

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ONART QUEST LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **OnArt Quest Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 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 2017, its loss and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2017;

- ii. The Company did not have any long-term contracts including derivative contracts outstanding as at 31 March 2017 for which there were any material foreseeable losses;
- iii. The Company does not have any dues on account of Investor Education and Protection Fund; and
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management. Refer Note 23 to the financial statements.

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan
Partner
Membership number: 092212

Annexure A referred to in our Independent Auditor's Report of even date to the members of OnArt Quest Limited on the financial statements for the year ended 31 March 2017.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year. As informed to us the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets
- (c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) According to the information and explanations given to us, the Company does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transactions related to loans, investments, guarantees and securities to which the provisions of Section 185 and Section 186 of the Companies Act, 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (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 Companies Act, 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (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 including provident fund, income-tax, sales tax, service tax, value added tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, employees' state insurance and duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales tax, service tax, value added tax, cess and other statutory dues were in arrears as at 31 March 2017, 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 and value added tax 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 did not have any outstanding dues to any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration as stipulated under the provisions of section 197 read with Schedule V to the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment or private placement of equity shares during the year in accordance with the requirement of Section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.

- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him covered by Section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan
Partner
Membership number: 092212

Annexure B to the Independent Auditor's Report of even date on the financial statements of OnArt Quest Limited for the year ended 31 March 2017

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

We have audited the internal financial controls over financial reporting of OnArt Quest Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024

Place: Gurgaon
Date: 12 May 2017

Rakesh Dewan

Partner

Membership number: 092212

OnArt Quest Limited(Amount in
Rupees)

Balance sheet	Notes	As at	
		March 31, 2017	March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	590,900	500,000
Reserves and surplus	4	7,001,718	(13,154,953)
		7,592,618	(12,654,953)
Current liabilities			
Trade payables			
- total outstanding dues of creditors other than micro enterprises and small enterprises	5	11,458,365	15,274,103
Other current liabilities	6	5,361,162	2,087,512
Long - term provisions	7	46,430	-
		16,865,957	17,361,615
TOTAL		24,458,575	4,706,662
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	436,791	-
Intangible assets	9	5,601,924	-
Capital work-in-progress		1,040,468	2,087,513
		7,079,183	2,087,513
Current assets			
Inventories		5,470	-
Cash and bank balances	10	11,893,960	500,000
Short-term loans and advances	11	5,479,962	2,119,149
		17,379,392	2,619,149
TOTAL		24,458,575	4,706,662
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors
of
OnArt Quest Limited

Rakesh Dewan
Partner
Membership No. : 092212

Tara Roy
Director

K.V.L. Narayan Rao
Group Chief Executive Officer

Saurav Banerjee
Director, Finance & Group CFO

Place : Gurgaon
Date : 12 May 2017

Place : New Delhi
Date : 09 May 2017

OnArt Quest Limited

(Amount in Rupees)

Statement of Profit and Loss	Notes	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Revenue from operations			
Sale of services	12	4,207,450	-
Other income	13	324,187	-
Total revenue		4,531,637	-
Expenses			
Cost of services	14	7,511,933	-
Employee benefit expense	15	8,645,645	-
Operations and administration expenses	16	5,417,519	13,154,953
Marketing and promotion expenses	17	1,883,293	-
Depreciation and amortization expense		820,468	-
Finance costs		1,208	-
Total expenses		24,280,066	13,154,953
Loss for the year/period		(19,748,429)	(13,154,953)
Loss per equity share (nominal value of share Rs 10 (previous period Rs. 10 each))			
Basic and diluted	18	(354.13)	(263.10)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of
OnArt Quest Limited

Rakesh Dewan
Partner
Membership No. : 092212

Tara Roy
Director

K.V.L. Narayan Rao
Group Chief Executive Officer

Saurav Banerjee
Director, Finance & Group CFO

Place : Gurgaon
Date : 12 May 2017

Place : New Delhi
Date : 09 May 2017

OnArt Quest Limited

(Amount in Rupees)

