

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Imagine Marketing Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Imagine Marketing Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's Report, but does not include the financial statements and our auditors' 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 in the 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.



Independent Auditors' Report (Continued)

Imagine Marketing Private Limited

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are 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 state of affairs, profit/loss 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of 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 and Board of Directors are 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.

Board of Directors is 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 auditors' 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 SAs, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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.

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Independent Auditors' Report (Continued)

Imagine Marketing Private Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 auditors' 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.

Other Matter

The audited financial statements of the Company for the year ended 31 March 2018 prepared and presented in accordance with Accounting Standard included in these financial statements, have been audited by the predecessor auditors whose audit report dated 4 September 2018 expressed an unmodified opinion on those audited financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss, and statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act.

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Independent Auditors' Report (*Continued*)

Imagine Marketing Private Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and
 - iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16): According to the information and explanations given to us, the Company is incorporated as a private company and thus provisions of Section 197 of the Act are not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Cusrow Noshir Pardiwalla

Partner

Membership No: 117091

ICAI UDIN: 19117091AAAABJ2839

Mumbai
27 September 2019

Imagine Marketing Private Limited

Annexure – A to the Independent Auditor's Report – 31 March 2019


(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- (b) The Company has a regular programme of physical verification of its fixed assets (property, plant and equipment) by which all fixed assets (property, plant and equipment) are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its business. In accordance with said programme, fixed assets (property, plant and equipment) were physically verified by the management during the year and no material discrepancies were noticed upon 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 Company does not have any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification can be further strengthened. Material discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to firms or limited liabilities partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act for products sold by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of profession tax, provident fund, employee's state insurance, income tax, goods and service tax, duty of customs and cess have not generally been regularly deposited during the year by the Company with appropriate authorities though the delays in deposit have not been serious.

Imagine Marketing Private Limited

Annexure – A to the Independent Auditor's Report – 31 March 2019 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of profession tax, provident fund, employee's state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and service tax, duty of customs and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank and financial institution. The Company did not have any outstanding dues to debenture holders and government during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not obtained term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us, provision of Section 197 of the Act read with Schedule V is not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (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 to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. The Company does not fall under the definition of a listed company or other class of companies which is required to constitute an audit committee under Section 177 (4) (iv) of the Act and hence the said Section is not applicable to the Company.
- (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. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (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 persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
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Imagine Marketing Private Limited

Annexure – A to the Independent Auditor's Report – 31 March 2019 (Continued)

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Cusrow Noshir Pardiwalla

Partner

Membership No: 117091

ICAI UDIN: 19117091AAAABJ2839

Mumbai
27 September 2019

Imagine Marketing Private Limited

Annexure – B to the Independent Auditor’s Report – 31 March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Qualified Opinion

We have audited the internal financial controls with reference to financial statements of Imagine Marketing Private Limited (“the Company”) as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company’s internal financial controls with reference to financial statements as at 31 March 2019:

- a) The Company’s internal financial controls over the financial reporting process (mainly relating to review at period end accruals/provisions and classification of account balances) were not operating effectively. These could potentially result in material misstatements in the payables, receivables, income and expense account balances of the financial statements of the Company.

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of 31 March 2019, based on the internal control with reference to financial statements 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 (the “Guidance Note”), and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company’s internal financial controls with reference to financial statements were operating effectively as of 31 March 2019.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2019 financial statements of the Company, and these material weaknesses do not affect our opinion on the financial statements of the Company.

Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as “the Act”).

Imagine Marketing Private Limited

Annexure – B to the Independent Auditor’s Report – 31 March 2019 (Continued)

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Imagine Marketing Private Limited

Annexure – B to the Independent Auditor's Report – 31 March 2019 (Continued)

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Cusrow Noshir Pardiwalla
Partner

Mumbai
27 September 2019

Membership No: 117091
ICAI UDIN: 19117091AAAABJ2839

Imagine Marketing Private Limited

(1)

Balance sheet

as at 31 March 2019

(Currency: Indian Rupees)

	Note	31 March 2019	31 March 2018
<u>EQUITY AND LIABILITIES</u>			
Shareholder's funds			
Share capital	3	551,090	500,000
Reserves and surplus	4	380,930,178	83,685,256
		<u>381,481,268</u>	<u>84,185,256</u>
Non-current liabilities			
Deferred tax liabilities (net)	27	-	33,402
Long-term provisions	5	257,654	-
		<u>257,654</u>	<u>33,402</u>
Current liabilities			
Short-term borrowings	6	144,856,436	76,660,329
Trade payables	7		
- Total outstanding dues of micro enterprises and small enterprises		4,205,687	1,078,961
- Total outstanding dues of creditors other than micro enterprises and small enterprises		135,835,853	20,075,177
Other current liabilities	8	163,798,204	119,169,892
Short-term provisions	9	11,446,910	-
		<u>460,143,090</u>	<u>216,984,359</u>
Total		<u><u>841,882,012</u></u>	<u><u>301,203,017</u></u>
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	10		
Tangible assets		2,318,928	1,562,465
Non-current investments	11	24,000,000	24,000,000
Deferred tax assets (net)	27	271,569	-
Long-term loans and advances	12	8,250,000	7,112,870
Other non-current assets		-	-
		<u>32,521,569</u>	<u>31,112,870</u>
Current assets			
Inventories	13	331,255,653	61,703,483
Trade receivables	14	388,147,058	162,977,182
Cash and bank balances	15	218,488	717,441
Short-term loans and advances	16	87,420,316	43,129,576
		<u>807,041,515</u>	<u>268,527,682</u>
Total		<u><u>841,882,012</u></u>	<u><u>301,203,017</u></u>
Significant accounting policies	1-2		
Notes to the financial statements	3-39		

