

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOMBAY STORES RETAIL COMPANY LIMITED **Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of BOMBAY STORES RETAIL COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards as prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

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

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

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

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

Responsibility of Management for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 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 with

reference to these financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;

g) In our opinion and to the best of our information and according the explanation given to us, the company has not paid or provided managerial remuneration for the year ended March 31, 2019.

h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Banshi Jain & Associates**
Chartered Accountants
FRN – 0100990W

Place: MUMBAI
Date: 23/08/2019

R.B. Golecha
Partner
Membership No. **035348**
UDIN : 19035348AAAABK5004

Annexure 'A' to The Independent Auditor's Report

(Referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our report to the members of Bombay Store Retail Company Limited)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The company has a regular program of physical verification of its fixed assets under which the fixed assets are verified in a phased manner, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and 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 deed of immovable property is held in the name of the company.
- ii. According to the information and explanation given to us and as per the books and records produced and examined by us the company does not hold any inventories. Accordingly clause 3(ii) of the order is not applicable.
- iii. According to the information and explanation given to us, the company has granted unsecured loans, to parties covered in the register maintained under section 189 of the Companies Act.
 - a. The terms and conditions of the grant of such loan was not prejudicial to the company's interest.
 - b. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayment/receipts were regular.
 - c. There are no amounts of loan granted to the company listed in the register maintained under section 189 of the Act, which were overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied by the company.
- v. According to information and explanation given to us, the company has not accepted any deposits during the year. There are no unclaimed deposits to which the provision of Section 73

and 76 of the Act or any other relevant provisions of the Companies would apply.

- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanation given to us in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it.
 - b) According to the information and explanation given to us, there are no dues of sales tax, goods and, duty of customs, duty of excise, value added tax were outstanding at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, the particulars of dues of income tax, service tax as at 31st March, 2019 which have not been deposited on account of any dispute, are as follows:

| Name of the Statute | Nature of Dues | Amounts involved Rs. | Period to which the amount relates | Forum where dispute is pending |
|--------------------------------|----------------|----------------------|------------------------------------|--------------------------------|
| Central Excise and Service Tax | Service Tax | 14,51,880 | 2008-09, 2010-11 | Supreme Court |

- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud done by the company or any fraud done on the company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, managerial remuneration has not been paid or provided during the year.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provision of clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion all transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable, and the requisite details have been disclosed in the notes to financial statements, as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures. Accordingly reporting under clause 3 (xiv)

of the Order is not applicable to the Company.

- xv. In our opinion, the Company has not entered into any non – cash transactions with directors or persons covered with them under section 192 of the Act.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For BANSHI JAIN & ASSOCIATES

Chartered Accountants

FRN : 0100990W

Place: MUMBAI

Date: 23/08/2019

R.B. Golecha

Partner

Membership No. **035348**

UDIN : 19035348AAAABK5004

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”)

In conjunction with our audit of the financial statements of Bombay Swadeshi Stores Limited (the “Company”) as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of the Company as of that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Board of Directors 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 (“the Guidance Note”) 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 Company’s 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 with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified 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 ICAI. 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 were 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.

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 authorizations 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, 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 ICAI.

For BANSHI JAIN & ASSOCIATES

Chartered Accountants

FRN : 0100990W

R.B. Golecha

Partner

Membership No. **035348**

UDIN : 19035348AAAABK5004

Place: MUMBAI

Date: 23/08/2019

BOMBAY STORE RETAIL COMPANY LIMITED

Standalone Financial Statements

FY 2018-19

Bombay Store Retail Company Limited
Balance Sheet as at 31st March 2019

| | | 2018-19 | 2018-19 | 2017-18 |
|---|------|-----------------------|-------------------------|-------------------------|
| | Note | | | |
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS FUNDS: | | | | |
| Share Capital | 2 | 3,00,00,000 | | 5,00,000 |
| Reserves & Surplus | 3 | <u>(13,19,92,505)</u> | (10,19,92,505) | (13,07,24,758) |
| CURRENT LIABILITIES: | | | | |
| Trade Payables | | | | |
| Outstanding dues of micro and small enterprises | 4 | - | | - |
| Outstanding dues of others | 4 | 9,45,944 | | 9,45,944 |
| Short Term Borrowings | 5 | 10,45,00,000 | | 13,39,00,000 |
| Other Current Liabilities | 6 | <u>18,67,851</u> | | <u>18,53,805</u> |
| | | | <u>10,73,13,795</u> | <u>13,66,99,749</u> |
| Total | | | <u>53,21,290</u> | <u>64,74,990</u> |
| ASSETS | | | | |
| NON CURRENT ASSETS: | | | | |
| Property, Plant & Equipments | | | | |
| Tangible Assets | 7 | | 9,94,817 | 15,36,630 |
| Intangible Assets | | | - | 8,989 |
| CURRENT ASSETS: | | | | |
| Current Investement | 8 | 81,624 | | 59,168 |
| Trade Receivables | 9 | 34,741 | | 34,829 |
| Cash & Cash Equivalents | 10 | 73,440.850 | | 75,020 |
| Short Term Loans & Advances | 11 | <u>41,36,667</u> | | <u>47,60,354</u> |
| | | | <u>43,26,473</u> | <u>49,29,371</u> |
| Total | | | <u>53,21,290</u> | <u>64,74,990</u> |