Cash Flow Statement	Notes	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Cash flow from operating activities			
Loss before tax		(19,748,429)	(13,154,953)
Adjustments for:			
Depreciation and amortization expenses		820,468	-
Interest income		(293,779)	-
Operating loss before working capital changes		(19,221,740)	(13,154,953)
Movements in working capital :			
(Decrease)/increase in trade payables		(3,815,738)	15,274,103
Increase in long-term provisions		46,430	-
Increase in other current liabilities		3,273,650	2,087,512
Increase in inventories		(5,470)	-
Increase in short-term loans and advances		(3,285,090)	(2,119,149)
Cash (used in)/ generated from operatins		(23,007,958)	2,087,513
Direct taxes paid		(75,723)	-
Net cash (used in)/ generated from operating activities (A)		(23,083,681)	2,087,513
Cash flows from investing activities			
Purchase of fixed assets, including capital work in progress		(5,812,138)	(2,087,513)
Interest received		293,779	-
Net cash used in investing activities (B)		(5,518,359)	(2,087,513)
Cash flows from financing activities			
Proceeds from issuance of equity share capital		39,996,000	500,000
Net cash generated from financing activities (C)		39,996,000	500,000
Net increase in cash and cash equivalents (A + B + C)		11,393,960	500,000
Cash and cash equivalents at the beginning of the year/period		500,000	-
Cash and cash equivalents at the end of the year/period		11,893,960	500,000
Components of cash and cash equivalents	10	As at March 31, 2017	As at March 31, 2016
Cash in hand		19,891	-
Balances with banks:			
Current account		11,874,069	500,000
Total cash and cash equivalents		11,893,960	500,000
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

Note :

The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 as notified under section 133 of the Companies Act, 2013, read with Rule 7 of the companies (Accounts) Rules 2014.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of
OnArt Quest Limited

Rakesh Dewan
Partner
Membership No. : 092212

Tara Roy
Director

K.V.L. Narayan Rao
Group Chief Executive Officer

Saurav Banerjee
Director, Finance & Group CFO

Place : Gurgaon
Date : 12 May 2017

Place : New Delhi
Date : 09 May 2017

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

1. Corporate information

The Company was incorporated on December 22, 2015 as OnArt Quest Limited under the provisions of the Companies Act, 2013. The Company is into the business of operating an online e-commerce platform to buy Art, Artefacts, Collectibles and Jewellery. It aggregates and brings artists, galleries, artisans, collectors and designers from across the sub-continent onto a single platform that breaks the existing barriers of accessibility, transparency, awareness and trust, in this category.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared and presented under the historical convention on a going concern basis, on the accrual basis of accounting and comply with the Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable.

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual and prepares its accounts on a going concern basis.

All assets and liabilities have been classified as current or non-current in accordance with the Company's operating cycle and other relevant criteria. Based on the nature of the product or services 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

2.2 Use of estimates

In the preparation of the financial statements, the management of the Company makes estimates and assumptions in conformity with the applicable accounting principles in India that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

Provisions: Provisions are recognized when there is a present obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to their present value.

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

2.3 Tangible fixed assets

Tangible fixed assets, are stated at the cost of acquisition, which includes taxes, duties, freight, insurance and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment.

Depreciation on tangible assets is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets. The useful lives as estimated for tangible assets are in accordance with the useful lives as indicated in Schedule II of the Companies Act, 2013 except for the following classes of assets where different useful lives have been used. The estimated useful lives of the assets used by the Company are lower than those specified in the Companies Act, 2013.

<u>Asset head</u>	<u>Useful life (years)</u>
Plant and machinery	5-12
Computers	3-6
Office equipment	3-5
Furniture and fixtures	5-8
Vehicles	5

The estimates of useful lives of the assets are based on the technical evaluation.

Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% in the year of acquisition.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

Loss arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4 Intangible assets

Intangible assets are recognised if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account. Intangible assets are stated at cost less accumulated amortization and impairment.

Depreciation on intangible assets is provided using the straight line method based on the useful lives as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are depreciated at the rate of 100% on a pro-rata basis. The management's estimates of useful lives for intangible assets are given below:

<u>Asset head</u>	<u>Useful Life (years)</u>
Computer software	6

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

2.5 Leases

As a lessee:

Assets taken under leases, where the Company assumes substantially all the risks and rewards of ownership are classified as Finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Assets taken on leases where significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.6 Revenue Recognition

Revenue from online sale of goods are recognized when the goods has been delivered and all the risk and rewards of ownership has been transferred to the buyer.

Revenue for services provided is recognized when persuasive evidence of an arrangement exists; the consideration is fixed or determinable; and it is reasonable to expect ultimate collection. Such revenues are recognized as the services are provided.

2.7 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

As at the reporting date, non monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Gains/(losses) arising out of fluctuations in the exchange rates are recognized as income/expense in the statement of profit and loss in the period in which they arise.

