SHARAD JAIN ASSOCIATES
CHARTERED ACCOUNTANTS

213, HANS BHAWAN,
1, BAHADUR SHAH ZAFAR MARG,
DELHI-110002
TEL. NO.- 23379477, 23379588

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRANSFORMING RETAIL PRIVATE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 12 to the financial statements which indicates that the Company has incurred a net loss of Rs. 1,12,36,514 during the year ended March 31, 2019 and as of that date, the Company's liabilities exceeded its assets by Rs. 6,08,18,230. These events or conditions indicate that a material uncertainty exists which may cast significant doubt about the Company's ability to continue as a going concern. However, considering the factors stated in the Note 30, the management considers the use of going concern basis of accounting to be appropriate. Our opinion is not modified in respect of this matter.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the

Sharad Jain Associates
CA
New Delhi
Chartered Accountants

financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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• Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A"** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The financial statements dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company does not have any pending litigations which would impact its financial position.

      (ii) The Company did not have any long-term contracts including derivative contracts for

Sharad Jain Associates
New Delhi
Chartered Accountants

which there were any material foreseeable losses.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sharad Jain Associates
Chartered Accountants
(F. Regn. No.015201N)

Sharad Jain Associates
CA
New Delhi
Chartered Accountants

Place: New Delhi
Date: 28.05.2019

(Sharad Jain)
Partner
M. No. 83837

Annexure - A to the Auditor's Report

As required by the Companies (Auditor's Report) Order, 2016 issued by Central Government of India in terms of sub-section (11) of section 143 of Companies Act 2013 we further report that:-

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The company did not hold immovable properties during the year. Accordingly, the provisions of clauses 3(i)(c) of the Order are not applicable.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the company has not dealt with any loans, investments, guarantees and security under section 185 & 186 of the Companies Act, 2013 during the year. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues outstanding in respect of income tax, sales tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute, therefore reporting of amounts involved and forum where dispute is pending is not applicable.

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CA
New Delhi
Chartered Accountants

(viii) The company has no loan or borrowings payable to a financial institution, bank, Government or dues to debenture holders. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) or taken any term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) There is no fraud by the company or any fraud on the Company by its officers or employees noticed or reported during the year, therefore the reporting under the clause is not applicable.

(xi) No managerial remuneration is paid or payable by the Company during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.

(xii) The company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with sections 177 & 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of clause 3(xv) of the Order are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

For Sharad Jain Associates
Chartered Accountants
(F. Regn. No.015201N)

Sharad Jain Associates
CA
New Delhi
Chartered Accountants

Place: New Delhi
Date: 28.05.2019

(Sharad Jain)
Partner
M. No. 83837

Annexure - B to the Auditor's Report

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

We have audited the internal financial controls over financial reporting of Transforming Retail Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Sharad Jain Associates
CA
New Delhi
Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sharad Jain Associates
Chartered Accountants
(F. Regn. No.015201N)

Sharad Jain Associates
New Delhi
Chartered Accountants

Place: New Delhi
Date: 28.05.2019

(Sharad Jain)
Partner
M. No. 83837

Transforming Retail Private Limited
Balance sheet as at March 31, 2019

Particulars	Notes	₹ As at March 31, 2019	₹ As at March 31, 2018
ASSETS:			
Non-current assets:			
Property, plant and equipment	4	360,469	2,390,731
Intangible assets	5	2,580	4,916
Financial assets:			
Loans	6	260,234	233,603
Deferred tax assets [net]	7	21,810,386	17,752,672
Other non-current assets	8	99,772	122,939
Total non-current assets		22,533,441	20,504,861
Current assets:			
Financial assets:			
Trade receivables	9	2,130,180	899,525
Cash and cash equivalents	10	3,526,234	6,578,776
Loans	6	62,500	62,500
Other current assets	8	3,657,438	2,010,067
Total current assets		9,376,352	9,550,868
Total assets		31,909,793	30,055,729
EQUITY AND LIABILITIES:			
Equity			
Equity share capital	11	100,000	100,000
Other equity	12	(60,918,230)	(49,681,716)
Total equity		(60,818,230)	(49,581,716)
Liabilities			
Non-current liabilities:			
Provisions	13	574,427	653,929
Total non-current liabilities		574,427	653,929
Current liabilities:			
Financial liabilities:			
Trade payables	14		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		90,473,141	76,246,521
Other financial liabilities	15	1,019,520	2,260,362
Other current liabilities	16	659,575	475,481
Provisions	13	1,360	1,152
Total current liabilities		92,153,596	78,983,516
Total liabilities		92,728,023	79,637,445
Total equity and liabilities		31,909,793	30,055,729

