

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
M/s BIRLA JEWELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of BIRLA JEWELS LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified Opinion

The company incurred large expenditure in relation to a new product/Project during the relevant financial year which are in the nature of revenue expenditures. Such expenditure in total amounts to Rs. 75,72,068/-. The management has decided to spread the expenditure over a period and not charge the entire amount to the Profit and Loss Account for the year in which the expense is incurred. Such expenditure is being shown in the balance sheet under 'Other Current Assets'. However, It should be noted that as per Para 56 of AS-26 "Intangible Assets" issued by ICAI, Deferred Revenue Expenditure is not allowed in Balance Sheet. Accordingly, net profit for the year has raised by the same amount due to such departure from the accounting standard.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, of the state of affairs of the Company as at 31st March, 2017, and its Profit & Loss and its cash flows for the year ended on that date.

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 the paragraph 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 purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company does not have any long-term contracts including derivatives contracts for which any provision is required;

- iii. The Company is not required to transfer amounts to the Investor Education and Protection Fund.

- iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 3.34 to the financial statements.

FOR DEEPAK PANERI
Chartered Accountants

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CA Deepak Paneri

M. No – 421387

Place: Mumbai

Date: 02.06.2017

Annexure B to the Auditors' 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 **BIRLA JEWELS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 auditors' 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.

Meaning of Internal Financial Controls over Financial Reporting

A companies' 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 unauthorized 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, 2017 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 DEEPAK PANERI
Chartered Accountants

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CA Deepak Paneri
M. No – 421387

Place: Mumbai
Date: 02.06.2017

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has regular conduct of physical verification of its fixed assets at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management; in our opinion the frequency of such verification is reasonable.
- (iii) The Company has granted any loans to one body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act')

S/no.	Name of company	Opening Balance	Loan given	Repay	Closing Balance
1.	Birla Gold and Precious Metals Limited	9.55	64.88	74.43	-
2.	KSS Limited	13.29	37.29	265.48	158.48
3.	K Sera Sera Digital Cinema Limited	-	26.04	26.04	-

- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under Section 189 of the Act have been regular in the payment of the principle and interest as stipulated.
- (c) There are no overdue amounts in respect of the loan granted to body corporate listed in the register maintained under Section 189 of the Act.

- (iv) The Company in respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanation given to us and records examined by us, the company was not regular in depositing undisputed statutory dues including sales-tax, service tax, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanation given to us, there were following undisputed amounts payable in respect of statutory dues outstanding as on 31st March, 2017 for a period more than six months from the date they became payable:
- | | |
|------------------------------|-----------------|
| 1. TDS deducted but not paid | : 1,56,092 |
| 2. VAT Payable | : 2,30,327 |
| 3. Service Tax Payable | : 99,776 |
| 4. Professional Tax Payable | : <u>20,000</u> |
| | 5,06,195 |
- (b) According to the information and explanations given to us, there are no material dues of any in respect of income tax or sales tax or duty of customs or duty of excise or value added tax that have not been deposited with the appropriate authorities on account of dispute.
- (viii) According to the records of the company examined by us, and the information and explanation given to us, the company has not defaulted in repayment of loans or borrowings to a bank as at the balance sheet date;
- (ix) According to the information and explanations given to us and based on our examination of our records of the Company term loans were applied for the purposes for which those were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of our records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR DEEPAK PANERI
Chartered Accountants

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CA Deepak Paneri
M. No – 421387

Place: Mumbai
Date: 02.06.2017

BIRLA JEWELS LIMITED

(Formerly Known as K Bazar Online Trading Private Limited)

Balance Sheet As At 31st March, 2017

(Amount in Rupees)