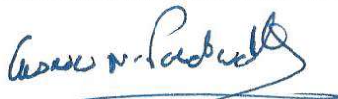
The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Chirag Noshir Pardiwalla

Partner

Membership No: 117091

Mumbai

27 September 2019

For and on behalf of the Board of Directors of

Imagine Marketing Private Limited

CIN: L52300MH2013PTC249758



Sameer Mehta

Director

DIN: 02945481

Mumbai

27 September 2019



Aman Gupta

Director

DIN: 02249682

Mumbai

27 September 2019



Imagine Marketing Private Limited

Statement of profit and loss

for the year ended 31 March 2019

(Currency: Indian Rupees)

	Note	31 March 2019	31 March 2018
Revenue from operations	17	2,394,401,482	1,064,087,720
Other income	18	13,037,562	12,203,152
Total revenue		2,407,439,044	1,076,290,872
Expenses			
Purchase of stock-in-trade	19	2,069,156,986	759,287,992
(Increase)/Decrease in inventories of stock-in-trade	20	(269,552,170)	7,886,564
Employee benefit expenses	21	134,619,494	131,436,235
Finance costs	22	18,851,585	9,268,152
Depreciation and amortisation expense	10	1,697,927	212,802
Other expenses	23	328,701,168	85,337,258
		2,283,474,990	993,429,003
Profit before tax		123,964,054	82,861,869
Tax Expense:			
- Current tax		36,760,572	23,100,000
- Deferred tax		(304,971)	11,242
- Short / (excess) provision of tax for earlier years		212,870	(5,658)
Profit for the year		87,295,583	59,756,285
Earnings per equity share	28		
Basic earnings per equity share (Rs)		1,746	1,195
Diluted earnings per equity share (Rs)		1,625	1,195
(Nominal value Rs 10 per share)			
Significant accounting policies	1-2		
Notes to the financial statements	3-39		

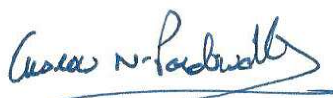
The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248 W/W-100022



Cusrow Noshir Pardiwalla

Partner

Membership No: 117091

Mumbai

27 September 2019

For and on behalf of the Board of Directors of
Imagine Marketing Private Limited

CIN: U52300MH2013PTC249758



Sameer Mehta

Director

DIN: 02945481

Mumbai

27 September 2019



Aman Gupta

Director

DIN: 02249682

Mumbai

27 September 2019



Imagine Marketing Private Limited

Statement of cash flow

for the year ended 31 March 2019

(Currency: Indian Rupees)

	31 March 2019	31 March 2018
A. Cash flows from operating activities		
Profit before tax	123,964,054	82,861,869
Adjustments for :		
Finance costs	18,851,585	9,268,152
Depreciation	1,697,927	212,802
Unrealised foreign exchange loss/(gain)	4,947,224	-
Operating cash flow before working capital changes	149,460,790	92,342,823
Adjustments for :		
Increase/(decrease) in other current liabilities	40,866,896	105,191,113
Increase/(decrease) in long-term provisions	257,654	-
Increase/(decrease) in short-term provisions	227,717	(9,403,516)
Increase/(decrease) in trade payable	113,940,178	(10,988,977)
(Increase)/decrease in trade receivables	(225,169,876)	(123,674,293)
(Increase)/decrease in inventories	(269,552,170)	7,886,564
(Increase)/decrease in short-term loans and advances	(44,290,740)	(42,419,922)
(Increase)/decrease in long-term loans and advances	(1,350,000)	-
Cash flows (used in) operating activities	(235,609,551)	18,933,792
Income taxes paid (net)	25,541,379	23,105,584
Net cash flow (used in) operating activities	(261,150,930)	(4,171,792)
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(2,454,390)	(1,285,330)
Purchase of investment	-	(24,000,000)
Net cash flow (used in) investing activities	(2,454,390)	(25,285,330)
C. Cash flows from financing activities		
Interest paid	(15,090,169)	(9,268,152)
Proceeds from issue of preference shares, including securities premium	210,006,429	-
Proceeds from borrowings (net)	68,196,107	37,976,918
Net cash flow from financing activities	263,106,367	28,708,766
Net (decrease) in cash and cash equivalents	(498,953)	(748,356)
Cash and cash equivalents at the beginning of the year (Refer note below)	717,441	1,465,797
Cash and cash equivalents at the end of the year (Refer note below)	218,488	717,441

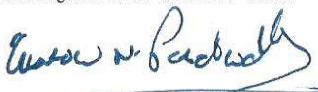
Notes to cash flow statement:

The above cash flow statement has been prepared under the Indirect Method set out in Accounting Standard 3 on cash flow statement (AS-3) prescribed by the Central Government, in accordance with the Companies (Accounting Standard) Rules, 2014.