Notes 1 to 32 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date
For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain Associates New Delhi Chartered Accountants

Sharad Jain
Partner
M. No.: 83837

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Kuldeep Singh
Director
DIN-00564482

Transforming Retail Private Limited
Statement of profit and loss for the year ended March 31, 2019

Particulars	Notes	₹ Year ended March 31, 2019	₹ Year ended March 31, 2018
REVENUE:			
Revenue from operations	17	140,686,885	65,287,034
Other income	18	26,632	90,145
Total income		140,713,517	65,377,179
EXPENSES:			
Purchases of stock-in-trade	19	132,036,933	60,901,775
Employee benefits expense	20	12,516,605	14,957,405
Depreciation and amortisation expense	4-5	587,128	874,534
Other expenses	21	11,208,030	10,956,392
Total expenses		156,348,696	87,690,105
Profit before tax		(15,635,179)	(22,312,926)
Tax expense:			
Current tax	22	-	-
Deferred tax	7	(4,146,361)	(3,631,176)
Total tax expense		(4,146,361)	(3,631,176)
Profit for the year		(11,488,818)	(18,681,750)
OTHER COMPREHENSIVE INCOME:			
a) Items that will not be reclassified to profit or loss			
(i) Remeasurement of post employment benefit obligations		340,951	146,053
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(88,647)	(37,609)
Other Comprehensive Income for the year, net of tax		252,304	108,444
Total Comprehensive Income for the year		(11,236,514)	(18,573,306)
Earnings per equity share: (face value of ₹ 10 per share)	23		
Basic earnings per share (in ₹)		(1,123.65)	(1,857.33)
Diluted earnings per share (in ₹)		(1,123.65)	(1,857.33)

Notes 1 to 32 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date
For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain Associates New Delhi Chartered Accountants

Sharad Jain
Partner
M. No.: 83837

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Kuldeep Singh
Director
DIN-00564482

Transforming Retail Private Limited
Cash flow statement for the year ended March 31, 2019

Particulars	₹ Year ended March 31, 2019	₹ Year ended March 31, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(15,635,179)	(22,312,926)
Adjustments for:		
Depreciation and amortisation expense	587,128	874,534
Net Loss/(profit) on disposal of property, plant and equipment	1,472,292	-
Unwinding of discount on security deposits	(3,527)	2,655
Actuarial gain forming part of OCI	340,951	146,053
Operating profit before working capital changes	**(13,238,335)**	**(21,289,684)**
Adjustments for:		
(Increase) in financial assets	-	379,999
Decrease/(increase) in non-financial assets	(1,647,308)	(1,494,135)
Decrease/(increase) in trade receivables	(1,230,655)	(91,930)
Increase in trade payables	14,226,620	32,207,041
Increase in financial liabilities	(1,240,841)	(4,209,674)
(Decrease)/increase in non-financial Liabilities	184,094	(432,559)
Increase in provisions	(79,294)	144,948
Cash (used in)/generated from operating activities	**(3,025,720)**	**5,214,005**
Direct taxes paid	-	-
Net cash (used in)/generated from operating activities (A)	**(3,025,720)**	**5,214,005**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including capital advances	(26,822)	-
Proceeds from disposal of property, plant and equipment	-	-
Net cash (used in)/generated from investing activities (B)	**(26,822)**	**-**
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Net cash (used in)/generated from financing activities (C)	**-**	**-**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(3,052,542)	5,214,005
Cash and cash equivalents at the beginning of the year	6,578,776	1,364,771
Cash and cash equivalents at the end of the year	**3,526,234**	**6,578,776**

Notes 1 to 32 form an integral part of these financial statements.

