068.31	3,276.26
Impact of transition to INDAS 116	-	(3,068.31)	(3,068.31)
Additions	45.32	-	45.32
Disposals	(19.10)	-	(19.10)
Effect of foreign currency exchange differences	-	-	-
Balance as at 31 March 2020	234.17	-	234.17
Additions	36.26	-	36.26
Disposals	-	-	-
Effect of foreign currency exchange differences	-	-	-
Balance as at 31 March 2021	270.43	-	270.43
II. Accumulated amortisation			
Balance as at 31 March 2019	107.79	348.76	456.55
Impact of transition to INDAS 116	-	(348.76)	(348.76)
Charge for the year	40.78	-	40.78
Disposals	(10.97)	-	(10.97)
Effect of foreign currency exchange differences	-	-	-
Balance as at 31 March 2020	137.60	-	137.60
Charge for the year	38.37	-	38.37
Disposals	-	-	-
Effect of foreign currency exchange differences	-	-	-
Balance as at 31 March 2021	175.97	-	175.97
Carrying value (I-II)			
Balance as at 31 March 2021	94.46	-	94.46
Balance as at 31 March 2020	96.57	-	96.57

3C Depreciation and amortisation expense

Particulars	For the year ended	
	31 March 2021	31 March 2020
Depreciation of property, plant and equipment	1,042.31	1,059.43
Amortisation of intangible assets	38.37	40.78
Amortisation of right-of-use assets	1,168.34	1,291.45
Total	2,249.02	2,391.66



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

4 Right-of-use assets

Particulars	As at	As at
	31 March 2021	31 March 2020
Right-of-use assets (ROU) at the beginning of the year as per IND AS 116	10,110.46	9,384.32
Transfer from deferred rent	-	465.09
Add: Addition during the year on account of new leases	907.59	1,938.16
Less: Impact on lease modification	(663.71)	(411.06)
Less: Impact on lease termination (refer note 28(v))	(501.01)	(231.60)
Less: Amortised during the year	(1,168.34)	(1,291.45)
Add: Effects of foreign currency exchange differences	(71.60)	257.00
36 Closing balance	8,613.39	10,110.46

5 Investment property

Particulars	As at	As at
	31 March 2021	31 March 2020
Cost or deemed cost		
Opening balance	622.29	622.29
Additions/(Disposals)	-	-
Transfer to property, plant and equipment	(10.93)	
(i) Closing balance	611.36	622.29

- (i) The Group's investment properties consist only of free hold land and therefore no depreciation is chargeable. The Group's investment properties consist of seven properties in the nature of free hold land in India. As at 31 March 2021 and 31 March 2020, the fair value of the properties is INR 1,840 and INR 1,778 respectively. These are based on valuations performed by independent valuers for the purposes of bank financing at the time availing/renewing such financing facility. 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 35.b for note on fair value hierarchy).

6 Goodwill on consolidation

Particulars	As at	As at
	31 March 2021	31 March 2020
Cost		
Opening balance	50.56	50.56
Additions/(Disposals)	-	-
Closing balance	50.56	50.56



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

7 Other financial assets*(Unsecured and considered good)*

Particulars	As at	As at
	31 March 2021	31 March 2020
Non-current		
Measured at amortised cost		
Security deposits	652.75	528.01
Earmarked deposits with remaining maturity period greater than 12 months	336.13	60.36
Total	988.88	588.37
Current		
Measured at amortised cost unless otherwise specified		
Interest accrued on loans and deposits		
- Deposits	8.39	58.99
Security deposits	334.72	393.61
Derivative financial instruments, carrying at fair value (Refer note 35(C))		
- Forward Contracts	-	359.58
Total	343.11	812.18

8 Other assets*(Unsecured and considered good)*

Particulars	As at	As at
	31 March 2021	31 March 2020
Non-current		
Capital advance	34.64	73.11
Deferred rental reserve		
- Opening balance	-	465.09
- Transferred to ROU	-	(465.09)
Balances with revenue authorities		
- Amount paid under protest	52.32	49.53
- Dues from Kerala VAT Department	494.67	494.67
Total	581.63	617.31
Current		
Balances with revenue authorities	208.74	195.78
Prepaid expenses	96.53	121.49
Advance to suppliers	1,199.15	936.43
Other assets	131.50	76.72
Total	1,635.92	1,330.42

9 Inventories*(lower of cost and net realisable value)*

Particulars	As at	As at
	31 March 2021	31 March 2020
Raw materials	6,796.99	4,418.81
Work-in-progress	8,675.54	7,385.36
Finished goods	37,558.36	35,399.26
Total	53,030.89	47,203.43

Note (i) - The cost of inventories recognised as expense during the year ended is INR 71,141.11 millions (31 March 2020: 83,917.67)

Note (ii) - The mode of valuation has been stated in Note 2(xvi)



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

10 Trade receivables

Particulars	As at	As at
	31 March 2021	31 March 2020
Unsecured		
Considered good	1,126.64	2,136.54
Considered doubtful	21.77	8.82
Less: Provision for credit impaired trade receivables	(21.77)	(8.82)
Total	1,126.64	2,136.54

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.

11 Cash and cash equivalents

Particulars	As at	As at
	31 March 2021	31 March 2020
Cash and cash equivalents		
Cash in hand	242.20	126.34
Balances with banks		
Current accounts	1,264.52	1,423.11
Funds in transit	131.84	54.23
Fixed deposits	2,010.00	5.00
Total cash and cash equivalents as per Ind AS 7	3,648.56	1,608.68
Bank Balances other than cash and cash equivalents above		
Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	6,137.81	3,261.88
Balances with banks held as margin money/ Escrow account	1,179.83	2,630.80
Total	7,317.64	5,892.68

The deposits maintained by the Company with banks comprise time deposits, (excluding the fixed deposits held as margin money) which can be withdrawn by the Company at any point without prior notice or penalty on the principal.