Notes forming part of Financial Statements **1 -22**

As per our Report of even dated

For BANSHI JAIN & ASSOCIATES

Chartered Accountants

Reg No. 100990W

Madhu Chandak

Director

R. B. GOLECHA

Partner

Membership No:035348

Manjri Chandak

Director

Jyoti Kabra

Director

Mumbai

Dated : 23rd August 2019

Mumbai

Dated : 23rd August 2019

Bombay Store Retail Company Limited
Statement of Profit and Loss for the year ended 31st March 2019

| | | 2018-19 | 2017-18 |
|---|--------------|--------------------|--------------------|
| | Note | | |
| INCOME : | | | |
| Revenue from operation | 12 | - | 89,51,498 |
| Other Income | 13 | 68,420 | 26,46,123 |
| Total Revenue | | 68,420 | 1,15,97,621 |
| EXPENSES : | | | |
| Change in Inventories of Stock in Trade | 14 | - | 1,46,97,046 |
| Finance Costs | 15 | 610 | 820 |
| Selling, Administrative & Other expenses | 16 | 9,26,792 | 1,67,229 |
| Depreciation & amortisation expenses | 7 | 4,08,062 | 5,61,359 |
| Total Expenses | | 13,35,464 | 1,54,26,454 |
| Profit/(Loss) before Tax | | (12,67,044) | (38,28,833) |
| Provision for Tax | | - | - |
| Profit/(Loss) after Tax | | (12,67,044) | (38,28,833) |
| Less: Prior years tax adjustments | | 703 | 4,16,426 |
| Profit/(Loss)for the year | | (12,67,747) | (42,45,259) |
| Basic and diluted earning per share (in Rs.) | 19 | -0.42 | -84.91 |
| Notes forming part of Financial Statements | 1 -22 | | |

As per our Report of even dated
For BANSHI JAIN & ASSOCIATES
Chartered Accountants
Reg No. 100990W

Madhu Chandak
Director

R. B. GOLECHA
Partner
Membership No:035348

Manjri Chandak
Director

Jyoti Kabra
Director

Mumbai
Dated : 23rd August 2019

Mumbai
Dated : 23rd August 2019

| | 2018-19 | 2017-18 |
|--|------------------------|----------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extra-ordinary items | (1,267.000) | (3,829.00) |
| Add: Adjustments for : | | |
| Depreciation | 408.00 | 561 |
| Interest paid | - | - |
| (Profit) / Loss on sales of fixed assets (net) | 92.00 | - |
| Dividend received | (22.00) | 557 |
| Operating Profit before Working Capital Changes | (789) | (3,272) |
| Adjustments for : | | |
| Increase / (Decrease) in Trade payables | - | (4,887) |
| Increase / (Decrease) in Other Current Liabilities | 11.000 | (501) |
| (Increase) / Decrease in Inventories | - | 14,697 |
| (Increase) / Decrease in Short Term Loans & Advances | 21.000 | (839) |
| (Increase) / Decrease in Trade & Other receivables | 1.000 | 8,471 |
| Cash Generated from Operations | (756.000) | 5,199 |
| Direct taxes paid | 603.000 | (545) |
| Net Cash from Operating Activities | [A] (153.000) | 4,654 |
| B CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Sales of Assets | 51.000 | - |
| Purchases of Investments | (22.000) | - |
| Interest received | - | - |
| Dividend received | 22.000 | 4 |
| Net Cash from Investing Activities | [B] 51.000 | 4 |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayments of borrowings | (29,400.000) | (4,867) |
| Issue of shares | 29,500.000 | - |
| Interest paid | - | - |
| Net Cash Flow from Financial Activities | [C] 100.000 | (4,867) |
| Net Cash increase/(Decrease) in cash and Cash equivalents | (A+B+C) (2.000) | (209) |
| Cash and Cash Equivalents (Opening) : | | |
| Cash on Hand | - | - |
| Balance with Banks | 75.020 | 284 |
| Cash and Cash Equivalents (Closing) : | | |
| Cash on Hand | - | - |
| Balance with Banks | 73.441 | 75.0200 |