This is the cash flow statement referred to in our report of even date
For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain Associates New Delhi Chartered Accountants

Sharad Jain
Partner
M. No.: 83837

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Kuldeep Singh
Director
DIN-00564482

Transforming Retail Private Limited
Statement of changes in equity for the year ended March 31, 2019

A Equity share capital:

	Note	No. of shares	₹
Issued, subscribed and fully paid up			
Equity shares of ₹ 10 each			
Balance as at April 01, 2017	11	10,000	**100,000**
Changes in equity share capital during the year		-	-
Balance as at March 31, 2018	11	10,000	**100,000**
Changes in equity share capital during the year		-	-
Balance as at March 31, 2019	11	**10,000**	**100,000**

B Other equity:

Particulars	₹	
	Reserves and surplus	Total
	Retained earnings	
Balance as at April 01, 2017	**(31,108,409)**	(31,108,409)
Profit for the year	(18,681,750)	**(18,681,750)**
Other comprehensive income	108,444	**108,444**
Total comprehensive income	**(49,681,716)**	**(49,681,716)**
Transactions with owners in their capacity as owners	-	-
Balance as at March 31, 2018	**(49,681,716)**	(49,681,716)
Profit for the year	(11,488,818)	**(11,488,818)**
Other comprehensive income	252,304	**252,304**
Total comprehensive income	**(60,918,230)**	**(60,918,230)**
Transactions with owners in their capacity as owners	-	-
Balance as at March 31, 2019	**(60,918,230)**	**(60,918,230)**

Notes 1 to 32 form an integral part of these financial statements.

This is the statement of changes in equity referred to in our report of even date
For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain Associates New Delhi Chartered Accountants

Sharad Jain
Partner
M. No.: 83837

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Balram Garg
Director
DIN-00032083

Kuldeep Singh
Director
DIN-00564482

Transforming Retail Private Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended March 31, 2019

1. Corporate information

Nature of operations

Transforming Retail Private Limited (the Company) was incorporated on September 24, 2014. The Company is engaged in business of trading and distribution of jewellery, accessories, gift items, etc. through retail stores, online stores, etc.

General information and statement of compliance with Ind AS

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act'), Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws.

The financial statements for the year ended March 31, 2019 were authorised and approved for issue by the Board of Directors on May 28, 2019.

2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

2.1 Standards issued but not effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effective date for adoption is financials periods beginning on or after April 01, 2019.

Ind AS 116 – Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company intends to adopt this standard from April 01, 2019 and is currently evaluating the requirements of this standard and its impact on the financial statements.

Amendment to Ind AS 12, Income taxes

On March 30, 2019, Ministry of Corporate Affairs (MCA) has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is April 01, 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 19, Employee benefits

On March 30, 2019, Ministry of Corporate Affairs (MCA) has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is April 01, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 109, Financial instruments

On March 30, 2019, Ministry of Corporate Affairs (MCA) issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after April 01, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 23, Borrowing costs

On March 30, 2019, Ministry of Corporate Affairs (MCA) issued an amendment to Ind-AS 23 "Borrowing Costs" clarifying that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after April 01, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

3. Summary of significant accounting policies

a) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost basis except for certain financial assets and liabilities (refer note 26 for further details).

There exist certain events or conditions which indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, no adjustments have been made to these financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern (refer note 30 for further details).

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Foreign currency translation

Initial recognition
Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date
Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference
Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

d) Revenue recognition

Sales of goods
Revenue from sale of goods is recognised on transfer of risk and rewards of ownership of goods to the buyer and when no significant uncertainty exists regarding the amount of consideration that will be derived. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction. Revenue is recorded net of any discounts and gifts provided by the Company.

Interest
Interest income is recognised on an accrual basis using the effective interest method. Other income is recognised when no significant uncertainty as to its determination or realisation exists.

e) Property, plant and equipment

Recognition and initial measurement
All items of property, plant and equipment are stated at their cost of acquisition less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

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Subsequent measurement (depreciation and useful lives)
Depreciation on property, plant and equipment is provided on written-down value, computed on the basis of useful lives (as set out below) prescribed in Schedule II of the Act:

Asset category	Estimated useful life (in years)
Office equipment	5
Computers	3
Furniture and fixtures	10

Leasehold improvements have been amortised over the estimated useful life of the assets or the period of lease, whichever is lower. The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

De-recognition
An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

f) Intangible assets

Recognition and initial measurement
Intangible assets includes computer software which were purchased by the Company. All items are stated at their cost of acquisition. The cost comprises purchase price, and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (depreciation and useful lives)
Computer software are amortised over the estimated useful life of the assets or 3 years, whichever is lower, on written-down value basis.