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021
(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

12 Equity

Particulars	As at		As at	
	31 March 2021		31 March 2020	
	No. of shares	INR	No. of shares	INR
Authorised				
Equity shares of Rs. 10 each with voting rights	1,80,05,00,000	18,005.00	1,20,05,00,000	12,005.00
0.001% Compulsorily convertible preference shares of Rs. 10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	1,03,00,53,057	10,300.53	83,92,41,600	8,392.42
0.001% Compulsorily convertible preference shares of Rs. 10 each	-	-	11,90,47,619	1,190.48
Total	1,03,00,53,057	10,300.53	95,82,89,219	9,582.90

- (i) Pursuant to a confirmation order dated 07 August 2019 under Section 233 of the Companies Act, the Regional Director, Ministry of Corporate Affairs, Chennai had confirmed the scheme of amalgamation between Kalyan Jewellers Mini Stores Private Limited and Kalyan Jewellers India Limited and consequent to that the authorized capital of the Company is increased to INR 14,005 divided into 1,200,500,000 equity shares of Rs. 10 each and 200,000,000 Compulsorily convertible preference shares of Rs. 10 each. During the year the authorised share capital was further increased to INR 20,005 divided into 1,80,05,00,000 equity shares of Rs. 10 each and 20,00,00,000 compulsorily convertible preference shares of INR 10 each pursuant in connection with Initial Public Offering.

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

The company has only one class of equity shares having a par value of INR 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.

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

Particulars	As at		As at	
	31 March 2021		31 March 2020	
	No. of shares	INR	No. of shares	INR
Equity shares with voting rights				
Opening balance	83,92,41,600	8,392.42	83,92,41,600	8,392.42
Add: Transactions during the year	19,08,11,457	1,908.11	-	-
Closing balance	1,03,00,53,057	10,300.53	83,92,41,600	8,392.42
0.001% Compulsorily convertible preference shares of Rs. 10 each				
Opening balance	11,90,47,619	1,190.48	11,90,47,619	1,190.48
Add: Transactions during the year	(11,90,47,619)	(1,190.48)	-	-
Closing balance	-	-	11,90,47,619	1,190.48

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

Particulars	As at		As at	
	31 March 2021		31 March 2020	
	No. of shares	%	No. of shares	%
Equity shares with voting rights				
T.S. Kalyanaraman	21,56,44,676	20.94%	21,80,88,480	25.99%
T.K. Seetharam	18,60,19,542	18.06%	13,83,23,492	16.48%
T.K. Ramesh	18,60,19,542	18.06%	13,83,23,492	16.48%
Highdell Investment Ltd.	27,15,39,787	26.36%	20,14,17,984	24.00%
0.001% Compulsorily convertible preference shares of Rs. 10 each				
Highdell Investment Ltd.	-	0%	11,90,47,619	100%

- (v) Pursuant to the Subscription and Share Purchase Agreement dated 31 March 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 Rs. 10/- each at a premium of INR 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. CCPS have been fully converted into 98,857,435 equity shares of INR 10 each on 04 March 2021 at an aggregate premium of INR 201.90 million and the corresponding credit has been accounted under securities premium reserve.

- (vi) The Company completed the Initial Public Offer ('IPO') its equity shares during the year in March and listed its shares on Bombay Stock Exchange and National Stock Exchange on 26 March 2021. Pursuant to IPO, the Company allotted 91,724,137 fresh equity shares of INR 10 each to public and 229,885 fresh equity shares of INR 10 each to employees of the Company at a premium of INR 77 per equity share and INR 69 per equity share respectively on 24 March 2021. The total share premium arising on IPO amounting to INR 7078.62 millions has been accounted under securities premium reserve and the IPO related expenses amounting to INR 482.80 millions, being company's share of total estimated IPO expense has been adjusted against the premium amount as above. Upon actualisation of final IPO expense, the difference, if any, between the estimate and the actual expense will be adjusted against the securities premium account in the period in which such actualisation takes place.
- As part of the IPO, there was also offloading of shares through Offer For Sale ('OFS') by Mr. T.S. Kalyanaraman ('promoter') and Highdell Investment Ltd. ('investor') totalling to INR 1,250 millions and INR 2,500 millions respectively. The IPO expense attributable to OFS has been estimated at INR 240.21 millions against which an amount of INR 289.57 millions was retained from the OFS consideration and balance of INR 49.36 million being refundable to promoter and investor has been disclosed under Note 20 - Other Financial Liabilities as 'Dues to promoter and investor'.

Note

No.

13 Other equity

Particulars	As at	As at
	31 March 2021	31 March 2020
(i) Securities premium reserve	16,005.83	9,208.10
(ii) Statutory reserve	5.67	5.29
(iii) Retained earnings	2,230.76	2,446.76
(iv) Foreign currency translation reserve	409.62	447.26
(v) Other comprehensive income	(692.11)	(79.21)
Partners capital account	-	-
Total	17,959.77	12,028.20

Particulars	As at	As at
	31 March 2021	31 March 2020
(i) Securities premium reserve		
Balance at beginning of the year	9,208.10	9,208.10
Add: Premium arising on shares issued during the year (Refer note 12 (v) and (vi))	7,280.53	-
Less: Expenses relating to IPO netted off against the above (Refer note 12 (vi))	(482.80)	-
Balance at the end of the year	16,005.83	9,208.10
(ii) Statutory reserve		
Balance at beginning of the year	5.29	2.55
Transactions during the year	-	2.74
Effect of foreign currency rate variations during the year	0.38	-
Balance at the end of the year	5.67	5.29
(iii) Retained earnings		
Balance at beginning of the year	2,446.76	1,989.00
Ind AS 116 impact on retained earning	-	(896.81)
Loss on acquisition of non controlling interest	(152.96)	(72.65)
Profit attributable to owners of the Company	(63.04)	1,429.96
Transfer to statutory reserve	-	(2.74)
Balance at the end of the year	2,230.76	2,446.76
(iv) Foreign currency translation reserve		
Balance at beginning of the year	447.26	289.93
Movement for the year	(37.64)	157.33
Balance at the end of the year	409.62	447.26
(v) Other comprehensive income		
Balance at beginning of the year	(79.21)	(102.45)
Remeasurement of defined benefit obligations (net of tax)	(11.65)	(16.85)
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge (net of tax)	(601.25)	40.09
Balance at the end of the year	(692.11)	(79.21)

(vi) Nature and purpose of other reserve

Securities premium: Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve: Statutory reserve is a reserve required to be maintained as per the legal requirements of the country of one of the subsidiaries.