	31 March 2019	31 March 2018
Components of cash and cash equivalents:		
Cash on hand	99,935	624,749
Balances with banks		
- on current accounts	118,553	92,692
Total	218,488	717,441

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022


Cusrow Noshir Parodiwalla
Partner
Membership No: 117091

For and on behalf of the Board of Directors of
Imagine Marketing Private Limited
CIN: U52300MH2013PTC149758


Sameer Mehta
Director
DIN: 02945481


Aman Gupta
Director
DIN: 02249682



Mumbai
27 September 2019

Mumbai
27 September 2019

Mumbai
27 September 2019

Imagine Marketing Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(Currency: Indian Rupees)

1. Background

Imagine Marketing Private Limited was incorporated on 1 November 2013 under the Companies Act, 1956. The Company is engaged in the business of Trading of Mobile accessories.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013, ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 April 2016 and other relevant provisions of the Companies Act, 1956, to the extent applicable.

The accounting policies set out below have been applied consistently in the periods presented in these financial statements.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting principles ('GAAP') requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Current/non-current classification:

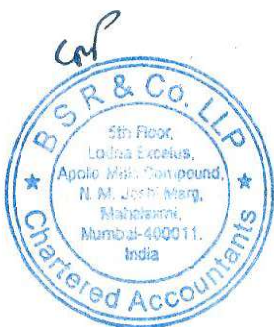
Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the balance sheet date; or
- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.



Imagine Marketing Private Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

(Currency: Indian Rupees)

2.3 Current/non-current classification (continued)

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in, the entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the balance sheet date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Terms of liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out above which are in accordance with the Schedule III to the Act.

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

2.4 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprise of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

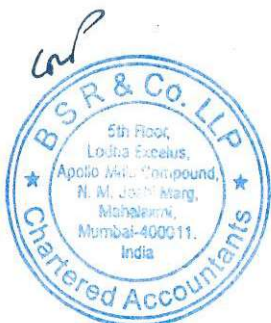
Acquisitions and disposals are accounted for at the date of completion.

Depreciation is provided on Written Down Value Method ('WDV'), pro-rata to the period of use of assets, in the manner specified in Schedule II to the Companies Act, 2013, based on the useful life of assets as prescribed under the Companies Act, 2013.

Assets individually costing up to Rs 5,000 are fully depreciated in the year of purchase.

Losses arising from retirement and gains or losses arising from disposal of the property plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

Advance paid for acquisition / construction of property plant and equipment which are not ready for their intended use at each balance sheet date are disclosed under loans and advances as advances on capital account.



Imagine Marketing Private Limited

Notes to the financial statements *(continued)*

for the year ended 31 March 2019

(Currency: Indian Rupees)

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.6 Revenue Recognition

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to buyers and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount of revenue is recognized net of taxes and discounts.

Interest income is recognised on time proportion basis.

2.7 Inventories

Inventories which comprise of traded goods are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, moving weighted average cost method is used.

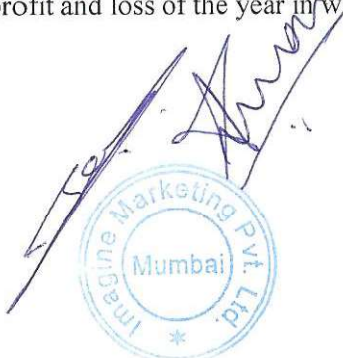
2.8 Investments

Investments that are readily realizable and intended not to be held for more than one year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at cost. Provision is made to recognize a decline, other than temporary in value of long-term investments and is determined separately for each individual investment. Current investments are stated at lower of cost and fair value, computed separately in respect of each category of investment.

2.9 Employee benefits

(i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.



Imagine Marketing Private Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

(Currency: Indian Rupees)

(ii) Post-employment benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme and Employees' State Insurance Corporation which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of profit and loss during the period in which the employee renders the related service.

2.9 Employee benefits (continued)

Defined benefits plan:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by a qualified independent actuary using the projected unit credit method.

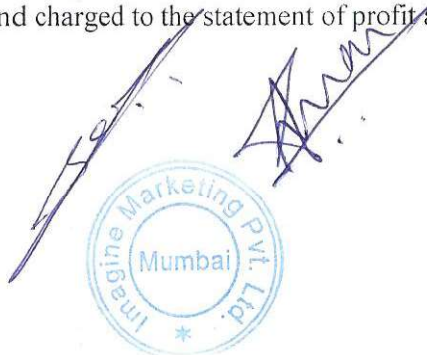
The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in the Statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

2.10 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit/loss for the period in which the transaction is settled. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction.

2.11 Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.



Imagine Marketing Private Limited

Notes to the financial statements (*continued*)

for the year ended 31 March 2019

(Currency: Indian Rupees)

2.12 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are considered as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Capitalisation of borrowing costs is suspended during the extended period in which active development is interrupted. Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.13 Loan processing charges

Loan processing charges are debited to statement of profit and loss as and when incurred.

2.14 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and the related income are recognised in the period in which the change occurs.

2.15 Provision for warranty

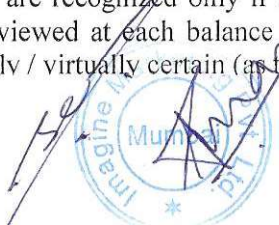
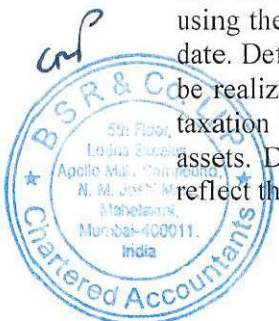
The Company recognises provision for warranties in respect of the products that it sells. These are reviewed at each balance sheet date and adjusted to reflect the current estimates. A provision is recognised for expected warranty claims on products sold during the year.