Notes :

- 1 The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS3) 'Cash Flow Statement' issued by the Institute of Chartered Accountant of India.
- 2 Cash and cash equivalent represent cash and bank balance only.
- 3 Previous year's figures have been regrouped or rearranged wherever necessary.

Manjri Chandak
Director

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AUDITORS' REPORT ON CASH FLOW STATEMENT

We have examined the attached Cash Flow Statement of Bombay Store Retail Company Limited for the year ended 31st March, 2019. The statement has been prepared as per AS-3 on Cash Flow Statement issued by Institute of Chartered Accountants of India under the "Indirect Method" and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 23rd August 2018 to the members of the Company."

For Banshi Jain & Associates
Chartered Accountants
Reg No. 100990W

1 Company Background

The Company was incorporated in 2007. The Company is in business of retailing of variety of household, gifts, artefacts & other consumable products through its stores.

1.1 Significant Accounting Policies

- A. **Basis of Accounting:** The Financial Statements are prepared under historical cost conventions, on accrual basis of accounting and in accordance with the applicable mandatory Accounting Standards as notified under the relevant provisions of the Companies Act, 2013.
- B. **USE OF ESTIMATES:** The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actual results and estimates are recognised in the period they materialise.
- C. **Fixed Assets**
- i. Tangible Fixed Assets are recorded at cost inclusive of Inward Freight, Duties, Taxes and Incidental Expenses related to acquisition of the Assets. In case final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimation basis subject to necessary adjustments , including those arising out of settlement of arbitration / court cases , in the year of final settlement .
- ii. **Depreciation and amortisation:** Depreciation, on fixed assets put to use, is provided on Written Down Value over the estimated useful life of tangible fixed assets as estimated by the management as follows:

| Particulars | Estimate useful life |
|--------------------------------------|----------------------|
| Plant and machinery | 15 Years |
| Electrical installation and fittings | 10 Years |
| Furniture and fixtures | 10 Years |
| Computer – Server and Networks | 3 Years |
| Office equipment | 5 Years |
| Vehicles | 8 Years |
| Software | 5 Years |

The Non-compete agreement and licences included in Intangible asset are amortised over its useful life.

- iii. **Impairment:** Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.
- D. **Investments**
- i. Long term Investments are recorded in the books at cost inclusive of all expenses incidental to acquisition thereof. Long term Investments are stated at cost, provision for decline in value, other than temporary is made to recognize such decline.
- ii. Current Investments are valued at lower of cost or market value/net asset value.
- E. **Inventories:** Stock in trade of Merchandise is valued at cost or net realisable value whichever is lower. Cost includes direct expenses such as freight, taxes etc. Stock is valued on first-in-first-out basis.
- F. **Cash & Cash Equivalents for purpose of Cash Flow:**
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- G. **Sales:**
Counter Sales in foreign exchange are converted in to Indian Rupees at the exchange rate ruling on the date of the transactions.
- H. **Employees' Benefits:**
- i. **Defined Contribution Plan**
Employees Benefits in the Provident Fund , Family Pension Fund and ESIC which are defined contribution schemes, are charged to the Profit and Loss Account of the year when contribution accrue.

Bombay Store Retail Company Limited

Notes to Financial Statements for the Year ended 31st March, 2019

ii. Defined Benefit Plan

Annual Contribution towards Gratuity Liability is funded with the Life Insurance Corporation of India in accordance with their Gratuity scheme and is absorbed in the accounts. The Company does not retain any obligation to pay further amounts if insurer does not pay all future employee benefits so the plan is not treated as defined benefit plan.

iii. No provision is made for encashment of unavailed leave payable on retirement of employees.

I. Taxes on Income :

- i. Tax expenses comprise of current and deferred tax.
- ii. Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.
- iii. Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

J. Earning per share :

- i. Basic and diluted earning per share are computed in accordance with Accounting Standard-20.
- ii. Basic earning per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per equity share are computed using the weighted average number of equity share and diluted potential equity shares outstanding during the year, except where the result are anti-dilutive.