Retained earnings / Surplus: Retained earnings are the profits / loss that the Company has earned / incurred till date, less any transfers to other reserves, dividends or other distributions paid to its equity shareholders.

Foreign currency translation reserve: Represents the cumulative difference on translation of foreign operations.

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.

14 Non-controlling interests

Particulars	As at	As at
	31 March 2021	31 March 2020
Balance at beginning of the year	(30.31)	(35.75)
Share of profit/ (loss) for the year	2.31	(7.21)
Non-controlling interests pertaining Enovate Lifestyles Private Limited	32.96	12.65
Closing balance	4.96	(30.31)



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

15 Borrowings

Particulars	As at	As at
	31 March 2021	31 March 2020
Non-current		
(i) Terms loans from banks	1,796.58	1,349.58
Less: Current maturities of long-term debt	(1,595.09)	(501.20)
Total	201.49	848.38
Current		
(ii) Loans repayable on demand from banks - secured	17,803.56	23,382.09
Total	17,803.56	23,382.09

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

Terms of repayment	As at	As at
	31 March 2021	31 March 2020
Term loan I Repayable in 46 monthly instalments commencing from June 2017 and ending in September 2021 amounting to INR 62.50 per quarter. Interest is charged at 11% as of the year end. Prepayment charges: No prepayment charges as per sanction order. Penal charges: 2% above the normal rate of interest.	178.39	304.00
Corporate term loan I Repayable in 48 Monthly Instalment of INR 41.60 each commencing from April 2017 and ending in September 2021. Interest is charged at 11% as of the year end. Prepayment charges: No prepayment charges as per sanction order. Penal charges: 2% above the normal rate of interest.	226.10	508.17
COVID term loan I Repayable in 18 Monthly Instalments of INR 45.55 each commencing from December 2020 and ending in May 2022. Interest charged at 7%. Prepayment charges: No prepayment charges as per sanction order. Penal charges: No penal charges as per sanction order.	637.78	-
COVID term loan II Repayable in 12 Monthly Instalments of INR 20.83 each commencing from March 2021 and ending in March 2022. Interest charged at 9.25%. Prepayment charges: No prepayment charges as per sanction order. Penal charges: No penal charges as per sanction order.	462.34	-
COVID term loan III Repayable in 12 Monthly Instalments of INR 20.83 each commencing from April 2021 and ending in March 2022. Interest charged at 7.65%. Prepayment charges: No prepayment charges as per sanction order. Penal charges: No penal charges as per sanction order.	229.20	-
Term loan II Repayable in 16 equal instalments commencing from April 30, 2017 and carries an interest at QMRL + 1.25% p.a.	-	35.33
Term loan III Repayable in 20 equal instalments commencing from December 15, 2018 and carries an interest at QMRL + 6% p.a.	62.77	87.41
Term loan IV Repayable in every quarter commencing from February 14, 2019 and carries an interest at QMRL + 5.11% p.a.	-	142.14
Term loan V Repayable in 30 monthly instalments and carries an interest at 5% per annum over one month EIBOR, subject to variation.	-	272.53



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

15 Borrowings (contd.)**Details of securities provided to long-term borrowings (non-current)**

Term loan I - (a) First pari passu charge on the current assets of the company along with other working capital lenders. (b) First charge over the entire movable fixed assets of the Company. (c) Exclusive first charge over the aircrafts owned by the Company. (c) 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.

Corporate term loan I - (a) First pari passu charge on the current assets of the company along with other working capital lenders. (b) First charge over the entire movable fixed assets of the Company. (c) Exclusive first charge over the aircrafts owned by the Company. 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.

COVID term loans from State three banks do not have a separate security and are part of the overall security offered for working capital limit of respective banks. Refer SI No. ii for details of security.

Term loan II - a) Irrevocable personal guarantees of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh and Mr. Nasser Darwish Abdulla. b) Corporate guarantee by Kalyan Jewellers India Limited

Term loan III - a) Commercial mortgage over all the assets of the subsidiary.

b) Corporate guarantee by Kalyan Jewellers India Limited and Kalyan Jewellers LLC Dubai*

Term loan IV - a) Standby letter of credit in favour of the Bank in India by the Company b) pledge of fixed deposits of the Company.

* Current and non current portion of the above borrowings are supported by Corporate guarantee's provided by Kalyan Jewellers India Limited. Refer note 33 for details.

Term loan V - a) Standby letter of credit issued by the company in favour of the Bank. b) Irrevocable personal guarantees of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh c) Corporate guarantee by Kalyan Jewellers India Limited

(ii) Details of securities provided to loans repayable on demand from various banks

(a) First pari passu charge on the entire current assets of the Company and respective subsidiaries viz. inventory, receivables and other current assets on pari passu basis with the member banks in consortium. (b) 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) Corporate guarantee issued by Kalyan Jewellers India Limited in favour of Bank of Baroda, Sohar Bank, Commercial, National Bank of Fujairah and Commercial Bank of Dubai. (d) Other charges : No Prepayment charges & Default charges as per sanction order.

16 Lease liabilities

Particulars	As at	As at
	31 March 2021	31 March 2020
Non-current		
Opening balance	7,577.53	7,985.56
Add: Addition during the year on account of new leases	878.60	1,391.97
Less: Impact on lease modification	(396.62)	(613.39)
Less: Impact on lease termination	(124.78)	(231.33)
Less: Lease rent expense	(1,703.26)	(1,815.14)
Add: Finance cost on lease liability	754.17	850.89
Less: Current portion of lease liability	(860.12)	(903.44)
Effects of foreign currency exchange differences	(3.01)	8.97
Closing balance (refer note 36)	6,122.51	6,674.09
Current		
Current portion of lease liability	860.12	903.44
Closing balance	860.12	903.44



Note
No.**17 Provisions**

Particulars	As at	As at
	31 March 2021	31 March 2020
Non-current		
Provision for employee benefits - gratuity	342.08	306.75
Total	342.08	306.75
Current		
Provision for employee benefits - gratuity	94.63	67.89
Provision for proposed preference dividend (including dividend distribution tax)	-	0.02
Provision for customer loyalty programmes	8.47	10.30
Total	103.10	78.21

18 Metal gold loan

Particulars	As at	As at
	31 March 2021	31 March 2020
Secured		
(i) Payable to banks	14,179.52	11,671.43
Total	14,179.52	11,671.43

- (i) Represents 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.