Particulars	Note No	31-Mar-17	31-Mar-16
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3.1	1,00,00,000	1,00,00,000
(b) Reserves and Surplus	3.2	70,343	(1,45,758)
(2) Non - Current Liabilities			
(a) Deferred Tax Liabilities		-	61,133
(b) Long-Term Borrowings	3.3	9,00,000	-
(c) Long-Term Provisions	3.4	2,07,516	-
(3) Current Liabilities			
(a) Short-Term Borrowings	3.5	1,58,48,651	13,82,767
(b) Trade Payables	3.6	2,95,36,416	2,40,56,366
(c) Other Current Liabilities	3.7	17,41,143	34,89,833
(d) Short-Term Provisions	3.8	1,74,179	1,52,418
Total Equity & Liabilities		5,84,78,247	3,89,96,759
II.ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	3.9		
(i) Tangible Assets		65,92,302	20,81,312
Gross Block		65,92,302	20,81,312
Depreciation		13,01,806	2,10,362
Net Block		52,90,496	18,70,950
(b) Long Term Loans and Advances	3.10	20,41,500	4,75,000
(c) Deferred Tax Assets		38,045	-
(2) Current Assets			
(a) Cash and cash equivalents	3.11	22,86,760	9,55,801
(b) Trade Receivables	3.12	1,69,00,829	3,45,61,880
(c) Inventories	3.13	2,37,77,117	-
(d) Short-term loans and advances	3.14	5,71,432	9,54,808
(e) Other Current Assets	3.15	75,72,068	1,78,320
Total Assets		5,84,78,247	3,89,96,759

The accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our Report of even date.

For Deepak Paneri
Chartered AccountantsFor and on behalf of board of directors of
BIRLA JEWELS LIMITED

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CA Deepak Paneri
Membership No. : 421387YOGESH SALLA
Director
DIN: 00651403NIKITA RATTANSHI
Director
DIN: 06628793

Place: Mumbai

Date: 02.06.2017

BIRLA JEWELS LIMITED

(Formerly Known as K Bazar Online Trading Private Limited)

Profit & Loss Statement for the year ended on 31st March, 2017

(Amount in Rupees)

Particulars	Note No	31-Mar-17	31-Mar-16
Revenue from operations	3.16	7,11,38,395	10,96,76,628
Other Income	3.17	43,36,064	6,12,500
Total Revenue		7,54,74,459	11,02,89,128
Expenses:			
Cost of Operations	3.18	8,92,04,608	10,46,78,718
Change in inventory	3.19	(2,37,77,117)	-
Financial Cost	3.20	1,288	2,680
Depreciation & Amortised Cost	3.21	12,69,764	2,56,467
Employee Cost	3.22	37,13,230	25,00,705
Other Administrative Expenses	3.23	49,24,002	20,50,675
Total Expenses		7,53,35,775	10,94,89,245
Profit before tax		1,38,684	7,99,883
Tax expense:			
(1) Current tax		1,74,179	1,52,418
(2) Deferred tax		(99,178)	61,133
(3) MAT Credit Prior year		(1,52,418)	-
Profit/(Loss) for the period		2,16,101	5,86,332
Earning per equity share:			
(1) Basic		0.22	0.59
(2) Diluted		0.22	0.59

The accompanying notes are an integral part of the financial statements

For Deepak Paneri
Chartered Accountants

For and on behalf of board of directors of
BIRLA JEWELS LIMITED

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CA Deepak Paneri
Membership No. : 421387

YOGESH SALLA
Director
DIN: 00651403

NIKITA RATTANSHI
Director
DIN: 06628793

Place: Mumbai

Date: 02.06.2017

BIRLA JEWELS LIMITED

(Formerly Known as K Bazar Online Trading Private Limited)