K. Provisions, Contingent Liabilities and Contingent Assets :

- i. Provision is recognised when the company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made.
- ii. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision / disclosure is made.
- iii. Contingent assets are not recognised in the financial statements.
- iv Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

As per our Report of even dated

For BANSHI JAIN & ASSOCIATES

Chartered Accountants

Reg No. 100990W

Madhu Chandak

Director

Manjri Chandak

Director

R. B. GOLECHA

Partner

Membership No:035348

Jyoti Kabra

Director

Mumbai

Dated : 23rd August 2019

Mumbai

Dated : 23rd August 2019

Bombay Store Retail Company Limited

Note 7 : Fixed Assets

| SR. NO. | DESCRIPTION OF ASSETS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|------------|--------------------------|-----------------------|-----------|------------------|------------------|------------------|-----------------|---------------------------|------------------|-----------------|------------------|
| | | AS AT | ADDITIONS | DEDUCTIONS | AS AT | AS AT | FOR THE YEAR | DEDUCTIONS/ ADJUSTMENT | AS AT | AS AT | AS AT |
| | | 01-Apr-18 | | | 31-Mar-19 | 01-Apr-18 | | | 31-Mar-19 | 31-Mar-19 | 31-Mar-18 |
| | | | | | | | | | | | |
| | TANGIBLE ASSETS | | | | | | | | | | |
| 1 | Electrical Installations | 1,43,701 | - | 54,550 | 89,151 | 1,12,465 | 8,087 | 49,592 | 70,960 | 18,191 | 31,236 |
| 2 | Computers | 42,820 | - | - | 42,820 | 40,245 | 1,023 | - | 41,268 | 1,552 | 2,575 |
| 3 | Office & Other Quipments | 60,496 | - | - | 60,496 | 55,893 | 2,075 | - | 57,968 | 2,528 | 4,603 |
| 4 | Furniture & Fixtures | 63,95,559 | - | 11,18,053 | 52,77,505 | 48,97,343 | 3,87,888 | 9,80,272 | 43,04,960 | 9,72,546 | 14,98,215 |
| | | 66,42,576 | - | 11,72,604 | 54,69,972 | 51,05,946 | 3,99,073 | 10,29,864 | 44,75,156 | 9,94,817 | 15,36,630 |
| | Previous Year ` | 66,42,576 | - | - | 66,42,576 | 45,66,159 | 5,39,787 | - | 51,05,946 | 15,36,630 | 20,76,417 |
| | | | | | | | | | | | |
| | INTANGIBLE ASSETS | | | | - | | | | - | - | - |
| 5 | Software | 1,07,861 | - | - | 1,07,861 | 98,872 | 8,989 | - | 1,07,861 | - | 8,989 |
| | | 1,07,861 | - | - | 1,07,861 | 98,872 | 8,989 | - | 1,07,861 | - | 8,989 |
| | Previous Year ` | 1,07,861 | - | - | 1,07,861 | 55,728 | 21,572 | - | 77,300 | 8,989 | 30,561 |

2018-19 **2017-18**

2 SHARE CAPITAL

2.1 Authorised :

| | | |
|--|---------------------------|------------------------|
| 50,000 equity shares of ` 10/- each | 5,00,000 | 5,00,000 |
| 29,50,000 preference shares of ` 10/- each | 2,95,00,000 | 2,95,00,000 |
| | <u>3,00,00,000</u> | <u>5,00,000</u> |

2.2 Issued, subscribed and paid-up:

| | | |
|---|---------------------------|------------------------|
| 50,000 (Previous year 50,000) equity shares of ` 10/- (Previous year ` 10/-) each fully paid-up in cash | 5,00,000 | 5,00,000 |
| 29,50,000 (Previous year NIL) preference shares of ` 10/- (Previous year ` 10/-) each fully paid-up in cash | 2,95,00,000 | - |
| Total | <u>3,00,00,000</u> | <u>5,00,000</u> |

2.3 Reconciliation of Shares outstanding at the beginning and end of the year:

| Particulars | 2018-19 | | 2017-18 | |
|--|--------------|----------|--------------|----------|
| | No of Shares | Amount | No of Shares | Amount |
| Equity Shares at the beginning of the year | 50,000 | 5,00,000 | 50,000 | 5,00,000 |
| Add: Issued during the year | - | - | - | - |
| Equity Shares at the end of the year | 50,000 | 5,00,000 | 50,000 | 5,00,000 |

| Particulars | 2018-19 | | 2017-18 | |
|--|--------------|-------------|--------------|--------|
| | No of Shares | Amount | No of Shares | Amount |
| Equity Shares at the beginning of the year | - | - | - | - |
| Add: Issued during the year | 29,50,000 | 2,95,00,000 | - | - |
| Equity Shares at the end of the year | 29,50,000 | 2,95,00,000 | - | - |