19 Trade payables

Particulars	As at	As at
	31 March 2021	31 March 2020
(i) Total outstanding dues of micro and small enterprises	0.84	-
(ii) Total outstanding dues of other than micro and small enterprises	6,900.22	5,575.61
Total	6,901.06	5,575.61

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

Particulars	As at	As at
	31 March 2021	31 March 2020
(i) The principal amount remaining unpaid to any supplier as at the end of each accounting year.	0.84	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
(iii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The information as required under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

- (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.

20 Other financial liabilities

Particulars	As at	As at
	31 March 2021	31 March 2020
Current		
Current maturities of long-term debt	1,595.09	501.20
Interest accrued on borrowings	104.12	105.93
Payable on purchase of property, plant and equipment	44.19	49.24
Derivative financial instruments, carrying at fair value (Refer note 35(C))		
- Forward Contracts	1,075.84	-
Dues to promoter and investor (refer 12(vi))	49.36	-
Total	2,868.60	656.37



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Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

21 Other current liabilities

Particulars	As at	As at
	31 March 2021	31 March 2020
Statutory dues	182.46	111.36
Security deposit received from employees	93.40	96.29
Provision for income tax	-	72.92
Deferred income	-	-
(i) Advance from customers	10,069.75	9,838.40
Total	10,345.61	10,118.97

- (i) Advance from customers includes amounts received towards sale of jewellery products under various sale initiatives / retail customer programmes. The advance from customers also includes amounts totalling to Nil as at 31 March 2021 (31 March 2020: INR 429.73) against which the customers have not claimed / purchased jewellery within the time specified in the terms and conditions of these programmes.

22 Current tax liabilities (net)

Particulars	As at	As at
	31 March 2021	31 March 2020
Provision for income tax	2,157.53	590.53
Less: Advance tax	(1,499.16)	(199.86)
Total	658.37	390.67



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

23 Revenue from operations

Particulars	For the year ended	
	31 March 2021	31 March 2020
Revenue from sale of goods	85,433.35	1,00,280.75
(i) Other operating revenue	299.70	728.43
Total	85,733.05	1,01,009.18

(i) Other operating revenue

Particulars	For the year ended	
	31 March 2021	31 March 2020
Other operating revenue comprises		
Discount received	2.20	0.33
Ear piercing income	2.81	3.45
Income from gift vouchers	76.22	
Insurance service charges (net)	92.26	137.77
Interest income from margin money deposits	126.21	227.30
Gain on mark-to-market recognition	-	359.58
Total	299.70	728.43

24 Other income

Particulars	For the year ended	
	31 March 2021	31 March 2020
Recurring		
Interest Income earned on financial assets carried at amortised cost		
Fixed deposit with banks	28.65	69.28
Gain on disposal of property, plant and equipment (Net)	1.00	12.60
Profit on sale of mutual funds	-	2.71
Net gain on foreign currency transactions and translation	-	359.97
Non-Recurring		
Gain on lease modification	99.71	270.79
Liabilities no longer required written back	1.00	5.42
Income from rent concession	225.99	-
Miscellaneous income	97.34	80.21
Total	453.69	800.98

25 Cost of materials consumed

Particulars	For the year ended	
	31 March 2021	31 March 2020
Opening stock	4,418.81	2,910.12
Add: Purchases	77,219.25	76,028.97
	81,638.06	78,939.09
Less: Closing stock	(6,796.99)	(4,418.81)
Effect of foreign currency exchange differences	(16.12)	(2.32)
Total	74,824.95	84,692.88
Inventories at the end of the year		
Work-in-progress	8,675.54	7,385.36
Finished goods	37,558.36	35,399.26
Total	46,233.90	42,784.62
Inventories at the beginning of the year		
Work-in-progress	7,385.36	5,245.04
Finished goods	35,399.26	42,890.28
Total	42,784.62	48,135.32
Effect of foreign currency exchange differences	(234.56)	(100.78)
Net (increase) / decrease	(3,683.84)	(775.21)

26 Employee benefits expense

Particulars	For the year ended	
	31 March 2021	31 March 2020
Salaries and wages	2,951.74	3,176.34
Contribution to provident and other funds (refer note 34(a))	164.17	168.19
Gratuity (refer note 34(b))	83.07	85.77
Staff welfare expenses	116.33	141.96
Total	3,315.31	3,572.26



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note
No.**27 Finance costs**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Interest expense on:		
Borrowings	2,862.08	2,779.80
Lease liabilities	754.17	850.89
Intercompany borrowings	-	-
Other borrowing costs	137.91	172.46
Total	3,754.16	3,803.15

28 Other expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
Power and fuel	298.06	386.48
Freight and forwarding	15.99	10.91
Rent including lease rentals (refer note 36)	388.12	497.01
Repairs and maintenance - Vehicles	10.61	12.82
Repairs and maintenance - Others	275.04	357.60
Telephone and leased line expenses	66.50	76.58
Bank charges	300.62	391.44
Packing materials and compliments	108.19	166.20
Sitting fees and commission to directors	6.00	13.30
Rates and taxes	83.51	115.71
Expenditure on corporate social responsibility (refer note (i) below)	38.31	26.04
Insurance charges	37.12	28.28
Sales promotion	349.06	638.44
Commission and rebates	96.88	92.77
Advertisement expense	1,110.49	2,183.47
Auditors remuneration and out-of-pocket expenses (refer note (ii) below)	37.00	31.02
Legal and other professional costs	104.25	78.15
Donations and contributions (refer note (iii) below)	46.12	55.18
Travelling and conveyance	167.15	297.82
Printing and stationery	32.66	42.67
Credit impaired trade and other advances written off	32.06	51.40
Provision for expected credit loss on financial assets	15.76	3.09
Property, plant and equipment written off (refer note (iv) below)	534.06	142.96
Loss on termination of leases (refer note (iv) below)	400.58	-
Provision for impairment on right of use assets (refer note (v) below)	342.55	-
Loss on derivative financial instruments (net)	407.74	-
Net loss on foreign currency transactions and translation	104.44	32.11
Security expenses	26.61	27.81
Miscellaneous expenses	98.09	156.29
Total	5,333.57	5,916.55