Cash Flow Statement for the year ended 31st March, 2017

Sr. No	Particulars	F.Y. 2016-17	F.Y. 2015-16
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	1,38,684	7,99,883
	Adjustments For:		
	Preliminary Expenses	1,78,320	46105
	Depreciation	10,91,444	210362
	Operating Cash Flow Before Changes In Working Capital	14,08,448	10,56,350
	Adjustments For:		
	(Increase)/Decrease In Loans And Advances	3,83,376	(9,53,283)
	(Increase)/Decrease In Trade Receivable	1,76,61,050	(3,45,61,880)
	(Increase)/Decrease In Inventory	(2,37,77,117)	-
	Increase/(Decrease) In Current Liabilities And Provisions	1,84,04,760	2,82,89,011
	Net Changes In Working Capital	1,40,80,517	(61,69,802)
	Taxes Paid	-	-
	Miscellaneous Expenditure Incurred	(75,72,068)	(2,24,425)
	Extraordinary Items	-	-
	Cash Generated From/(Used In) Operations	65,08,449	(63,94,227)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase Of Fixed Assets	(45,10,990)	(20,81,312)
	Deposit Made	(15,66,500)	(4,75,000)
	Cash Generated /(Used In) From Investing Activities	(60,77,490)	(25,56,312)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds From Issue Of Equity Share Capital	-	99,00,000
	Proceeds From Borrowings	9,00,000	-
	Cash Generated /(Used In) From Financing Activities	9,00,000	99,00,000
	Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	13,30,959	9,49,461
	Cash And Cash Equivalents At The Beginning Of The Year	9,55,801	6,340
	Cash And Cash Equivalents At The End Of The Year	22,86,760	9,55,801
Note:			
1	Cash and cash equivalents at the year end comprise:		
	Cash On Hand	18,59,664	16,048
	Balance With Scheduled Banks In		
	- Current Accounts	4,27,096	9,39,753
	- Deposit Accounts		
		22,86,760	9,55,801

2	The Cash Flow Statement Has Been Prepared Under Indirect Method As Set Out In Accounting Standard 3, 'Cash Flow Statement' Issued By The Institute Of Chartered Accountants Of India		
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As per our report of even date attached

For Deepak Paneri
Chartered Accountants

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CA Deepak Paneri
Membership No. : 421387

For and on behalf of board of directors of
BIRLA JEWELS LIMITED

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YOGESH SALLA
Director
DIN: 00651403

'-sd-

NIKITA RATTANSHI
Director
DIN: 06628793

Place: Mumbai
Date: 02.06.2017

BIRLA JEWELS LIMITED

(Formerly Known as K Bazar Online Trading Private Limited)

Notes an integral part of the financial statements**Note: 3.1 Share Capital**

Particulars	31-Mar-17	31-Mar-16
AUTHORIZED CAPITAL		
10,00,000 Equity Share of Rs 10 each (P.Y. 10,00,000 Equity Shares of Rs. 10/- each).	1,00,00,000	1,00,00,000
	1,00,00,000	1,00,00,000
ISSUED , SUBSCRIBED & PAID UP CAPITAL		
To the Subscribers of the Memorandum		
10,00,000 Equity Share of Rs 10 each (P.Y. 10,00,000 Equity Shares of Rs. 10/- each).	1,00,00,000	1,00,00,000
Total	1,00,00,000	1,00,00,000

a) A reconciliation of the number of shares outstanding at the beginning and at the end of the accounting year, is set out below:

Particulars	31-Mar-17	31-Mar-16
	No. of shares	No. of shares
Equity Shares		
Equity shares at the beginning of the year	10,00,000	10,000
Add: shares issued during the year	-	9,90,000
Equity shares at the end of the year	10,00,000	10,00,000

b) There are No (Previous year-No) rights, preference and restriction attaching to each class of shares including restriction on the distribution of dividend and the repayment of capital.

c) There are nil number of shares (Previous year-Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.

d) Shares in the company held by each shareholders holding more than 5% shares, as on 31.03.2017.