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

De-recognition
An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

g) Leased assets

Company as a lessee
Operating leases
Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

The Company does not enter into any leases as a lessor.

h) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable

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amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Subsequent measurement

i. **Financial instruments at amortised cost** – the financial instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. All the debt instruments of the Company are measured at amortised cost.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. These liabilities include borrowings.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

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- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables
The Company applies approach permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets
For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

k) Inventories
Stock-in-trade: Lower of cost or net realisable value. Cost is determined on FIFO basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

l) Taxes on income

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income ('OCI') or directly in equity.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income-tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in OCI or in equity).

Deferred income-tax is calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets or liability arising during tax holiday period is not recognised to the extent it reverses out within the tax holiday period. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in OCI or in equity).

m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

n) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The

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cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

o) Post-employment, long term and short term employee benefits

Defined contribution plans
Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into funds established under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

Defined benefit plans
Gratuity is a post-employment benefit defined under The Payment of Gratuity Act, 1972 and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits
Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

p) Operating expenses

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or as incurred.

q) Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

r) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefit is probable, related asset is disclosed.

s) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding

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during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

t) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements and estimates

The following are significant management judgements and estimates in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence.

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Transforming Retail Private Limited
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 4: Property, plant and equipment

₹

	Office equipment	Computers	Furniture & fixtures	Leasehold improvements	Total
Gross block:					
Balance as at April 01, 2017	**973,601**	**443,407**	**171,789**	**2,372,856**	**3,961,653**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at March 31, 2018	**973,601**	**443,407**	**171,789**	**2,372,856**	**3,961,653**
Additions	26,822	-	-	-	**26,822**
Disposals	-	-	-	(2,372,856)	**(2,372,856)**
Balance as at March 31, 2019	**1,000,423**	**443,407**	**171,789**	**-**	**1,615,619**
Accumulated depreciation and amortisation:					
Balance as at April 01, 2017	**219,311**	**287,807**	**22,177**	**175,522**	**704,817**
Charge for the year	339,959	91,934	38,734	395,478	**866,105**
Reversal on disposals	-	-	-	-	**-**
Balance as at March 31, 2018	**559,270**	**379,741**	**60,911**	**571,000**	**1,570,922**
Charge for the year	193,595	32,927	28,706	329,564	**584,792**
Reversal on disposals	-	-	-	(900,564)	**(900,564)**
Balance as at March 31, 2019	**752,865**	**412,668**	**89,617**	**-**	**1,255,150**
Net block:					
Balance as at March 31, 2019	247,558	30,739	82,172	-	**360,469**
Balance as at March 31, 2018	414,331	63,666	110,878	1,801,856	**2,390,731**

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 5: Intangible assets

	Computer software	Total
		₹
Gross block:		
Balance as at April 01, 2017	**51,600**	**51,600**
Additions	-	-
Disposals	-	-
Balance as at March 31, 2018	**51,600**	**51,600**
Additions	-	-
Disposals	-	-
Balance as at March 31, 2019	**51,600**	**51,600**
Accumulated depreciation and amortisation:		
Balance as at April 01, 2017	**38,255**	**38,255**
Charge for the year	8,429	**8,429**
Reversal on disposals	-	-
Balance as at March 31, 2018	**46,684**	**46,684**
Charge for the year	2,336	**2,336**
Reversal on disposals	-	-
Balance as at March 31, 2019	49,020	**49,020**
Net block:		
Balance as at March 31, 2019	2,580	**2,580**
Balance as at March 31, 2018	4,916	**4,916**

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Note 6: Financial assets - loans

	₹			
	As at			
	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Unsecured and considered good				
Security deposits	260,234	62,500	233,603	62,500
Total	**260,234**	**62,500**	**233,603**	**62,500**

Note 7: Deferred tax assets [net]

	₹	
	As at	
	March 31, 2019	March 31, 2018
Deferred tax asset arising on account of		
Difference between accounting base and tax base of property, plant and equipment	107,307	140,484
Provision for employee benefits	149,705	170,321
Losses carried forward	21,554,312	17,441,888
	21,811,324	**17,752,693**
Deferred tax liability arising on account of		
Financial assets and liabilities at amortised cost	(938)	(21)
	(938)	**(21)**
Net deferred tax assets	21,810,386	17,752,672

(a) Movements in deferred tax assets and deferred tax liabilities from April 1, 2018 to March 31, 2019