(i) Expenditure towards corporate social responsibility

Particulars	For the year ended	
	31 March 2021	31 March 2020
Amount required to be spent as per Section 135 of the Act	34.59	26.12
Amount spent during the year on		
Construction/acquisition of any asset	-	3.59
On purpose other than above		
in cash	38.31	22.45
yet to be paid in cash	-	0.08
Total	38.31	26.12

(ii) Payment to auditors

Particulars	For the year ended	
	31 March 2021	31 March 2020
To statutory auditors (exclusive of GST)		
Audit	34.19	26.90
Taxation matters	1.74	2.65
Certifications	0.81	1.14
Reimbursement of expenses	0.26	0.33
Total	37.00	31.02

Note: In addition to the above expenses in Statement of Profit and Loss, payment to auditors also include INR 29 Million (31 March 2020: INR Nil) towards comfort letter and other IPO related services which is accounted in balance sheet to be offset with securities premium arising from IPO.



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

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- (iii) Donations and contributions include contributions to political parties amounting to INR 17.15 millions (31 March 2020: INR 43.60 millions)
- (iv) Property, plant and equipment written off amounting to INR 158.38 millions and Loss on termination of leases relates to closure of showrooms in Middle East.
- (v) Represents provision for impairment of right of use assets in Middle East.

29 Tax expense

Particulars	For the year ended	
	31 March 2021	31 March 2020
Current tax		
In respect of the current year	762.15	591.30
In respect of prior years	(0.77)	-
Deferred tax	(307.08)	194.82
Total income tax expense recognised during the year	454.30	786.12

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:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Profit/ (loss) before tax	393.57	2,208.87
Enacted income tax rate	25.17%	34.94%
Computed expected tax expense	99.06	130.08
Effect of		
Effect of loss of subsidiaries in the consolidated profits	379.19	112.68
Expenses that are not deductible in determining taxable profit	22.50	46.30
Adjustments recognised in the current year in relation to prior years	(0.77)	-
Others	(45.68)	2.76
Income tax expense recognised in the Statement of Profit or Loss	454.30	291.82
Deferred tax		
Relating to the origination and reversal of temporary differences (see below)	-	194.82
Relating to MAT credit utilised	-	(87.39)
Tax expense reported in the Statement of Profit and Loss	454.30	399.25

Deferred tax liability/ (asset)

Particulars	For the year ended	
	31 March 2021	31 March 2020
Opening balance	(80.99)	124.00
MAT credit entitlement / (Utilised/ derecognised)	-	0.19
On Ind AS 116 impact on retained earnings	-	(426.26)
Effect of foreign currency exchange differences	0.45	(0.27)
Recognised in Statement of Profit or loss		
Property, plant and equipment	(95.02)	(196.15)
Brought forward tax losses	(35.41)	-
Defined benefit obligation	(13.44)	4.65
Provision for doubtful trade receivables	0.67	(0.22)
Fair valuation of derivative financial instruments	(140.59)	90.50
Ind AS adjustments	(23.29)	296.05
Total	(307.08)	194.83
Recognised in Other Comprehensive Income		
Defined benefit obligation	(3.92)	6.67
Hedging instruments designated as cash flow hedges	(69.04)	19.85
Total	(72.96)	26.52
Closing balance	(460.58)	(80.99)



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

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30 Segment information

The Chief Operating Decision Maker (CODM) of the Group examines the performance from the perspective of the Group as a whole viz. 'jewellery business' and hence there are no separate reportable segments as per Ind AS 108.

During the year ended 31 March 2021 and 31 March 2020 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.

Particulars	Revenue from External customers		Non-current assets	
	For the year 31 March 2021	For the year 31 March 2020	As at 31 March 2021	As at 31 March 2020
India	73,871.12	78,979.11	16,849.56	17,276.31
Middle East	11,861.93	22,030.07	4,698.96	5,926.56
	85,733.05	1,01,009.18	21,548.52	23,202.87

31 Earnings per share (EPS)

Particulars	For the year ended	
	31 March 2021	31 March 2020
Profit attributable to ordinary shareholders	(63.04)	1,429.96
Weighted average number of equity shares used as denominator for calculating Basic EPS	84,88,40,615	83,92,41,600
Weighted average potential equity shares	10,99,15,199	11,90,47,619
Weighted average number of equity shares used in the calculation of Diluted EPS	95,87,55,814	95,82,89,219
Earnings per share of	10.00	10.00
Basic (Rs.)	(0.07)	1.70
Diluted (Rs.)	(0.07)	1.49

32 Contingent liabilities

Particulars	For the year ended	
	31 March 2021	31 March 2020
Other monies for which the Company is contingently liable:		
Disputed Sales Tax demands (out of which INR 16.56 (March 20: INR 44.70) have been deposited under protest)	1,963.27	242.59
Disputed Service Tax demands (out of which INR 1.76 (March 20: INR 16.89) have been deposited under protest)	22.00	10.02
Counter guarantee given to a bank for availing metal gold loans	400.00	500.00

- (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.

33 Employee benefit plans**(a) Defined contribution plans**

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes and the company has no obligations beyond its contributions. The contributions recognized in the statement of profit and loss during the year are as under:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Provident fund	139.93	151.55
Employee state insurance scheme	24.24	16.63
Total	164.17	168.19



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021
(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

33 Employee benefit plans (continued)**(b) Defined benefit plans**

The Company and its subsidiary company in India offers gratuity benefits, a defined employee benefit scheme to its employees. The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk. 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.