2.8 Employee benefits

Short-term employee benefits are recognized as an expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Post employment and other long term employee benefits: The Company's contribution to State Provident Fund (a defined contribution plan) is charged to the Statement of Profit and Loss.

The Company's gratuity benefit scheme is 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 current and prior periods; the 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 under the plan is performed usually by a qualified 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 the employee benefits expense in the Statement of Profit and Loss. When benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in 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.

2.9 Earnings per share (EPS)

Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/ (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit/ (loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS, except when the results will be anti-dilutive.

2.10 Taxes on income

Income-tax expense comprises current 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). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as 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 realised.

2.11 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with bank, other short-term highly liquid investments with original maturities of three months or less.

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

3. Share capital

(Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Authorised		
1,00,000 equity shares of Rs.10/- each (previous year 1,00,000 shares of Rs. 10/- each)	1,000,000	1,000,000
30,000 preference shares of Rs.100/- each (previous year 30,000 equity shares of Rs. 10/- each)	3,000,000	3,000,000
Issued, subscribed and fully paid-up		
59,090 equity shares of Rs.10/- each (previous year 50,000 equity shares of Rs. 10/- each)	590,900	500,000
Total issued, subscribed and fully paid-up share capital	590,900	500,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the period

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rupees	Number	Amount in Rupees
At the beginning of the year/period	50,000	500,000	-	-
Issued during the year/period	9,090	90,900	50,000	500,000
Outstanding at the end of the year/period	59,090	590,900	50,000	500,000

(b) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Equity shares	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rupees	Number	Amount in Rupees
Equity shares of Rs. 10 each fully paid up held by :				
NDTV Convergence Limited, fellow subsidiary	21,250	212,500	21,250	212,500
New Delhi Television Limited, ultimate holding company	21,250	212,500	21,250	212,500
	42,500	425,000	42,500	425,000

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number	% holding	Number	% holding
Equity shares of Rupees 10 each fully paid				
NDTV Convergence Limited	21,250	35.96%	21,250	42.50%
New Delhi Television Limited	21,250	35.96%	21,250	42.50%
Manisha Lath Gupta	7,500	12.69%	7,500	15.00%
Vincent Adaikalraj	6,818	11.54%	-	-

(d) Rights, preferences and restriction 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 in proportion to the number of equity shares held.

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

4. Reserves and surplus

	(Amount in Rupees)	
	As at	As at
	March 31, 2017	March 31, 2016
Securities premium account		
Opening balance	-	-
Additions during the year/period	39,905,100	-
Closing balance	39,905,100	-
Deficit in the Statement of Profit and Loss		
Balance at the beginning of the year/period	(13,154,953)	-
Loss for the year/period	(19,748,429)	(13,154,953)
Balance as at end of the year/period	(32,903,382)	(13,154,953)
Total reserves and surplus	7,001,718	(13,154,953)

5. Trade payables

	(Amount in Rupees)	
	As at	As at
	March 31, 2017	March 31, 2016
Trade payables		
- total outstanding dues of creditors other than micro enterprises and small enterprises*	11,458,365	15,274,103
	11,458,365	15,274,103

* Include Rs. 7,825,490 (previous period Rs. 15,035,346) payable to New Delhi Television Limited, related party and Rs. 209,430 (previous period Rs. 208,756) to NDTV Convergence Limited, related party.

6. Other current liabilities

	(Amount in Rupees)	
	As at	As at
	March 31, 2017	March 31, 2016
Statutory dues payable	362,339	-
Employee benefits payable	291,756	-
Advance from customers	2,434,495	-
Payable against fixed assets*	2,087,512	2,087,512
Payable to suppliers	181,060	-
Other payables	4,000	-
	5,361,162	2,087,512

* Include Rs. 1,714,548 (previous period Rs. 1,714,548) payable to New Delhi Television Limited, related party, Rs. 372,964 (previous period Rs. 372,964) to NDTV Convergence Limited, related party.