2.16 Income taxes

Income tax expense comprises current income tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current income tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet 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 of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.



Imagine Marketing Private Limited

Notes to the financial statements *(continued)*

for the year ended 31 March 2019

(Currency: Indian Rupees)

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961.

2.17 Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed using the weighted average number of equity shares outstanding during the year adjusted for the effects of dilutive potential equity shares, except where the results would be anti-dilutive.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents for the purpose of Cash flow statement comprise cash at bank and in hand.



3 Share capital

	31 March 2019	31 March 2018
Authorised share capital		
60,000 (Previous year: 50,000) equity shares of Rs.10 each	600,000	500,000
10,000 (Previous year: Nil) preference shares of Rs.10 each	100,000	-
Issued, subscribed and paid-up		
Equity share capital		
50,000 (Previous year: 50,000) equity shares of Rs 10 each, fully paid up	500,000	500,000
Preference share capital		
5,109 (Previous year: Nil) 0.01% Non-Cumulative Compulsory Convertible preference shares of Rs.10 each	51,090	-
	551,090	500,000

a Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2019		31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
At the end of the year	50,000	500,000	50,000	500,000
Preference shares				
At the commencement of the year	-	-	-	-
Shares issued during the year	5,109	51,090	-	-
At the end of the year	5,109	51,090	-	-

b Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held and after payment to the secured and unsecured loan.

c Rights and terms of conversion/redemption to preference shares

The Company has one class of preference shares i.e. Compulsorily Convertible Preference Shares ('CCPS') convertible at a ratio of 1:1 (that is 1 Equity Share shall be issued upon conversion of 1 Preference Share), having a right to preferred non-cumulative dividend of 0.01% per annum and of the par value of Rs 10 each in the capital of the Company, including Series A CCPS and Series A1 CCPS. Each Preference Share may be converted into Equity Shares at any time at the option of the holder of that Preference Share and/or if mandated by Applicable Laws.

Subject to applicable Laws, the preference shares shall be automatically converted into equity shares in the ratio of 1 Equity Share for 1 Preference Share ('Conversion Ratio'), upon the earlier of (i) Qualified financing; (ii) upon the expiry of 20 years from the Closing Date; or (ii) in connection with an IPO, prior to the filing of a prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under Applicable Law.

In the event of a liquidation, the holders of CCPS will have priority over equity shareholders in the payment of dividend and repayment of capital.

d Particulars of shareholders holding more than 5%

Name of the shareholder	31 March 2019		31 March 2018	
	No. of shares	%	No. of shares	%
Equity shares of Rs 10 each fully paid up held by				
Mr. Sameer Mehta	25,000	50.00%	25,000	50.00%
Mr. Aman Gupta	25,000	50.00%	25,000	50.00%
Preference shares of Rs 10 each fully paid up held by				
Milestone Trusteeship Services Private Limited (Trustee of Fireside Ventures Investment Fund)	5,109	100.00%	-	-



Imagine Marketing Private Limited

Notes to financial statements (Continued)

as at 31 March 2019

	31 March 2019	31 March 2018
4 Reserves and surplus		
Securities premium account		
At the commencement of the year	-	-
Add : Securities premium on preference shares issued	209,949,339	-
At the end of the year	209,949,339	-
Surplus (Profit and loss balance)		
At the commencement of the year	83,685,256	23,928,971
Add: net profit for the year	87,295,583	59,756,285
At the end of the year	170,980,839	83,685,256
Total reserves and surplus	380,930,178	83,685,256
	31 March 2019	31 March 2018
5 Long-term provisions		
Provision for employee benefits:		
- Gratuity (Refer note 30)	257,654	-
	257,654	-
6 Short-term borrowings		
Secured:		
Cash credit from banks (refer note i below)	68,149,164	14,427,278
Loan repayable on demand		
- from other parties (refer note ii below)	25,106,936	-
Unsecured: (refer note iii below)		
Loan repayable on demand		
- from other parties	44,357,723	54,990,438
Loans from directors and shareholders	7,242,613	7,242,613
	144,856,436	76,660,329

Note:

i Cash Credit (CC) facility from CITI bank has been availed for meeting the working capital requirements of the Company and carries an interest rate at 9.75% per annum, computed on monthly basis on the actual amount utilised to be paid on last date of each month. The Bank is entitled to change the rate of interest at any time or time to time subject to market condition and notify the condition to borrower. The bank is subject to charge extra 4% of interest above to the rate agreed in case of default in repayment and 2% prepayment charges subject to discretion of Bank. Bank CC is subject to annually renewable and repayable on demand. The Borrowing from CITI Bank is secured against hypothecation on current and future stocks and book debts of company. The Bank have Pledge on the Debt Mutual fund amounting to Rs 24,000,000 in name of Company. There is personal guarantee of Directors Mr Sameer Mehta and Mr Aman Gupta and corporate guarantee of M/s Redwood Interactive (by providing Exclusive charge on the Vasai Warehouse Owned by Redwood). Drawing power will be calculated as per internal guidelines by the bank from the CC account.