Particulars	Opening balance as on April 1, 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2019
Deferred tax asset arising on account of				
Difference between accounting base and tax base of property, plant and equipment	140,484	(33,177)	-	107,307
Provision for employee benefits	170,321	68,031	(88,647)	149,705
Losses carried forward	17,441,888	4,112,424	-	21,554,312
	17,752,693	**4,147,278**	**(88,647)**	**21,811,324**
Deferred tax liability arising on account of				
Financial assets and liabilities at amortised cost	(21)	(917)	-	(938)
	(21)	**(917)**	**-**	**(938)**
Net deferred tax assets	17,752,672	4,146,361	(88,647)	21,810,386

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(b) Movements in deferred tax assets and deferred tax liabilities from April 1, 2017 to March 31, 2018

Particulars	Opening balance as on April 1, 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2018
Deferred tax asset arising on account of				
Difference between accounting base and tax base of property, plant and equipment	26,626	113,858	-	140,484
Provision for employee benefits	157,631	50,299	(37,609)	170,321
Losses carried forward	13,975,559	3,466,329	-	17,441,888
	14,159,816	**3,630,486**	**(37,609)**	**17,752,693**
Deferred tax liability arising on account of				
Financial assets and liabilities at amortised cost	(711)	690	-	(21)
	(711)	**690**	**-**	**(21)**
Net deferred tax assets	**14,159,105**	**3,631,176**	**(37,609)**	**17,752,672**

Note 8: Other assets

	₹			
	As at			
	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Balance with statutory authorities	-	3,180,067	-	1,496,932
Prepaid expenses	99,772	23,168	122,939	58,932
Others	-	454,203	-	454,203
Total	**99,772**	**3,657,438**	**122,939**	**2,010,067**

Note 9: Trade receivables

	₹	
	As at	
	March 31, 2019	March 31, 2018
Unsecured and considered good		
Receivables from related parties	-	-
Others	2,130,180	899,525
Total	**2,130,180**	**899,525**

Note 10: Cash and cash equivalents

	₹	
	As at	
	March 31, 2019	March 31, 2018
Balances with banks		
- In current accounts	2,809,118	6,156,779
Cash on hand	717,115	421,997
	3,526,234	**6,578,776**

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Note 11: Equity share capital

(a) Authorised equity share capital

	Number of shares	Amount (₹)
Equity shares of ₹ 10 each		
Balance as at April 01, 2017	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2018	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2019	10,000	100,000

Issued, subscribed and paid-up equity share capital:

	Number of shares	Amount (₹)
Equity shares of ₹ 10 each		
Balance as at April 01, 2017	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2018	10,000	100,000
Increase during the year	-	-
Balance as at March 31, 2019	10,000	100,000

(b) **Terms and rights attached to equity shares**
The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of ₹ 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

(c) **Share of the company held by holding/ultimate holding company**

	As at			
	March 31, 2019		March 31, 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 10 each				
PC Jeweller Limited - Holding Company	9,990	99.90%	9,990	99.90%
Balram Garg - Nominee PC Jeweller Ltd	10	0.10%	10	0.10%
	10,000	100%	10,000	100%

(d) **Details of shareholders holding more than 5% of the shares of the Company***

	As at			
	March 31, 2019		March 31, 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 10 each				
PC Jeweller Ltd	10,000	100%	10,000	100%
	10,000	100%	10,000	100%

**As per the records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.*

(e) The Company has not issued any shares pursuant to contract without payment being received in cash, or allotted as fully paid up by way of bonus shares or bought back any shares during the period of five years immediately preceding the date of balance sheet.

Note 12: Other equity

Retained earnings

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	(49,681,716)	(31,108,409)
Add : profit for the year	(11,488,818)	(18,681,750)
Items of other comprehensive income recognised directly in retained earnings:	-	-
- Remeasurement of net defined benefit liability	252,304	108,444
Balance at the end of the year	(60,918,230)	(49,681,716)
Total other equity	(60,918,230)	(49,681,716)

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 13: Provisions

	₹			
	As at			
	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Provision for employee benefits obligations (refer note 24)	574,427	1,360	653,929	1,152
Total	574,427	1,360	653,929	1,152

Note 14: Trade payables

	₹	
	As at	
	March 31, 2019	March 31, 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	90,473,141	76,246,521
Total	90,473,141	76,246,521