7. Long term provisions

	(Amount in Rupees)	
	As at	As at
	March 31, 2017	March 31, 2016
Provision for employee benefits		
Provision for gratuity (refer note 21)	46,430	-
	46,430	-

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

8. Tangible assets	(Amount in Rupees)			
	Computers	Office equipment	Furniture and fixtures	Total
Gross block				
As at April 01, 2016	-	-	-	-
Charge for the year	90,642	74,843	329,045	494,530
As at March 31, 2017	90,642	74,843	329,045	494,530
Depreciation				
As at April 01, 2016	-	-	-	-
Charge for the period	19,124	12,133	26,482	57,739
As at March 31, 2017	19,124	12,133	26,482	57,739
Net block				
As at April 01, 2016	-	-	-	-
As at March 31, 2017	71,518	62,710	302,563	436,791

9. Intangible assets	(Amount in Rupees)		
	Website	Computer software	Total
Gross block			
As at April 01, 2016	-	-	-
Additions	6,348,679	15,974	6,364,653
At March 31, 2017	6,348,679	15,974	6,364,653
Amortisation			
As at April 01, 2016	-	-	-
Charge for the year	760,629	2,100	762,729
At March 31, 2017	760,629	2,100	762,729
Net Block			
As at April 01, 2016	-	-	-
As at March 31, 2017	5,588,050	13,874	5,601,924

10. Cash and bank balances

	(Amount in Rupees)	
	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalent		
Balances with banks		
Current accounts	11,874,069	500,000
Cash in hand	19,891	-
	11,893,960	500,000

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

11. Short term loans and advances

(Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
Due from government authorities	3,351,551	2,119,149
Recoverables from payment gateway	1,771,441	-
Prepaid expenses	80,888	-
Advances to employees	128,259	-
Advance income-tax	75,723	-
Advances recoverable in cash or kind	72,100	-
	5,479,962	2,119,149

12. Revenue from operations

(Amount in Rupees)

	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Commission income	4,207,450	-
	4,207,450	-

13. Other income

(Amount in Rupees)

	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Interest income on bank deposits	293,779	-
Miscellaneous income	30,408	-
	324,187	-

14. Cost of services

(Amount in Rupees)

	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Consultancy and professional fee	2,635,622	-
Hire charges	499,415	-
Website hosting and streaming	475,731	-
Travelling expense	187,927	-
Website development charges	2,456,859	-
Payment gateway charges	539,598	-
Shipping charges	680,923	-
Packaging material	35,858	-
	7,511,933	-

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

15. Employee benefits expense	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Salaries, wages and other benefits	8,235,265	-
Contribution to provident fund	404,706	-
Staff welfare	5,674	-
	8,645,645	-

16. Operations and administration expenses	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Rent	1,196,562	-
Printing and stationery	128,219	-
Postage and courier	10,592	-
Books, periodicals and news papers	58,657	-
Local conveyance , travelling and taxi hire	60,709	420,399
Business promotion	-	7,596
Repair and maintenance	46,106	4,877
Auditors remuneration*	30,000	30,000
Insurance	255,281	-
Rates and taxes	103,224	80,099
Communication	111,985	-
Vehicle	172,600	-
Legal, professional and consultancy	2,463,112	12,586,782
Foreign exchange loss	420,722	-
Miscellaneous	359,750	-
	5,417,519	13,154,953

*Auditors remuneration	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
As auditor:		
Audit fee	30,000	30,000
Total	30,000	30,000

17. Marketing, distribution and promotion expenses	(Amount in Rupees)	
	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Marketing expenses	1,883,293	-
	1,883,293	-

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

18. Loss per equity share (LPS)

(Amount in Rupees except per share data)

	For the year ended March 31, 2017	For the period December 22, 2015 to March 31, 2016
Loss attributable to equity shareholders	(19,748,429)	(13,154,953)
Number of equity shares outstanding at beginning of the year (Nos)	50,000	-
Number of equity shares outstanding at the end of year / period (Nos)	59,090	50,000
Weighted average number of equity shares outstanding during the year / period for basic EPS (Nos.)	55,766	50,000
Weighted average number of equity shares outstanding during the year / period for diluted EPS (Nos.)	55,766	50,000
Basic loss per equity share (Rs.)	(354.13)	(263.10)
Diluted loss per equity share (Rs.)	(354.13)	(263.10)
Nominal value per share (Rs)	10	10

19. Related party transaction

Names of related parties, where control exists or with whom transactions were carried out during the period of relationship as identified and certified by the management:

I. Name of related parties and nature of relationship

New Delhi Television Limited	:	Ultimate holding company
NDTV Convergence Limited	:	Fellow subsidiary
NDTV Ethnic Retail Ltd	:	Fellow Subsidiary
NDTV Worldwide Limited	:	Fellow Subsidiary

II. Disclosure of related party transactions

The following table provides the total amount of transactions that have been entered into with related parties, in the ordinary course of business

(Amount in Rupees)