Name of the Shareholder	No. of shares	No. of shares
KSS Limited	9,99,990	99.99%

Note: 3.2 Reserves & Surplus

Particulars	31-Mar-17	31-Mar-16
Surplus (Profit & Loss Account)	-1,45,758	-7,32,090
Add: Profit for the period	2,16,101	5,86,332
Total	70,343	-1,45,758

Note: 3.3 Long Term Borrowings

Particulars	31-Mar-17	31-Mar-16
Franchisee Security Deposit	9,00,000	-
Total	9,00,000	-

Note: 3.4 Long Term Provisions

Particulars	31-Mar-17	31-Mar-16
Provisions for Gratuity	2,07,516	-
Total	2,07,516	-

Note: 3.5 Short Term Borrowings

Particulars	31-Mar-17	31-Mar-16
Advance from Related Parties	1,58,48,651	13,82,767
Total	1,58,48,651	13,82,767

Note: 3.6 Trade Payables

Particulars	31-Mar-17	31-Mar-16
Sundry Creditors	2,95,36,416	2,40,56,366
Total	2,95,36,416	2,40,56,366

Note: 3.7 Other Current Liabilities

Particulars	31-Mar-17	31-Mar-16
TDS Payable	3,85,616	1,92,500
Professional Tax Payable	32,125	1,400
ROC Fees & Stamp Duty Payable	-	2,01,000
Output VAT Payable	2,20,534	1,54,933
Service Tax Payable	2,00,558	-
Salary payable	6,35,910	-
Advance received from Clients	6,77,468	29,00,000
Audit Fees Payable	30,000	40,000
Total	17,41,143	34,89,833

Note: 3.8 Short Term Provisions

Particulars	31-Mar-17	31-Mar-16
Provisions for Income Tax	1,74,179	1,52,418
Total	1,74,179	1,52,418

Note: 3.10 Long Term Loans and Advances

Particulars	31-Mar-17	31-Mar-16
Deposit - Rent	19,49,000	4,50,000
Deposit - VAT	90,500	25,000
Deposit - MTNL	2,000	-
Total	20,41,500	4,75,000

Note: 3.11 Cash & Cash Equivalent

Particulars	31-Mar-17	31-Mar-16
Cash-in-Hand		
Cash Balance	18,59,664	16,048
Sub Total (A)	18,59,664	16,048
Bank Balance		
Current accounts	4,27,096	9,39,753
Sub Total (B)	4,27,096	9,39,753
Total	22,86,760	9,55,801

Note: 3.12 Trade Receivables

Particulars	31-Mar-17	31-Mar-16
Debtors More than 6 months	1,69,00,829	3,45,61,880
Total	1,69,00,829	3,45,61,880

Note: 3.13 Inventories

Particulars	31-Mar-17	31-Mar-16
Closing Stock	2,37,77,117	-
Total	2,37,77,117	-

Note: 3.14 Short Term Loans and Advances

Particulars	31-Mar-17	31-Mar-16
Loans & Advances to Related Parties	-	9,54,808
Loans and advances to Others	3,46,684	-
CGP Investment	12,000	-
MAT Credit	1,52,417	-
Prepaid Expense	60,331	-
Total	5,71,432	9,54,808

Note: 3.15 Other Current Assets

Particulars	31-Mar-17	31-Mar-16
Misc Expenses not w/off	-	1,78,320
New Project Exp. (Deferred Revenue Expenditure)	75,72,068	-
Total	75,72,068	1,78,320

Note: 3.16 Income From Operations

Particulars	31-Mar-17	31-Mar-16
Sales Gold Jewellery	7,11,38,395	10,96,76,628
Total	7,11,38,395	10,96,76,628

Note: 3.17 Other Income

Particulars	31-Mar-17	31-Mar-16
Other Income	43,36,064	6,12,500
Total	43,36,064	6,12,500

Note:3.18 Cost of Operations

Particulars	31-Mar-17	31-Mar-16
Purchases & Cost of Operations	8,92,04,608	10,46,78,718
Total	8,92,04,608	10,46,78,718

Note:3.19 Change in inventory

Particulars	31-Mar-17	31-Mar-16
Opening Stock	-	-
Less: Closing Stock	2,37,77,117	-
Total	- 2,37,77,117	-

Note:3.20 Financial Cost

Particulars	31-Mar-17	31-Mar-16
Bank Charges	1,288	2,680
Total	1,288	2,680

Note:3.21 Depreciation & Amortised Cost

Particulars	31-Mar-17	31-Mar-16
Depreciation	10,91,444	2,10,362
Preliminary Expenses W/off	1,78,320	46,105
Total	12,69,764	2,56,467