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

The Company:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Discount rate	5.64%	5.94%
Salary escalation	6.00%	6.00%
Attrition rate	22.00%	21.00%
Retirement age (in years)	58	58

Subsidiary company in India:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Discount rate	6.84%	6.84%
Salary escalation	9.00%	9.00%
Attrition rate	5.00%	5.00%
Retirement age (in years)	58	58

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.

Components of defined benefit costs recognised is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
In Statement of Profit and Loss		
Current service cost	50.83	46.05
Past service cost	6.00	-
Interest on net defined benefit liability/ (asset)	17.71	16.78
Net cost recognised in Statement of profit and loss	74.54	62.83
Add: Cost pertaining to foreign subsidiary accounted on undiscounted basis	8.53	22.94
Total cost recognised in Statement of profit and loss (refer note 26)	83.07	85.77
In Other Comprehensive Income		
Remeasurement on the net defined benefit liability		
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	15.57	10.18
Actuarial (gains) / losses arising from experience adjustments	-	-
Components of defined benefit costs recognised in other comprehensive income	15.57	10.18

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Present value of defined benefit obligation	375.29	309.99
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	375.29	309.99
Add: Liability pertaining to foreign subsidiary accounted on undiscounted basis	61.42	64.65
Total gratuity liability as per Note 18	436.71	374.64



Note

No.

33 Employee benefit plans (continued)

Movements in the present value of the defined benefit obligation are as follows

Particulars	For the year ended	
	31 March 2021	31 March 2020
Opening defined benefit obligation	309.99	253.18
Gratuity liability pertaining to subsidiary acquired during the period	-	2.23
Expenses recognised in the statement of profit and loss		
Current service cost	50.83	46.05
Past service cost	6.00	
Interest cost	17.71	16.78
Remeasurement (gains)/losses recognised in other comprehensive income		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	15.57	10.18
Actuarial gains and losses arising from experience adjustments	-	-
Acquisition / Divestiture	-	-
Benefits paid	(24.81)	(18.43)
Closing defined benefit obligation	375.29	309.99

Movements in the fair value of the plan assets are as follows

Particulars	For the year ended	
	31 March 2021	31 March 2020
Opening fair value of the asset		
Interest income on plan assets	-	-
Employer contributions	24.81	18.43
Benefits paid	(24.81)	(18.43)
Closing fair value of assets	-	-

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:

Particulars	As at	As at
	31 March 2021	31 March 2020
Discount rate		
Defined benefit obligation on plus 50 basis points	362.10	303.64
Defined benefit obligation on minus 50 basis points	376.83	316.65
Salary escalation		
Defined benefit obligation on plus 50 basis points	377.53	317.29
Defined benefit obligation on minus 50 basis points	361.35	302.96

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

Particulars	As at	As at
	31 March 2021	31 March 2020
Expected total benefit payments		
Within 1 year	77.67	58.84
1 year to 2 years	67.60	55.44
2 years to 3 years	56.71	47.86
3 years to 4 years	47.42	40.62
4 years to 5 years	40.11	34.40
5 years to 10 years	116.44	103.78



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(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

34 Related party disclosures**A List of related parties where control exists and also related parties with whom transactions have taken place and relationships**

Nature of relationship	Name of the related parties
Entity exercising significant influence over the Company [Entity - ESI]	Highdell Investment Ltd.
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 (Appointed as Chief Executive Officer w.e.f. July 01, 2020) V. Swaminathan (Chief Financial Officer) Jishnu R.G. (Company Secretary)
Relatives of KMP	N.V.Ramadevi (wife of T.S. Kalyanaraman) Maya Seetharam (wife of T.K. Seetharam) Deepa Ramesh (wife of T.K. Ramesh) T.K.Radhika (daughter of T.S. Kalyanaraman)
Non - Executive Directors [NED]	Ramaswamy M (Independent Director) A D M Chavali (Independent Director) Kishori Jayendra Udeshi (Independent Director) Trikkur Sitaraman Anantharaman (Independent Director) Anil Nair (Appointed as Independent director w.e.f. May 29, 2020) Salil S Nair (Appointed as Non Executive Director w.e.f. May 29, 2020) Anish Kumar Saraf (Nominee director)
Enterprises over which KMP are able to exercise significant influence [KMP - ESI]	M/s Kalyan Textile M/s Kalyan Developers

B Transactions with related parties

Nature of transactions	KMP	Entity - ESI	NED	KMP - ESI
Revenue from operations				
T.S.Kalyanaraman	8.79	-	-	-
	1.41	-	-	-
T.K.Seetharam	1.35	-	-	-
	6.55	-	-	-
T.K.Ramesh	8.83	-	-	-
	6.24	-	-	-
Allotment of equity shares upon conversion of CCPS (including share premium)				
Highdell Investment Ltd.	-	1,190.47	-	-
	-	-	-	-
Allotment of equity shares pursuant to IPO (including share premium)				
Salil S Nair	-	-	0.85	-
	-	-	-	-
Share of IPO expenses reimbursed to the Company				
T.S.Kalyanaraman	77.57	-	-	-
	-	-	-	-
Highdell Investment Ltd.	-	155.14	-	-
	-	-	-	-
Staff welfare expense				
M/s Kalyan Textile	-	-	-	7.45
	-	-	-	28.36
Managerial remuneration				
T.S.Kalyanaraman	114.14	-	-	-
	106.16	-	-	-
T.K.Seetharam	114.14	-	-	-
	106.16	-	-	-
T.K.Ramesh	114.14	-	-	-
	106.16	-	-	-
Sanjay Raghuraman	14.87	-	-	-
	8.91	-	-	-
V. Swaminathan	18.45	-	-	-
	15.23	-	-	-
Jishnu R.G	2.12	-	-	-
	1.21	-	-	-



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

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34 Related party disclosures (contd.)
B Transactions with related parties (contd.)