2.4 Terms and Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.2 per share. All equity shares rank pari passu and carry equal right with respect to voting and dividend. In case of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

2.5 Details of shareholders holding more than 5% of shares as at

| Particulars | No of shares held as on 31st March 2019 | Shares held % | No of shares held as on 31 st March 2018 | Shares held % |
|--------------------------------|---|---------------|---|---------------|
| Bombay Swadeshi Stores Limited | 50,000 | 100 | 50,000 | 100 |

3 RESERVES & SURPLUS

Statement of Profit & Loss

| | | |
|----------------------------------|------------------------------|------------------------------|
| Balance as per last year | (13,07,24,758) | (12,64,79,499) |
| Add : Profit/(loss) for the year | (12,67,747) | (42,45,259) |
| Total | <u>(13,19,92,505)</u> | <u>(13,07,24,758)</u> |

4 TRADE PAYABLES

| | | |
|---|------------------------|------------------------|
| Outstanding dues of micro and small enterprises | - | - |
| Outstanding dues of others | 9,45,944 | 9,45,944 |
| Total | <u>9,45,944</u> | <u>9,45,944</u> |

4.1 In the absence of any intimation from vendors regarding the status of their registration under the "Micro, small and Medium Enterprises Development Act, 2006", the Company is unable to comply with the disclosures required to be made under the said Act.

5 SHORT TERM BORROWINGS

| | | |
|--------------------|----------------------------|----------------------------|
| Loan from Director | 10,45,00,000 | 13,39,00,000 |
| Total | <u>10,45,00,000</u> | <u>13,39,00,000</u> |

6 OTHER CURRENT LIABILITIES

| | | |
|----------------------------------|-------------------------|-------------------------|
| Payable to Statutory Authorities | 14,85,734 | 14,72,253 |
| Other Payables | 3,82,117 | 3,81,552 |
| Total | <u>18,67,851</u> | <u>18,53,805</u> |

Bombay Store Retail Company Limited
Notes to Financial Statements for the Year ended 31st March, 2019

| | 2018-19 | 2017-18 |
|---|------------------|------------------|
| 8 CURRENT INVESTMENTS | | |
| Current - Trade Unquoted | | |
| 848.81 (Previous Year 805.81)units of ` 100/- each of ICICI Prudential Liquid Plan - Daily Dividend Option | 81,624 | 59,168 |
| Total | 81,624 | 59,168 |
| 9 TRADE RECEIVABLES | | |
| (Unsecured, Considered Good) | | |
| Due for more than six months from the due date of payment | 34,741 | 25,305 |
| Others | - | 9,524 |
| Total | 34,741 | 34,829 |
| 10 CASH AND BANK BALANCES | | |
| CASH AND CASH EQUIVALENTS | | |
| Current Accounts | 60,879 | 63,242 |
| Other balances | | |
| Deposit with Bank | 12,562 | 11,778 |
| Total | 73,441 | 75,020 |
| 11 SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| Advance to Vendors | 46,691 | 46,691 |
| Due from Holding Company-Bombay Swadeshi Stores Limited | 8,92,375 | 9,25,906 |
| Balance with Government Authorities | 37,829 | 24,939 |
| Advance payment of taxes (net) | 2,50,000 | 8,53,123 |
| Security & Other Deposits | 71,662 | 28,96,285 |
| Others | 28,38,110 | 13,410 |
| Total | 41,36,667 | 47,60,354 |
| 12 REVENUE FROM OPERATIONS | | |
| Sales of Merchandise | - | 89,51,498 |
| Total | - | 89,51,498 |
| 13 OTHER INCOME | | |
| Dividend on Current Investments | 22,456 | 3,673 |
| Professional Fees Received | - | 26,05,930 |
| Miscellaneous receipts | 45,964 | 9,514 |
| Sundry Balances Written Back | - | 27,006 |
| Total | 68,420 | 26,46,123 |
| 14 CHANGE IN INVENTORIES OF STOCK IN TRADE | | |
| Opening Stock | - | 1,46,97,046 |
| Closing Stock | - | - |
| (Increase)/Decrease | - | 1,46,97,046 |
| 15 FINANCE COSTS | | |
| Bank Charges | 610 | 820 |
| Total | 610 | 820 |
| 16 OTHER EXPENSES | | |
| Legal & Professional Charges | 33,000 | 50,500 |
| Rates & Taxes | 6,75,564 | 7,573 |
| Auditors Remuneration: | | |
| Audit Fees | 75,000 | 50,000 |
| Tax Audit Fees | - | 25,000 |
| | 75,000 | 75,000 |
| Miscellaneous Expenses | 51,338 | 34,156 |
| Loss on Sale of fixed assets | 91,890 | - |
| Total | 9,26,792 | 1,67,229 |