Note: 3.22 Employment Benefit Expenses

Particulars	31-Mar-17	31-Mar-16
Salaries	31,19,337	24,70,164
Gratuity	2,07,516	-
Staff Welfare Expenses	3,86,377	30,541
Total	37,13,230	25,00,705

Note: 3.23 Other Administrative Expenses

Particulars	31-Mar-17	31-Mar-16
Audit Fees	50,000	30,000
Conveyance Expenses	1,05,948	62,179
Roc fees	9,887	8,200
Office Expenses	1,77,174	1,37,444
Printing & Stationery Expenses	1,13,724	23,390
Professional Fees	56,000	7,01,033
Travelling Expenses	2,58,292	2,72,782
Telephone Expenses	78,273	18,872
Hotel & Restaurent Expenses	1,91,666	1,67,474
Other Administrative Expenses	36,203	12,595
Sundry Balance W/off	- 71,948	
Rate & Taxes	-	5,025
Postage and courior charges	1,71,950	8,676
Office Repair & Maintenance	31,934	15,430
Interest & Penalty	67,388	-
Advertising Expenses	2,73,355	5,87,575
Swachh Bharat Cess	6,770	-
Hallmarking Charges	45,280	-
Discounts & Rebates	9,41,224	-
Packing Expenses	5,72,675	-
Electricity Expenses	41,707	-
HouseKeeping Expenses	2,288	-
Rent	14,98,581	-
Brokerage	93,913	-
Business Promotion	4,058	-
Security Charges	76,123	-
Insurance	91,537	-
Total	49,24,002	20,50,675

BIRLA JEWELS LIMITED

(Formerly Known as K Bazar Online Trading Private Limited)

Note no. : 3.9 Fixed assets

Particulars	Rate	Gross block				Depreciation/amortization				Net block	
		As at April 1, 2016	Adjustments		As at March 31, 2017	As at April 1, 2016	For the period	Deletion/ Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
			Additions	Deductions							
Tangible Assets											
Furniture & Fixtures	25.89%	7,24,212	35,60,483	-	42,84,695	12,666	4,10,585	-	4,23,251	38,61,444	7,11,546
Computers & Softwares	63.16%	12,25,600	5,27,100	-	17,52,700	1,92,992	6,52,195	-	8,45,187	9,07,513	10,32,608
Office Equipments	45.07%	57,500	4,23,407	-	4,80,907	4,704	28,664	-	33,368	4,47,539	52,796
Trade Mark/Logo	0.00%	74,000	-	-	74,000	-	-	-	-	74,000	74,000
Total		20,81,312	45,10,990	-	65,92,302	2,10,362	10,91,444	-	13,01,806	52,90,496	18,70,950
Previous Year		13,57,100	20,81,312	-	20,81,312	-	2,10,362	-	2,10,362	18,70,950	-

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. COMPANY INFORMATION:

Birla Jewels Limited is a public limited company registered under The Companies Act, 1956. The company is retailer for all kinds of goods and merchandise including precious and semi-precious metals, stones, gold, silver, diamonds, jewelry, bullions and all such other commodities. It was formerly known as K Baazar Online Trading Private Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Accounting:

The financial statements of the company have been prepared under historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act 2013 and comply in all material aspects with the accounting principles generally accepted in, under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

The accounting policies have been consistently applied unless otherwise stated. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company considers 12 months to be its normal operating cycle.

2) Use of Estimates

The preparation of financial statements in conformity with Generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual amounts and the estimates are recognized in the year in which the events become known / are materialized.

3) Fixed Assets

Tangible assets

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Intangible assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Depreciation/amortization

Tangible assets

Depreciation on fixed assets is calculated on a written down value method at based on the useful lives estimated by the management, or those prescribed under the Schedule II of the Companies Act, 2013, The company has used the following rates to provide depreciation on its fixed assets.