ii Secured loan has been obtained by the company from Lending Kart Finance Limited on 30 June 2018 which carries an interest rate 18% per annum, against the pledge of 17,700 Equity share (8,850 owned by Mr. Sameer Ashok Mehta and 8,850 Owned by Mr. Aman Gupta) having face value of Rs 10 per share. Loan is repayable in 12 monthly installment amounting of Rs 64,17,600 per month

iii Company has other unsecured Loan amounting to Rs 44,357,723 obtained from other corporates in the form of ICD's and loan bearing a interest rate ranging from 10% - 14%. The loan interest and principal amount is repayable on demand on 2 months prior notice. Unsecured loan also includes Loan from Directors of Rs 2,500,000 (Rs 1,250,000 each for Mr. Sameer Mehta and Mr Aman Gupta) bearing 0% interest rate and Rs 4,742,613 from Sameer Mehta bearing 10% interest rate

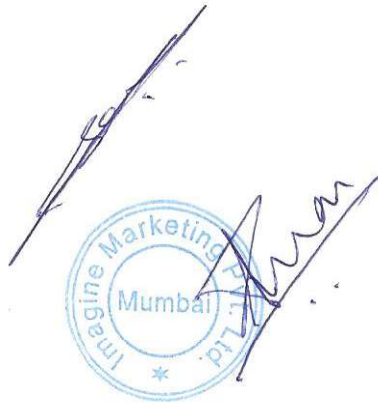


Imagine Marketing Private Limited

Notes to financial statements (Continued)

as at 31 March 2019

	31 March 2019	31 March 2018
7 Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 32)	4,205,687	1,078,961
- Total outstanding dues of creditors other than micro enterprises and small enterprises	135,835,853	20,075,177
	<u>140,041,540</u>	<u>21,154,138</u>
8 Other current liabilities		
Salaries and bonus payable	115,914,523	80,909,663
Accrued expenses	1,884,374	589,932
Interest accrued but not due on borrowings	4,242,872	481,456
Statutory liabilities (refer note below)	39,244,016	37,188,841
Advance from customers	2,512,419	-
	<u>163,798,204</u>	<u>119,169,892</u>
Statutory liabilities includes:		
- Provident fund	129,892	-
- Profession tax	7,800	-
- Employee state insurance corporation	11,250	-
- Goods and Services Tax	-	-
- Tax deducted at source	39,095,074	37,188,841
	<u>39,244,016</u>	<u>37,188,841</u>
9 Short-term provision		
Provision for employee benefits:		
- Gratuity (Refer note 30)	5,274	-
- Compensated absence (Refer note 30)	222,443	-
Provision for taxation (net of advance taxes Rs. 25,541,379 [Previous year: Rs. Nil])	11,219,193	-
	<u>11,446,910</u>	<u>-</u>



Imagine Marketing Private Limited

Notes to financial statements (Continued) as at 31 March 2019

(Currency: Indian Rupees)

10 Property, plant and equipment

Particulars	Gross block			Depreciation			Net block		
	As at 1 April 2018	Additions during the year	Disposal during the year	As at 31 March 2019	As at 1 April 2018	For the year	Disposal during the year	As at 31 March 2019	As at 31 March 2018
Tangible assets:									
Computers	840,701	1,949,313	-	2,790,014	144,349	1,219,297	-	1,363,646	696,352
Furniture and fixtures	395,939	236,593	-	632,532	21,580	141,153	-	1,62,733	469,799
Office equipments	588,461	268,484	-	856,945	96,707	337,477	-	434,184	491,754
Total	1,825,101	2,454,390	-	4,279,491	262,636	1,697,927	-	1,960,563	2,318,928

Particulars	Gross block			Depreciation			Net block		
	As at 1 April 2017	Additions during the year	Disposal during the year	As at 31 March 2018	As at 1 April 2017	For the year	Disposal during the year	As at 31 March 2018	As at 31 March 2017
Tangible assets:									
Computers	179,480	661,221	-	840,701	40,822	103,527	-	144,349	138,658
Furniture and fixtures	5,248	390,691	-	395,939	515	21,065	-	21,580	4,733
Office equipments	355,043	233,418	-	588,461	8,497	88,210	-	96,707	346,546
Total	539,771	1,285,330	-	1,825,101	49,834	212,802	-	262,636	489,937



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 Imagine Marketing Pvt. Ltd.

Imagine Marketing Private Limited

Notes to financial statements (Continued)