Bombay Store Retail Company Limited**Notes to Financial Statements for the Year ended 31st March, 2019**

17. Contingent Liabilities : ` NIL (Previous year ` NIL).

18. The Company considers its entire operations under single segment 'Retailing'. The Companies operations are only in India.

19. Calculation of Earnings per Equity Share [EPS] :

| Particulars | 31-Mar-19 | 31-Mar-18 |
|--|-------------|-------------|
| The numerators and denominators used to calculate the basic and diluted EPS are as follows : | | |
| A Profit/ (Loss) after tax attributable to Shareholders | (12,67,747) | (42,45,259) |
| B Basic and weighted average number of Equity shares Nos. | 50,000 | 50,000 |
| C Nominal value of equity share | 10 | 10 |
| D Basic EPS | (25.35) | (84.91) |
| E Diluted EPS | (25.35) | (84.91) |

20. The Company has, on prudence not recognised Deferred Tax Assets ` 37,220,867/- (Previous year ` 36,842,326/-) mainly representing expenses allowable for tax purposes when paid and difference between tax and book written down value of fixed assets, due to uncertainty of future profits in terms of Accounting Standard 22 (AS-22) for Taxes on Income issued by The Institute of Chartered Accountants of India.

| The breakup of deferred tax assets / liability | Deferred tax asset/ (liability) as at 31-Mar-19 | Deferred tax asset/ (liability) as at 31-Mar-18 |
|--|---|---|
| A. Deferred Tax Assets | | |
| Expenses allowable for tax purpose when paid | - | - |
| Difference between tax and Book Written Down Value | 57,34,308 | 56,85,382 |
| Unabsorbed Business Loss | 3,14,86,559 | 3,11,56,944 |
| | 3,72,20,867 | 3,68,42,326 |
| B. Deferred Tax Liability | | |
| Difference between book and tax Written Down Value | - | - |
| | - | - |
| C. Net Deferred Tax Assets | 3,72,20,867 | 3,68,42,326 |

21. Related Party Disclosures**A. Relationship****I) Holding Company**

Bombay Swadeshi Stores Limited

II Key Management Personnel & Relatives:

Mrs.Madhu Chandak-Director

Mrs.Manjri Chandak-Director

Mrs.Jyoti Kabra-Director

III) Other Parties / Enterprises where control / significant influence exists.

Out of India Retail Pvt Ltd

Bombay Store Retail Company Limited**Notes to Financial Statements for the Year ended 31st March, 2019**

Related party relationship is as identified by the Company and relied on by the Auditors.

B. Details of Transactions with Related Parties.

| Sr. No. | Nature of Transactions | Related Party Referred in | | |
|---------|-----------------------------|---------------------------|---------------------|-------------|
| | | A (I) | A (II) | A (III) |
| i. | Income | | | |
| | Sales Of Merchandise | - | - | - |
| | | (89,51,498) | (-) | (26,05,930) |
| | Receipt of Rent | 71,99,085 | - | - |
| | | (60,86,570) | (-) | (-) |
| | Receipt of Electricity | - | - | - |
| | | (1,47,641) | (-) | (-) |
| ii. | Issue of Shares | | | |
| | Preference Shares | 2,95,00,000 | | |
| | | (-) | (-) | (-) |
| ii. | Outstanding Balance | | | |
| | Loans & Advances Receivable | 8,92,375 | - | - |
| | | (-) | (-) | (-) |
| | Loans & Advances Received | - | 10,45,00,000 | - |
| | | - | (13,39,00,000) | (-) |

Figures in brackets are for previous year.

22. Previous year's figures have been regrouped / re-arranged / reclassified wherever necessary.

As per our Report of even dated
For BANSHI JAIN & ASSOCIATES
Chartered Accountants
Reg No. 100990W

Madhu Chandak
Director

R. B. GOLECHA
Partner
Membership No:035348

Manjri Chandak
Director

Jyoti Kabra
Director

Mumbai
Dated : 23rd August 2019

Mumbai
Dated : 23rd August 2019