Nature of relationship / transaction	Ultimate holding company	Fellow subsidiary	Total	Ultimate holding company	Fellow subsidiary	Total
	For the year ended March 31, 2017			For the period December 22, 2015 to March 31, 2016		
Purchase of fixed assets						
New Delhi Television Limited	-	-	-	1,714,548	-	1,714,548
NDTV Convergence Limited	-	-	-	-	372,964	372,964
Reimbursement of expenses incurred on our behalf						
New Delhi Television Limited	1,114,531	-	1,114,531	12,987,324	-	12,987,324
NDTV Convergence Limited	-	644	644	-	137,629	137,629
NDTV Ethnic Retail Ltd	-	245,220	245,220	-	-	-
NDTV Worldwide Limited	-	490,440	490,440	-	-	-
Equity share capital issued						
New Delhi Television Limited	-	-	-	212,500	-	212,500
NDTV Convergence Limited	-	-	-	-	212,500	212,500
Outstanding balance at the period end						
	As at March 31, 2017			As at March 31, 2016		
Payable against fixed assets	1,714,548	372,964	2,087,512	1,714,548	372,964	2,087,512
Trade payable	7,825,490	209,430	8,034,920	15,035,346	208,756	15,244,102

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

20. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Amount in Rupees)

Particulars	As at	As at
	March 31, 2017	March 31, 2016
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the period		
- Principal	Nil	Nil
- Interest	Nil	Nil
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting period	Nil	Nil
(d) 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 Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of each accounting period	Nil	Nil
(f) 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 Micro Small and Medium Enterprises Development Act, 2006	Nil	Nil

21. Post-employment benefit plan (Gratuity)

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

(Amount in Rupees)

Particulars	As at	
	March 31, 2017	March 31, 2016
Changes in the present value of the Obligation:		
Obligations at year beginning	-	-
Service Cost – Current	46,430	-
Obligations at year end	46,430	-
Particulars	As at	
	March 31, 2017	March 31, 2016
Change in plan assets:		
Plan assets at year beginning, at fair value	46,430	-
Plan assets at year end, at fair value	46,430	-
Particulars	Year ended	
	March 31, 2017	March 31, 2016
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Present value of the defined benefit obligations at the end of the Year	46,430	-
Fair value of the plan assets at the end of the year	-	-
Liability recognised in the Balance Sheet	46,430	-
Particulars	Year ended	
	March 31, 2017	March 31, 2016
Defined benefit obligations cost for the year		
Service Cost – Current	46,430	-
Net defined benefit obligations cost	46,430	-
Investment details of plan assets		
100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme.		
The principal assumptions used in determining post-employment benefit obligations are shown below:		
Particulars	As at	
	March 31, 2017	March 31, 2016
Discount Rate	7.50%	-
Future salary increases	5%	-
Expected return on plan assets	NA	NA

Particulars	March 31,	
	2017	2016
(Gain) / Loss on Plan Liabilities	-	-
% of Opening Plan Liabilities	0.0%	0.0%
Gain / (Loss) on Plan Assets	-	-
% of Opening Plan Assets	-	-

The estimates of future salary increases considered in the actuarial valuation take account of inflation seniority promotion and other relevant factors such as supply and demand factors in the employment market. The demographic assumptions were as per the published rates of "Life Insurance Corporation of India (2006-08) Mortality Table (ultimate) which is considered a standard table.

OnArt Quest Limited

Notes to financial statements for the year ended March 31, 2017

22. Segment information

The Company considers its business segment i.e. e-commerce selling outside india as its primary segment. The entire operations are governed by the similar set of risks and returns and hence, the same has been considered as representing a single primary segment. The Company does not have operations in economic environments with different risks and returns; hence, it is considered as operating in a single geographical segment.

Since the Company's business activity falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard – 17.

23. Disclosure on Specified Bank Notes (SBNs) :

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308 (E) dated March 30, 2017 on the details of Specified Bank

Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below :

(Amount in Rupees)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	29,500	126	29,626
(+) Permitted receipts	500	23,950	24,450
(-) Permitted payments	-	15,182	15,182
(-) Amount deposited in banks	30,000	-	30,000
Closing cash in hand as on December 30, 2016	-	8,894	8,894

* For the purpose of this clause, the term "specified bank notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E) dated November 8, 2016.

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W /W-100024

For and on behalf of the Board of Directors of

OnArt Quest Limited

Rakesh Dewan

Partner

Membership No. : 092212

Tara Roy

Director

K.V.L. Narayan Rao

Group Chief Executive Officer

Saurav Banerjee

Director, Finance & Group CFO

Place: Gurgaon

Date: 12 May 2017

Place: New Delhi

Date: 09 May 2017