as at 31 March 2019

	31 March 2019	31 March 2018
11 Non-current investments (Valued at lower of cost and fair value)		
Investment in mutual funds - quoted		
948,870.13 units (Previous year: 948,870.13) L&T Resurgent India Corporate Bond - Growth	12,000,000	12,000,000
882,463.47 units (Previous year: 882,463.47) Reliance Corporation Bond Fund - Growth	12,000,000	12,000,000
	<u>24,000,000</u>	<u>24,000,000</u>
Aggregate amount of quoted investments	24,000,000	24,000,000
Net Asset Value of quoted investments	25,884,199	24,700,886
Aggregate provision for diminution in value of investments	-	-
12 Long-term loans and advances (Unsecured, considered good unless stated otherwise)		
Advance income tax (net of provision for tax Rs. 30,000,000 [Previous year Rs. 30,000,000])	6,900,000	7,112,870
Security deposits	1,350,000	-
	<u>8,250,000</u>	<u>7,112,870</u>
13 Inventories (Valued at the lower of cost and net realisable value)		
Stock-in-trade (including goods in transit Rs 86,094,566 (Previous year: Rs Nil))	331,255,653	61,703,483
	<u>331,255,653</u>	<u>61,703,483</u>
14 Trade receivables (Unsecured, considered good unless stated otherwise)		
From parties other than related parties		
Receivables outstanding for a period exceeding six months from the date they became due for payment	9,861,340	-
- Considered good	9,861,340	-
- Considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Other receivables	378,060,163	162,976,047
From related parties		
Kores India Private Limited	225,555	1,135
	<u>388,147,058</u>	<u>162,977,182</u>
15 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	99,935	624,749
Balances with banks		
- in current accounts	118,553	92,692
	<u>218,488</u>	<u>717,441</u>
16 Short-term loans and advances (Unsecured, considered good unless stated otherwise)		
Advance to suppliers	82,874,390	40,086,415
Balances with Government authorities		
- Goods and Services Tax credit receivable	2,259,820	1,114,255
- Sales Tax/ Value Added Tax	56,908	31,908
Loans and advances to employees	559,519	530,000
Prepaid expenses	1,044,679	247,500
Security deposits	625,000	175,000
Other receivable	-	944,498
	<u>87,420,316</u>	<u>43,129,576</u>

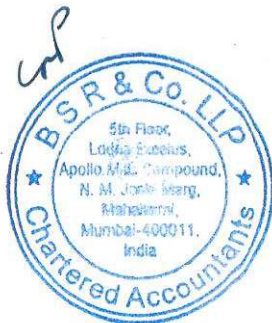


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Imagine Marketing Private Limited

Notes to financial statements (Continued) for the year ended 31 March 2019

	31 March 2019	31 March 2018
17 Revenue from operations		
Sale of products	2,394,401,482	1,064,087,720
	<u>2,394,401,482</u>	<u>1,064,087,720</u>
Break-up of revenue from sale of products		
Wired earphone	754,098,078	384,234,978
Wired headphone	87,110,546	14,044,262
Wireless earphone	323,652,551	66,644,576
Wireless headphone	656,868,276	286,507,435
Wireless speakers	529,728,704	138,566,129
Others	42,943,327	174,090,340
	<u>2,394,401,482</u>	<u>1,064,087,720</u>
18 Other income		
Net gain on account of foreign exchange fluctuations	11,608,518	9,414,632
Insurance claim received	327,830	-
Miscellaneous income (includes liabilities written back, scrap sales)	1,101,214	2,788,520
	<u>13,037,562</u>	<u>12,203,152</u>



Imagine Marketing Private Limited

Notes to financial statements (Continued) for the year ended 31 March 2019

	31 March 2019	31 March 2018
19 Purchase of stock-in-trade		
Purchase of stock-in-trade	2,069,156,986	759,287,992
	<u>2,069,156,986</u>	<u>759,287,992</u>
Break-up of purchase of of stock-in-trade		
Wired earphone	549,742,379	174,630,518
Wired headphone	66,385,311	9,184,887
Wireless earphone	231,767,003	32,487,813
Wireless headphone	518,245,768	172,337,428
Wireless speakers	455,629,919	85,412,448
Others	247,386,606	285,234,898
	<u>2,069,156,986</u>	<u>759,287,992</u>
20 (Increase)/ decrease in inventories of stock-in-trade		
Opening inventory of stock-in-trade	61,703,483	69,590,047
Closing inventory of stock-in-trade	331,255,653	61,703,483
	<u>(269,552,170)</u>	<u>7,886,564</u>
21 Employee benefit expenses		
Salaries, bonus and other allowances	133,579,567	131,436,235
Contribution to provident and other funds (Refer note 30 (a))	554,556	-
Gratuity (Refer note 30 (b))	262,928	-
Compensated absences (Refer note 30 (c))	222,443	-
	<u>134,619,494</u>	<u>131,436,235</u>
22 Finance costs		
Interest on borrowings	16,848,597	9,268,152
Loan processing Fees	2,002,988	-
	<u>18,851,585</u>	<u>9,268,152</u>
23 Other expenses		
Communication expenses	321,382	46,011
Freight and transportation charges	28,379,844	8,535,435
Electricity charges	299,041	-
Repairs and maintenance	1,662,290	856,108
Business promotion	150,789,955	34,220,551
Rent (Refer note 31)	1,681,000	475,000
Rates and taxes	3,271,135	406,434
Legal and professional Fees	10,887,912	10,190,440
Auditors Remuneration (Refer note 25)	1,530,000	30,000
Bank charges	1,262,340	2,657,840
Commission paid	1,961,571	6,883,974
Printing and stationery	2,430,077	641,982
Refreshment and food expense	1,000,511	489,342
Discount	6,906,033	15,989,173
Conveyance and travelling	5,743,418	2,566,523
Selling and distribution	101,685,132	-
Insurance	1,599,791	639,572
Contract labour charges	4,577,412	86,154
Preliminary expense written off	-	8,880
Miscellaneous expenses	2,712,324	613,839
	<u>328,701,168</u>	<u>85,337,258</u>



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Imagine Marketing Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian Rupees)

24 Contingent liabilities and commitments

- (i) There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant and has not been provided in the books of account. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.
- (ii) There are no other contingent liabilities and commitments as on 31 March 2019 (Previous year: Rs Nil).