Note 15: Other current financial liabilities

	₹	
	As at	
	March 31, 2019	March 31, 2018
Valued at amortised cost		
Employee related payables	574,164	1,133,302
Others	445,356	1,127,060
Total	1,019,520	2,260,362

Note 16: Other current liabilities

	₹	
	As at	
	March 31, 2019	March 31, 2018
Statutory dues payable	143,599	127,057
Advances received from customers	515,977	348,424
Total	659,575	475,481

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

Note 17: Revenue from operations

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Sale of products	140,686,583	64,999,248
Sale of services	302	287,785
	140,686,885	**65,287,034**

Note 18: Other income

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Interest income on		
other financial assets carried at amortised cost	26,632	89,532
refund of income tax	-	613
	26,632	**90,145**

Note 19: Purchase of stock-in-trade

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Purchases of stock-in-trade	132,036,933	60,901,775
	132,036,933	**60,901,775**

Note 20: Employee benefits expense

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Salaries and wages	12,334,845	14,584,806
Contribution to provident and other funds	161,417	299,591
Staff welfare expenses	20,343	73,008
	12,516,605	**14,957,405**

Note 21: Other expenses

	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Advertisement expenses	1,526,208	2,948,746
Rent	685,604	1,011,255
Discount	242,691	446,545
Marketing expenses	2,947,931	618,036
Communication	1,025,392	78,546
Office repairs and maintenance	160,584	382,541
Website development & maintenance	1,773,672	3,678,886
Electricity & water	363,775	421,858
Rates & taxes	10,000	70,482

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Insurance	37,901	20,888
Legal and professional (including payment to auditors) (refer note a below)	242,100	210,039
Printing and stationery	46,155	761
Logistics expenses	156,117	430,135
Travelling and conveyance	39,790	106,455
Packing expenses	239,409	197,493
Security expenses	222,871	237,444
Bank charges	2,592	38,274
Miscellaneous expenses	12,945	22,417
Loss on disposal of fixed assets	1,472,292	-
Net loss on foreign currency translation	-	35,591
	11,208,030	**10,956,392**
Note		
(a) **Payment to auditors**		
- As statutory auditors	140,000	140,000
- As tax auditors	40,000	40,000
- For other services	20,000	20,000
Total	200,000	230,000

Note 22: Current tax

(a) Income-tax expense through the statement of profit and loss

Particulars	₹	
	Year ended	
	March 31, 2019	**March 31, 2018**
Current tax:		
Current tax on profits for the year	-	-
	-	-
Deferred tax:		
In respect of current year origination and reversal of temporary differences	(4,146,361)	(5,745,507)
Adjustments due to changes in tax rates	-	2,114,331
Total tax expense	**(4,146,361)**	**(3,631,176)**

(b) Income-tax on other comprehensive income

Particulars	₹	
	Year ended	
	March 31, 2019	**March 31, 2018**
Re-measurement of defined benefit obligations	(88,647)	(37,609)
Total tax expense recognised in other comprehensive income	**(88,647)**	**(37,609)**

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(c) **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**

Particulars	₹	
	Year ended	
	March 31, 2019	March 31, 2018
Accounting profit before income-tax	(15,635,179)	(22,312,926)
Applicable Indian statutory income-tax rate	26.00%	25.75%
Computed expected tax expense	(4,065,147)	(5,745,579)
Effect of change in rate of tax	-	2,114,331
Effect of non-deductible expenses	(81,214)	72
Income-tax expense reported in the statement of profit and loss	**(4,146,361)**	**(3,631,176)**

Note 23: **Earnings per share**

Particulars	₹	
	Year ended	
	March 31, 2019	March 31, 2018
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
Net profit attributable to shareholders for basic/diluted earnings per share	(11,236,514)	(18,573,306)
Weighted average number of equity shares for basic/diluted earnings per share	10,000	10,000
Basic earnings per share	(1,123.65)	(1,857.33)
Diluted earnings per share	(1,123.65)	(1,857.33)

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Note 24: Employee benefits

	₹ As at March 31, 2019	₹ As at March 31, 2018
Gratuity	575,787	655,081
	575,787	**655,081**

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the amount recognised in the balance sheet for the defined benefit plan.