Particulatrs	Rates of Depreciation
Plant and Equipments	45.07%
Furniture and Fixtures	25.89%
Computers and laptops	63.16%

Intangible assets

Depreciation on fixed assets is calculated on a written down value method at based on the useful lives estimated by the management, or those prescribed under the Schedule II of the Companies Act, 2013, The company has used the following rates to provide depreciation on its fixed assets.

4) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

5) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Income from sale of Gold/Jewelry

Revenue from sale of gold/jewelry is recognized when significant risk and reward incidental of the goods is transferred to the customers, It can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services adjusted for discounts net of taxes and goods return.

ii. Other Incomes

Revenue from Advertisement is recognized as and when such advertisement shown on screen. And revenue from food court collection is recognized as and when food and beverages are sold.

Dividend income is accounted for on receipt basis.

6) Investments

Investments are classified as current investments and long-term investments as per information and explanation given by the management.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at cost or FMV whichever is lower and Long-term investments are carried at cost. However, provision for diminution in value is not recognizing other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Investments transfer to holding company at cost gain or loss on said investment book by holding company.

7) Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of the transaction. At the year-end, all monetary assets and liabilities denominated in foreign currency are reinstated at the year-end exchange rates. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Statement.

8) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Profit and Loss A/c in the year in which they are incurred.

9) Taxation

Current Tax

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

10) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

11) Leases

Where the Company is the lessor

Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Where the Company is the lessee

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments

are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

13) Retirement benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The following tables summaries the components of net benefit expense recognized in the statement of profit and loss account and corresponding liability recognized in the balance sheet for the respective plans.

Table 1 : Amounts in Balance Sheet	31-Mar-17
Defined Benefit Obligation (DBO)	2,07,516
Fair Value of Plan Assets	-
Funded Status - (Surplus)/Deficit	2,07,516
Unrecognized Past Service Cost / (Credit)	-
Unrecognised Asset due to Limit in Para 59(B)	-
Liability/(Asset) recognised in the Balance Sheet	2,07,516

Table 2 : Amount Recognised in the Statement of Profit & Loss	31-Mar-17
Current Service Cost	71,104
Interest Cost	6,086
Expected Return on Plan Assets	-
Past Service Cost	-
Net Actuarial Losses/(Gains)	52,297
(Gain)/Loss due to Settlements/	-
Curtailments/Acquisitions/Divestitures	-
Unrecognised Asset due to Limit in Para 59(B)	-
Total Expense/(Income) included in "Employee Benefit Expense"	1,29,487

Table 3 : Change in Present Value of Benefit Obligation during the Period	31-Mar-17
Defined Benefit Obligation, Beginning of Period	78,029
Current Service Cost	71,104
Interest Cost	6,086
Actual Plan Participants' Contributions	-
Actuarial (Gains)/Losses	52,297
Acquisition/Business Combination/Divestiture	-
Actual Benefits Paid	-
Past Service Cost	-
Changes in Foreign Currency Exchange Rates	-
Loss / (Gains) on Curtailments	-
Liabilities Extinguished on Settlements	-
Defined Benefit Obligation, End of Period	2,07,516

Reconciliation of Amounts in Balance Sheet	31-Mar-17
Opening Balance Sheet (Asset)/Liability	-
Total Expense/(Income) Recognised in P&L	2,07,516
Actual Benefits Paid	-
Acquisition/Business Combination/Divestiture	-
Closing Balance Sheet (Asset)/Liability	2,07,516

Notes to Accounts

3.24 The previous year's figures have been reworked, rearranged and reclassified wherever considered necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

3.25 During the relevant financial year, the company has incurred large expenditure on a new product/Project. The expenditure so incurred will certainly give benefit in the period beyond the accounting period in which the expenditure was incurred. So the management has decided that, it would be proper to spread the expenditure over a period and not charge the entire amount to the Profit and Loss Account for the year in which the expense is incurred. Thus, such expenditure amounts to Rs. 75,72,068/-, is being shown in the balance sheet under Note 3.15 i.e. 'Other Current Assets'.