25 Payment to auditors (excluding taxes)

	31 March 2019	31 March 2018
Statutory audit	1,500,000	20,000
Tax audit	30,000	10,000
	<u>1,530,000</u>	<u>30,000</u>

26 Value of import calculated on CIF basis (on accrual basis)

	31 March 2019	31 March 2018
Purchase of traded goods	1,753,161,558	528,532,456

27 Deferred tax asset (net)

	31 March 2019	31 March 2018
<i>Deferred tax asset:</i>		
Provision for gratuity	91,867	-
Excess of net block of property, plant and equipment for tax purpose over net block as per books of accounts	179,702	-
<i>Deferred tax liabilities:</i>		
Excess of net block of property, plant and equipment as per books of accounts over net block for tax purpose	-	(33,402)
Deferred tax asset / (liabilities) (net)	<u>271,569</u>	<u>(33,402)</u>

28 Earnings per share

	31 March 2019	31 March 2018
Basic and diluted Earning Per Share		
<i>Basic</i>		
Net profit after tax attributable to equity shareholders	(A) 87,295,583	59,786,285
Calculation of the weighted average number of shares		
Number of equity shares at the beginning of the year	50,000	50,000
Add: shares issued during the year	-	-
Number of equity shares outstanding at the end of the year	50,000	50,000
Weighted average number of shares outstanding during the year	(B) 50,000	50,000
Nominal value of equity shares	10	10
Basic earning per share (face value of Rs 10 per share)	(A)/(B) 1,746	1,195
<i>Diluted</i>		
Calculation of the weighted average number of shares		
Number of equity shares at the beginning of the year	50,000	50,000
Add: preference shares issued, to be converted into equity shares	5,109	-
Number of equity shares outstanding at the end of the year	55,109	50,000
Weighted average number of shares outstanding during the year	(C) 53,720	50,000
Nominal value of equity shares		
Diluted earning per share (face value of Rs 10 per share)	(A)/(C) 1,625	1,195



Imagine Marketing Private Limited

Notes to the financial statements (Continued)
for the year ended 31 March 2019

(Currency: Indian Rupees)

29 Related party disclosures

A Related parties with whom transactions have taken place during the year

<i>Names of investors having substantial voting power of reporting enterprise:</i>	
Mr. Aman Gupta	
Mr. Sameer Mehta	
Mr. Kanwaljit Singh (Nominee of Fireside Ventures Investment Fund)	
<i>Other related parties where transactions have taken place during the year :</i>	
<i>Entities in which Key Management Personnel are having significant influence</i>	
Redwood Interactive	
Kores India Private Limited	
<i>Key managerial personnel:</i>	
Mr. Aman Gupta	
Mr. Sameer Mehta	

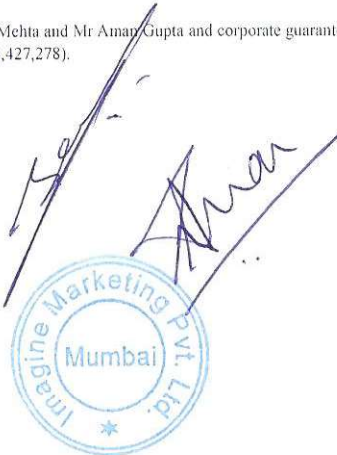
B Transactions with related parties during the year

	31 March 2019	31 March 2018
Rent		
Redwood Interactive	300,000	300,000
Interest on borrowings		
Kores India Private Limited	692,519	-
Mr. Sameer Mehta	496,945	471,261
Sales of goods		
Kores India Private Limited	225,555	1,135
Remuneration to Key managerial personnel		
Mr. Aman Gupta	59,999,996	61,500,000
Mr. Sameer Mehta	59,999,996	64,300,000

C Closing balance with related parties

	31 March 2019	31 March 2018
Short-term borrowings		
Mr. Aman Gupta	1,250,000	1,250,000
Mr. Sameer Mehta	5,992,613	5,992,613
Trade receivables		
Kores India Private Limited	225,555	1,135
Reimbursement of expenses payable		
Mr. Sameer Mehta	75,809	-
Reimbursement of expenses receivable		
Mr. Aman Gupta	630,731	-
Remuneration payable to Key managerial personnel		
Mr. Aman Gupta	39,700,195	38,740,310
Mr. Sameer Mehta	74,714,668	41,786,030

There is personal guarantee of key managerial personnel Mr Sameer Mehta and Mr Aman Gupta and corporate guarantee of Redwood Interactive given for the cash credit facility with outstanding balance of Rs 68,149,164 (Previous year: 14,427,278).



Imagine Marketing Private Limited

Notes to the financial statements (Continued) for the year ended 31 March 2019

(Currency: Indian Rupees)

30 Employee Benefit disclosures in accordance with Accounting Standard 15

(a) Defined Contribution Plans

Amount of Rs. 554,556 (Previous year: Rs. Nil) towards contribution to provident fund and employees' state insurance corporation is recognised as an expense and included in employee benefit expense.

(b) The Company's Gratuity benefit is unfunded and it is defined benefit plan.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service with maximum ceiling as per Company policies.