Nature of transactions	KMP	Entity - ESI	NED	KMP - ESI/ Subsidiaries
Sitting fees paid				
Ramaswamy M	-	-	1.00	-
	-	-	0.50	-
A D M Chavali	-	-	1.00	-
	-	-	0.50	-
Kishori Jayendra Udeshi	-	-	1.00	-
	-	-	0.50	-
Trikkur Sitaraman Anantharaman	-	-	1.00	-
	-	-	0.50	-
Anil Nair	-	-	1.00	-
	-	-	-	-
Salil S Nair	-	-	1.00	-
	-	-	-	-
Commission paid				
Ramaswamy M	-	-	-	-
	-	-	0.50	-
A D M Chavali	-	-	-	-
	-	-	0.50	-
Kishori Jayendra Udeshi	-	-	-	-
	-	-	0.50	-
Trikkur Sitaraman Anantharaman	-	-	-	-
	-	-	0.50	-
Reimbursement of expenses				
T.K.Seetharam	-	-	-	-
	0.19	-	-	-
T.K. Ramesh	-	-	-	-
	1.84	-	-	-
Sanjay Raghuraman	2.19	-	-	-
	0.87	-	-	-
V. Swaminathan	0.02	-	-	-
	0.12	-	-	-

C Balance as on the balance sheet date

Balance with related parties	KMP	Entity - ESI	NED	KMP - ESI
Payables (net) to related parties				
Highdell Investment Ltd.	-	32.91	-	-
	-	-	-	-
T.S.Kalyanaraman	40.21	-	-	-
	8.07	-	-	-
T.K.Seetharam	14.69	-	-	-
	8.07	-	-	-
T.K.Ramesh	14.69	-	-	-
	8.07	-	-	-
Sanjay Raghuraman	4.27	-	-	-
	-	-	-	-
V. Swaminathan	0.36	-	-	-
	-	-	-	-
Jishnu R.G	0.11	-	-	-
	-	-	-	-

Amount in italics pertains to the year ended 31 March 2020



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No.

34 Related party disclosures (contd.)**D Notes to related party disclosures****Notes:**

- (i) Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh and their relatives (indicated under 'Relatives of KMP') have provided joint personal guarantees on behalf of the Group to all its lenders for the various credit facilities extended by the lenders (including non fund based facilities). The details of such personal guarantees received/ (released) during the year and the closing balance of such personal guarantees is given below:

Particulars	31 March 2021	31 March 2020
Lenders in India:		
Personal guarantees received/ (released) during the year	(1,835)	(905)
Closing balance of personal guarantees received	23,525	25,360
Lenders outside India:		
Personal guarantees received/ (released) during the year	(23.94)	-
Closing balance of personal guarantees received	6,259.59	6,411.71

- (ii) **The remuneration of directors and other members of key managerial personnel during the year was as follows:**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Short-term employee benefits (salaries, bonus and other allowances) (note v)	377.86	345.82

- (iii) The above information has been determined to the extent such parties have been identified on the basis of information available with the Group and relied upon by the auditors.
- (iv) Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh has only provided personal guarantees to lenders outside India. Further the closing balance of personal guarantees provided includes INR 498.37 million (previous year 508.56 million) where only Mr. T.S. Kalyanaraman has provided personal guarantee.
- (v) The above figures do not include provisions for encashable leave, gratuity and pension, as separate actuarial valuation are not available
- (vi) Also refer Note 12 (vi) for details of transactions involving Mr. T.S. Kalyanaraman and Highdell Investment Ltd. in connection with IPO.
- (vii) During the year ended 31 March 2021, 1 equity share of face value of Rs.10/- was transferred to CEO.



Note

No.

35 Financial instruments

Categories of financial instruments

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

(a) Financial assets and liabilities

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

Particulars	As at			
	31 March 2021		31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Measured at amortised cost				
Investments (unquoted)	-	-	-	-
Others financial assets - non current	988.88	988.88	588.37	588.37
Trade receivables	1,126.64	1,126.64	2,136.54	2,136.54
Cash and bank balances	10,966.20	10,966.20	7,501.36	7,501.36
Others financial assets - current	343.11	343.11	452.60	452.60
Total financial assets measured at amortised cost	13,424.83	13,424.83	10,678.87	10,678.87
Mandatorily measured at FVTPL				
Derivative financial instruments not designated as hedging, carried at fair value	-	-	359.58	359.58
Total financial assets	13,424.83	13,424.83	11,038.45	11,038.45
Financial liabilities				
Measured at amortised cost				
Borrowings	18,005.05	18,005.05	24,230.47	24,230.47
Metal gold loan	14,179.52	14,179.52	11,671.43	11,671.43
Lease liabilities	6,982.63	6,982.63	7,577.53	7,577.53
Trade payables	6,901.06	6,901.06	5,575.61	5,575.61
Others financial liabilities	1,792.76	1,792.76	656.37	656.37
Total financial assets measured at amortised cost	47,861.02	47,861.02	49,711.41	49,711.41
Mandatorily measured at FVTPL				
Derivative financial instruments not designated as hedging, carried at fair value	1,075.84	1,075.84	-	-
Total financial liabilities	48,936.86	48,936.86	49,711.41	49,711.41

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.

Following methods and assumptions were used to estimate fair values:

Fair values of the Group'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 reporting date was assessed to be insignificant.

(b) Fair value hierarchy

The Group 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.

(c) Financial risk management objective

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

The Group has a robust risk management process and framework in place. This process is coordinated by the Board of the Group, 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 Group through such framework. These risks include market risks, credit risk and liquidity risk.



Note
No.

35 Financial instruments

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 Group'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 or through metal gold loan facilities.
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	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 Group is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold. The Group's business objective includes safe-guarding its earnings against adverse price movements of gold as well as foreign exchange risks.

The Group 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 forward contracts which are not designated as above are marked to market at each balance sheet date and corresponding gain/ loss is recognised in the Statement of Profit and Loss. 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 does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

The table below shows the position of hedging against probable forecast sales (commodity price risk) and currency forwards (currency risk) as of the balance sheet date.