3.26 All items of receipts and payments, Income & Expenditure wherever details, vouchers, supporting and or any sort of evidences not available are hereby approved confirmed, authenticated and certified by the management.

3.27 Earnings per share

(Amount in Rupees)

Particulars	March 31, 2017	March 31, 2016
Net profit / (loss) after tax for the year	2,16,101	5,86,332
Weighted equity shares outstanding as at the year end	10,00,000	10,00,000
Nominal value per share (Rs.)	10	10
Earnings per share(Weighted Average)		
– Basic	0.22	0.59
– Diluted	0.22	0.59

3.28 Payment to Auditors & Director's Remuneration:

Sr. No.	Particulars	2016-17	2015-16
i)	Remuneration to Directors	14,67,311/-	5,65,025/-
ii)	Payment to Auditors	50,000/-	30,000/-

3.29 Details of Quantitative data of inventory:

Item Name	Unit	Opening stock	Purchase during the year	Sales during the year	Closing stock
Gold	Grams	Nil	27,677.000	20,924.315	6,752.685
Diamond Jewellery	Grams	Nil	447.848	9.406	438.442

3.30 Related Party Disclosures

As per accounting standard on Related Party Disclosure (AS-18) as notified by the Companies Accounting Standard Rules, 2006 (as amended), the names of the related parties of the Company are as follows:

Names of related parties and related party relationship

Related parties where control exists irrespective of whether transactions have occurred or not:

KSS Limited
K Sera Sera Miniplex Limited
Birla Gold & Precious Metals Limited
K Sera Sera Digital Cinema Limited
K Sera Sera Box office Private Limited
Nikita Rattanshi
Yogesh Jagjivandas Salla
Zubin Parvez Garda
Satish Panchariya
Siddharth Kumar

(Amount in Rupees)

Nature of transaction	2017	2016
A. Transactions during the year		
Advances/ Loan Repayment Paid		
K Sera Sera Digital Cinema Limited	26,03,708	86,00,000
K Sera Sera Miniplex Limited	1,32,660	NIL
KSS Limited	37,28,747	99,00,000
Birla Gold & Precious Metals Limited	64,88,430	56,94,570
Advances/ Loan Repayment Received		
K Sera Sera Digital Cinema Limited	26,03,708	86,00,000
KSS Limited	2,65,48,651	24,00,000
Birla Gold & Precious Metals Limited	74,43,238	47,38,762
K Sera Sera Miniplex Limited	79,160	600

B. Closing Balance		
Short Term Borrowings		
K Sera Sera Digital Cinema Limited	NIL	NIL
Loans and Advances		
Birla Gold & Precious Metals Limited	NIL	9,54,808
K Sera Sera Miniplex Limited	NIL	53,500
KSS Limited	1,58,48,651	13,28,747
Remuneration to Key Managerial Personal		
Siddharth Kumar	14,67,311	5,65,025

3.31 In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated.

3.32 The outstanding balances of Sundry Debtors, Sundry Creditors, and loans & advances are subject of confirmation and reconciliation/ consequential adjustment, if any.

3.33 As per the information available with the Company and certified by them, total outstanding due to Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year is Rs. Nil (Nil).

3.34 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particular	Specified Bank notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 8 th November, 2016	8,50,000	55,282	9,05,282
Add: Withdrawal from Bank	NIL	2,38,000	2,38,000
Add: Permitted receipts	NIL	NIL	NIL
Less: Permitted Payments	NIL	2,89,334	2,89,334
Less: Amount deposited in banks	8,50,000	NIL	8,50,000

Closing Cash in hand as on 30 th December, 2016	NIL	3948	3948
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(Amount in Rupees)

Note:

1. For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8 November, 2016

FOR DEEPAK PANERI
Chartered Accountants

-sd-

CA Deepak Paneri
M. No – 421387

FOR BIRLA JEWELS LIMITED

-sd-

YOGESH SALLA
Director
DIN: 00651403

-sd-

NIKITA RATTANSHI
Director
DIN: 06628793

Place: Mumbai

Date: 02.06.2017