Amount recognised in balance sheet	31 March 2019	31 March 2018
Present value of obligations	262,928	-
(Liability) recognised in balance sheet	(262,928)	-

Movement in present values of defined benefit obligations	31 March 2019	31 March 2018
Defined benefit obligation at 1 April	-	-
Current service cost	262,928	-
Past Service Cost (non-vested benefits)	-	-
Past Service Cost (vested benefits)	-	-
Interest cost	-	-
Actuarial losses / (gains)	-	-
Benefits paid	-	-
Defined benefit obligation at 31 March	262,928	-

Expenses recognised in the statement of profit and loss	31 March 2019	31 March 2018
Current service cost	262,928	-
Interest on obligation	-	-
Net actuarial (gain)/ loss recognised in the year	-	-
Total included in 'employee benefits'	262,928	-

Principal actuarial assumptions	31 March 2019	31 March 2018
Mortality	Indian Assured Lives Mortality (2006-08) Ult	-
Discount rate as at 31 March	7.70%	-
Expected Rate of Return on Assets	-	-
Attrition Rate	10% p.a at younger ages reducing to 2.00% p.a at older ages	-
Expected salary increase rate	7.00%	-



Imagine Marketing Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian Rupees)

30 Employee Benefit disclosures in accordance with Accounting Standard 15 (Continued)

(b) The Company's Gratuity benefit is unfunded and it is defined benefit plan. (Continued)

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds, which is consistent with the estimated terms of the obligation.

	31 March 2019	31 March 2018
Five year experience history		
Defined benefit obligation	262,928	-
(Surplus) / deficit in the plan	(262,928)	-
Experience (gain) adjustment on plan liabilities	-	-

(c) Amount recognised as an expense in respect of compensated absences is Rs. 222,443 (Previous year: Rs Nil).

31 Operating lease

Operating leases as lessee:

The Company has taken office and godown premises under non cancellable operating lease. The Company has given refundable security deposits in accordance with the agreed terms. Lease payments are recognized in the statement profit and loss under 'Rent' Rs. 1,681,000 (Previous year: Rs.475,000).

The future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	31 March 2019	31 March 2018
Not later than one year	7,029,000	-
Later than one year but not later than five years	17,044,820	-
Later than five years	-	-

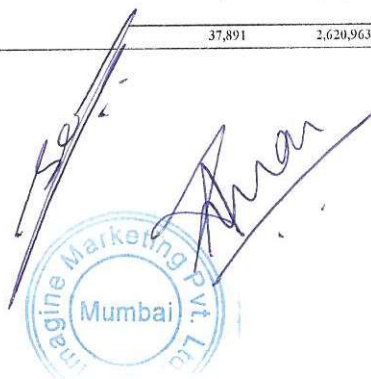
32 Due to micro and small enterprises

Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, information has been determined to the extent such parties have been identified on the basis of information available with the Company:

	31 March 2019	31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	31 March 2019	1,078,961
- Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

33 Unhedged foreign currency exposure

Particulars	31 March 2019		31 March 2018	
	Amount in foreign currency	Amount in Rs	Amount in foreign currency	Amount in Rs
Payable				
USD	37,891	2,620,963	78,458	5,103,203
	37,891	2,620,963	78,458	5,103,203



Imagine Marketing Private Limited

Notes to the financial statements (Continued) for the year ended 31 March 2019

(Currency: Indian Rupees)

34 Segment reporting

As the Company's business activity falls within a single business segment viz. "Trading of mobile Accessories" and the sales being in the domestic market, the financial statement are reflective of the information required by Accounting Standard 17 "Segment Reporting", notified under Companies (Accounting Standard) Rules, 2014.

35 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a company is in the process of forming a CSR committee. The Company's management is in the process of identifying activities for spending with regards to CSR for the current year.

Other expenses include Rs. Nil (Previous year Rs.Nil) spent towards various schemes of Corporate Social Responsibility.

- A) Gross amount required to be spent by the Company during the year is Rs. 761,576 (Previous year Rs. Nil)
- B) Amounts spent during the year Rs. Nil (Previous year Rs. Nil)

36 Prior year figures

Previous years figures have been re-grouped as detailed below :

Sr No	Particulars	Amount
i)	Long term borrowings to short term borrowings	70,660,329
ii)	Salaries and bonus payable from short term provision to other current liabilities	80,909,663
iii)	Advance tax from short term provision to long term loans and advances	7,079,468
iv)	Direct expense to purchase of stock in trade	229,452,968
v)	Purchase of investments from operating activity to investing activity in statement of cash flow	24,000,000

37 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

38 Other information

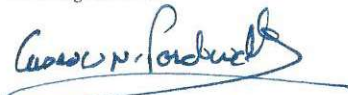
Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company.

39 Prior year comparatives

Prior period figures have been audited by a firm of Chartered Accountants other than B S R & Co. LLP.

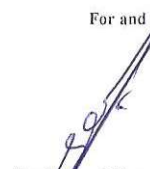
As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:


Cusrow Noshir Pardiwalla
Partner
Membership No: 117091

Mumbai
27 September 2019

For and on behalf of the Board of Directors of
Imagine Marketing Private Limited
CIN: U52300MH2013PTC249758


Mr. Sameer Mehta
Director
DIN: 02945481

Mumbai
27 September 2019


Mr. Aman Gupta
Director
DIN: 02249682

Mumbai
27 September 2019