	₹ As at March 31, 2019	₹ As at March 31, 2018
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	655,081	510,133
Interest cost	49,131	37,750
Current service cost	212,526	253,251
Benefits paid	-	-
Actuarial (gains) on obligation	(340,951)	(146,053)
Closing defined benefit obligation	**575,787**	**655,081**
Expense/(income) recognised in the statement of profit and loss:		
Current service cost	212,526	253,251
Interest cost on benefit obligation	49,131	37,750
Net expenses	**261,657**	**291,001**
Expense/(income) recognised in the other comprehensive income:		
Net actuarial (gains) in the year	(340,951)	(146,053)
	(340,951)	**(146,053)**
Net expense recognised in total comprehensive income	**(79,294)**	**144,948**
Breakup of actuarial gain/loss		
Actuarial (gain)/loss arising from change in demographic assumption	-	-
Actuarial loss arising from change in financial assumption	7,638	(20,289)
Actuarial (gain) arising from experience adjustment	(348,589)	(125,764)
	(340,951)	**(146,053)**

Acturial assumptions used

	March 31, 2019	March 31, 2018
Discount rate	7.50%	7.70%
Long-term rate of compensation increase	8.00%	8.00%
Average remaining life	27.70	28.71

Demographic assumptions used

	March 31, 2019	March 31, 2018
Mortality table	IALM(2006-08)	IALM(2006-08)
Retirement age	60 years	60 years
Average remaining life	27.70	28.71
Withdrawal rates for all ages	10% per annum	10% per annum

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These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at March 31, 2019.

	As at			
	March 31, 2019		March 31, 2018	
Assumption	Discount rate			
Sensitivity level	+ 1%	- 1%	+ 1%	- 1%
Impact on defined benefit obligation [₹]	(47,257)	55,193	(61,172)	71,606
Assumption	Salary growth rate			
Sensitivity level	+ 1%	- 1%	+ 1%	- 1%
Impact on defined benefit obligation [₹]	54,380	(47,455)	70,677	(61,545)
Assumption	Average life expectancy			
Sensitivity level	+ 1%	- 1%	+ 1%	- 1%
Impact on defined benefit obligation [₹]	Negligible		Negligible	

The present value of the defined benefit obligation calculated with the same method (project unit credit) as the defined benefit obligation recognised in the balance sheet. The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Based on historical data, the Company expects contributions of ₹ 3,09,609 in the next 12 months.

Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 1,11,156 (March 31, 2018 ₹ 2,21,770).

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Note 25: Related party transactions

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

A List of related parties

Relationship	Name of the related party
Holding company	PC Jeweller Limited
Key management personnel (KMP)	Mr. Balram Garg
Other entities	Luxury Products Trendsetter Private Limited

B Transactions with related parties:

Details of transaction between the company and its related parties are disclosed below:

	Holding company		Other related parties	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(i) Transactions during the year				
Purchase of traded goods (net)				
PC Jeweller Limited	131,853,773	60,610,779	-	-
	131,853,773	60,610,779	-	-
Sales of traded goods (net)				
PC Jeweller Limited	10,786,777	-	-	-
	10,786,777	-	-	-
Expenses incurred on behalf of company				
PC Jeweller Limited	69,888	72,604	-	-
	69,888	72,604	-	-
(ii) Year ended balances:				
Amount payable				
PC Jeweller Limited	90,463,896	76,136,776	-	-
	90,463,896	76,136,776	-	-
Reimbursement receivable				
Luxury Products Trendsetter Private Limited	-	-	454,203	454,203
	-	-	454,203	454,203
Share capital				
PC Jeweller Limited	100,000	100,000	-	-
	100,000	100,000	-	-

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Note 26: Financial risk management

i) **Financial instruments by category**

	March 31, 2019		March 31, 2018	
Particulars	**FVTPL**	**Amortised cost**	**FVTPL**	**Amortised cost**
Financial assets				
Trade receivables	-	2,130,180	-	899,525
Security deposits	-	322,734	-	296,103
Cash and cash equivalents	-	3,526,234	-	6,578,776
Total	**-**	**5,979,148**	**-**	**7,774,405**
Financial liabilities				
Trade payables	-	90,473,141	-	76,246,521
Other financial liabilities	-	1,019,520	-	2,260,362
Total	**-**	**91,492,661**	**-**	**78,506,883**

(a) The carrying value of trade receivables, securities deposits and cash and bank balances recorded at amortised cost, is considered to be a reasonable approximation of fair value.