As at	Quantity (Kgs)	Carrying amount - receivable/ (payable)		Maturity date
		Designated hedges as per IND AS 109	Other than designated hedges	
March 31, 2021	8,409	(670.28)	(405.55)	Range - within 6 months
March 31, 2020	2,534	-	270.64	Range - within 6 months

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

Particulars	As at	
	31 March 2021	31 March 2020
Quantity (Kgs)	3,329.00	2,847.00
Carrying amount	14,179.52	11,671.43

Market risk - Interest rate

(i) Liabilities

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

Particulars	As at	
	31 March 2021	31 March 2020
Variable rate borrowing	19,600.14	24,731.67
Fixed rate borrowing	-	-



Note

No.

35 Financial instruments**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. The impact on the Group's profit if interest rates had been 50 basis points higher/lower and all other variables were held constant:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Increase in borrowing rates by 50 basis points		
Impact on profits - Increase/ (decrease)	(122.56)	(138.29)
Impact on equity (net of tax) - Increase/ (decrease)	(81.64)	(103.48)
Decrease in borrowing rates by 50 basis points		
Impact on profits - Increase/ (decrease)	122.56	138.29
Impact on equity (net of tax) - Increase/ (decrease)	81.64	103.48

(ii) Assets

The Group'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 Group 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 Group'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 Group is not exposed to any significant credit risk exposure to any single counterparty or any Group 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 Group 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 Group does not expect any material risk on account of non performance by any of the Group'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 Group requires funds both for short-term operational needs as well as for long-term expansion programmes. The Group remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Group manages liquidity risk by maintaining adequate support of facilities from its holding Group, and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Group'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 Group's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Group'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 Group

Particulars	As at							
	31 March 2021				31 March 2020			
	Less than 1 year	1-3 year	More than 3 year	Total	Less than 1 year	1-3 year	More than 3 year	Total
Borrowings	17,803.56	201.49	-	18,005.05	23,791.30	421.69	17.48	24,230.47
Metal gold loan	14,179.52	-	-	14,179.52	11,671.43	-	-	11,671.43
Lease liabilities	860.12	2,720.49	3,402.02	6,982.63	903.44	2,555.11	4,118.98	7,577.53
Trade payable	6,901.06	-	-	6,901.06	5,575.61	-	-	5,575.61
Other financial liabilities	2,868.60	-	-	2,868.60	656.37	-	-	656.37
Total	42,612.86	2,921.98	3,402.02	48,936.86	42,598.15	2,976.80	4,136.46	49,711.41



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021

(Amounts in INR Millions, except for shares data or as otherwise stated)

Note

No.

35 Financial instruments**(d) Capital management**

The Group's capital management objectives are

- to ensure the Group'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 Group

The Group 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 Group monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Group. 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 Group

Particulars	As at	
	31 March 2021	31 March 2020
Equity share capital	10,300.53	8,392.42
Compulsorily convertible preference share capital	-	1,190.48
Other equity	17,959.77	12,028.20
Non controlling interests	4.96	(30.31)
Total equity [A]	28,265.26	21,580.79
Non-current borrowings	201.49	848.38
Current borrowings	17,803.56	23,382.00
Current maturities of non current borrowings	1,595.09	501.20
Gross debts [B]	19,600.14	24,731.58
Total capital [A + B]	47,865.40	46,312.37
Gross debts as above	19,600.14	24,731.58
Less: Cash and cash equivalents	(3,648.56)	(1,608.68)
Less: Bank balances other than cash and cash equivalents	(7,317.64)	(5,892.68)
Net debts [C]	8,633.94	17,230.22
Net gearing ratio (times)	0.31	0.80



Kalyan Jewellers India Limited

Notes forming part of consolidated financial statements for the year ended 31 March 2021
(Amounts in INR Millions, except for shares data or as otherwise stated)

Note
No.

36 Leases

The Group has adopted Ind AS 116 'Leases' with the date of initial application being 01 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 01 April 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Group has applied the below practical expedients:

- (i) The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (ii) The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases". Expense relating to such short term leases recognised in Profit & Loss account amounts to INR 388.12 (31 March 2020: INR 497.01).
- (iii) The Group has not applied the requirements of Ind AS 116 for leases of low value assets.
- (iv) The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

On transition to Ind AS 116, the Group recognised right-of-use assets amounting to INR 9,384.32, lease liabilities amounting to INR 7,985.56 and INR 896.81 debited to retained earnings (net of taxes) as at 01 April 2019. The Group has discounted lease payments using the applicable incremental borrowing rate as at 01 April 2019, which is 11.85% for measuring the lease liability.

37 Impact of COVID-19 (Global pandemic):

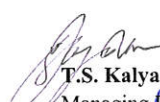
The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the consolidated financial statements of the Group. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these consolidated financial statements has used internal and external sources of information. The Group has performed an analysis on the assumptions used and based on current estimates expects the carrying amount of its assets will be recovered. The impact of COVID-19 on the Group's consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements. As on date of approval of these consolidated financial statements, most of the stores are closed due to the lock down imposed on account of second wave of COVID-19.

- 38 During the year ended 31 March 2021, the Group has renegotiated with certain landlords on the rent reduction/ waiver due to COVID 19 pandemic. The Management believes that such reduction/ waiver in rent is short term in nature and also meets the other conditions specified in the notification issued by the Central Government in consultation with National Financial Reporting Authority dated 24 July 2020 as Companies (Indian Accounting Standards) Amendment Rules, 2020 with effect from 1 April 2020. Thus, in accordance with the said notification, the Group has elected to apply exemption as the reduction/ waiver does not necessitate a lease modification as envisaged in the Standard by recording in the "Other income" (net of rent expenses). Accordingly, the Group has recognised INR 225.99 millions during the year ended 31 March 2021 in the statement of profit and loss.

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

- 39 Approval of consolidated financial statements: The consolidated financial statements were approved for issue by the board of directors on 27 May 2021.

For and on behalf of Board of Directors


T.S. Kalyanaraman
Managing Director
DIN: 01021928


Sanjay Raghuraman
Chief Executive Officer


T.K. Ramesh
Director
DIN: 01021868


V. Swaminathan
Chief Financial Officer


T.K. Seetharam
Director
DIN: 01021898


Jishnu R.G.
Company Secretary

Place: Thrissur
Date: 27 May 2021