(b) The carrying value of trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

ii) **Risk management**

The Company's activities expose it to liquidity risk and credit risk. 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**	**Measurement**	**Management**
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Company's risk management is carried out by the Company's board of directors. The board of directors also provide written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, market risk, credit risk and investment of excess liquidity.

A) **Credit risk**

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

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

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In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Trade receivables consist of a considerable number of customers in various geographical areas. The Company has a very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

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

Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the company can draws to apply consistently to entire population. For such financial assets, the Company's policy is to provides for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

Detail of trade receivables that are past due is given below:

	As at March 31, 2019	**As at March 31, 2018**
Not Due	1,609,035	528,538
0-30 days past due	172,368	121,046
31-60 days past due	8,725	1,404
61-90 days past due	104,877	-
More than 90 days past due	235,175	248,537
	2,130,180	**899,525**

The company's exposure to credit risk for trade receivables is concentrated in Domestic customers.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Contractual maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

March 31, 2019	**Payable on demand**	**Less than 1 year**	**1-2 year**	**2-3 year**	**More than 3 years**	**Total**
Non-derivatives						
Trade payable	-	90,473,141	-	-	-	**90,473,141**
Other financial liabilities	-	1,019,520	-	-	-	**1,019,520**
Total	**-**	**91,492,661**	**-**	**-**	**-**	**91,492,661**

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March 31, 2018	Payable on demand	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives						
Trade payable	-	76,246,521	-	-	-	**76,246,521**
Other financial liabilities	-	2,260,362	-	-	-	**2,260,362**
Total	**-**	**78,506,883**	**-**	**-**	**-**	**78,506,883**

Note 27: Capital management

The Company' s capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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Note 28: Ind AS 115 - Revenue from Contracts with Customers

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" from April 01, 2018. This has resulted in changes in accounting policies but has not resulted in any adjustments to the amounts recognised in the financial statements.

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:
(i) Identify the contract(s) with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

(a) Disaggregation of revenue

The Company is engaged only in the business of jewellery and the risks and rewards of the company are concentrated in a single geographical area. Therefore, no disaggregated analysis of revenue is required.

(b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended March 31, 2019	Year ended March 31, 2018
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	348,424	477,521
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-
Total	**348,424**	**477,521**

(c) Assets and liabilities related to contracts with customers

Description	As at March 31, 2019	As at March 31, 2018
	Current	Current
Contract liabilities related to sale of goods		
Advance from customers	515,977	348,424

(d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended March 31, 2019	Year ended March 31, 2018
Contract price	140,686,885	65,287,034
Less: Discount, rebates, credits etc.	-	-
Revenue from operations as per Statement of Profit and Loss	**140,686,885**	**65,287,034**

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Note 29: Micro, Small and Medium Enterprises

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
(b) The amount of interest paid by the buyer in terms of section16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) 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 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, 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 of the MSMED Act 2006	-	-

Note 30: During the year, the Company has incurred a net loss amounting to ₹ 1,12,36,514 (previous year - ₹ 1,85,73,306) resulting in accumulated losses of ₹ 6,09,18,230 as at March 31, 2019 (previous year ₹ 4,96,81,716). These events or conditions indicates that a material uncertainty exist which may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

To improve working capital position and improve its operational performance, the Company has taken the following steps:

1 The holding company has provided support letter to the Company regarding its commitment towards providing sufficient working capital to the company as and when required.

2 The management is in process of identifying new customers, new techniques and sales channels so as to expand its jewellery retail business. This will help the Company to achieve its projections and mitigate the losses.

As a result of the above matters, the directors are of the view that the Company will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business. The management remain confident about the successful achievement of projected targets and therefore no adjustments have been made to these financial results relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 31: Segment information

The company is engaged in the business of trading and marketing of gold jewellery and diamond studded jewellery of various designs/ specifications. There is no business segment to be reported under primary segment information.

The risks and rewards of the company are concentrated in a single geographical area i.e domestic sales. Therefore, there is no geographical segment to be reported under secondary segment information.

Note 32: Post reporting date events

No adjusting or significant non-adjusting events have occurred between March 31, 2019 and the date of authorisation of the Company's financial statements.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For Sharad Jain Associates,
Chartered Accountants
FRN: 015201N

Sharad Jain
Partner
M. No.: 83837

Place : New Delhi
Date : May 28, 2019

For and on behalf of the Board of Directors

Balram Garg	Kuldeep Singh
Director	Director
DIN-00032083	DIN-00564482