

FSN E-Commerce Ventures Private Limited
- Standalone Financial Statements as on 31 March 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of FSN E-Commerce Ventures Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **FSN E-Commerce Ventures Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity, for the year then ended, and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations provided to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 as amended ("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 March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexures to Board's report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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 standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act,



we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 including the Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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", to this report.
- (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 provided to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Mumbai
Date: 20-Aug-2020



For V.C. Shah & Co.
Chartered Accountants
Firm Registration No. 109818W

A. N. Shah

A. N. Shah
Partner
Membership No. 42649
UDIN: 20042649AABNHM8443

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in Report on Other Legal and Regulatory Requirements of our Report of even date)

(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 all fixed assets are verified in a phased manner over a period of three years. In our opinion, periodicity of physical verification is reasonable having regards to the size of the company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. According to the information and explanations provided to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations provided to us, as the Company owns no immovable properties, the requirement on reporting whether title deeds of immovable properties held in the name of the Company is not applicable.

(ii) The inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has granted unsecured loans to its five subsidiaries covered in the register maintained under Section 189 of the Act for their principal business activities.

(a) In our opinion, the terms and conditions of grant of such loans are prima facie, not prejudicial to the Company’s Interest.

(b) According to the information and explanation provided to us, the loans are repayable as per the contractual terms and conditions. Accordingly, there has been no default.

(c) In respect of the said loans and interest thereon, there are no overdue amounts.

(iv) In our opinion and according to the information and explanations provided to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and security, as applicable.

(v) In our opinion and according to the information and explanations provided to us, the Company has complied with the provisions of sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder read with Notification G.S.R. 464(E) dated 05th June 2015 as amended to the extent applicable.

(vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.



(vii) According to the information and explanations provided to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value Added Tax which have not been deposited by the Company on account of disputes.

(viii) Based on our audit procedures and according to the information and explanations provided by the Management, the Company has not defaulted in repayment of loans or borrowing to bank. The Company did not have any outstanding dues in respect of a financial institution, government or debenture holders during the year.

(ix) In our opinion and according to the information and explanations provided by the Management, the Company has utilised the monies raised by way of term loans for the purpose for which they were raised. The Company has not raised any money by way of initial public offer / further public offer / debt instruments.

(x) To the best of our knowledge and according to the information and explanations provided to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

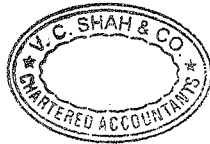
(xi) The Company is a Private Limited Company as per the Act. The requirement of payment of managerial remuneration as per the provisions of section 197 read with Schedule V of the Act is not applicable. Hence, clause (xi) of paragraph 3 of the Order is not applicable.

(xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

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



- (xiv) According to the information and explanations provided to us and on an overall examination of the Balance Sheet, the Company has complied with the provision of section 42 of the Act in respect of the private placement of equity shares during the year. According to the information and explanations provided by the Management, we report that the amount raised have been used for the purposes for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (xv) In our opinion and according to the information and explanations provided to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- (xvi) In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, clause (xvi) of paragraph 3 of the Order is not applicable.



For V.C. Shah & Co.
Chartered Accountants
Firm Registration No. 109818W

A. N. Shah

A. N. Shah
Partner
Membership No. 42649
UDIN: 20042649AABNHM8443

Place: Mumbai
Date: 20-Aug-2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 **FSN E-Commerce Ventures Private Limited** ('the Company') as of March 31, 2020 in conjunction with our audit of the standalone Ind AS 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 (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 Act.

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls and, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

Meaning of Internal Financial Controls Over Financial Reporting

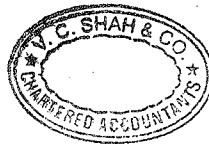
A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Place: Mumbai
Date: 20-Aug-2020

For V.C. Shah & Co.
Chartered Accountants
Firm Registration No. 109818W

A. N. Shah

A. N. Shah
Partner
Membership No. 42649
UDIN: 20042649AABNHM8443

FSN E-Commerce Ventures Private Limited
Standalone Balance Sheet as at 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Assets				
Non-current assets				
Property, plant and equipment	4	638.68	303.56	194.64
Right of use assets	5	670.56	265.99	181.56
Intangible assets	6	441.27	781.23	439.38
Capital work in progress		67.68	-	-
Financial assets				
Investments	7A	5,248.85	3,425.09	1,794.09
Loans and advances	8	13,448.37	7,264.24	2,451.93
Deferred tax assets (net)	9	2,777.43	3,471.19	3,363.61
Other non-current assets	10	664.76	542.64	802.76
Total non-current assets		23,957.60	16,053.94	9,227.97
Current assets				
Inventories	11	4,634.18	2,275.01	847.21
Financial assets				
Trade receivables	12	2,551.09	711.06	2,620.47
Cash and cash equivalents	13	9,552.92	432.37	3,541.56
Bank balance other than cash and cash equivalents	14	7,386.83	8.70	7.49
Loans	15	57.99	131.43	-
Investments	7B	-	13,503.98	1,142.46
Other current assets	16	1,651.71	2,245.44	765.40
Total current assets		25,834.72	19,307.99	8,924.59
Total assets		49,792.32	35,361.93	18,152.56
Equity and liabilities				
Equity				
Equity share capital	17	1,454.91	1,424.25	1,355.57
Other equity	18	40,432.52	27,908.01	13,831.77
Total equity		41,887.43	29,332.26	15,187.34
Non-current liabilities:				
Financial liabilities				
Borrowings	19	14.95	22.20	28.88
Other financial liabilities	20	518.89	113.94	413.67
Provisions	21	92.27	59.45	29.64
Total non-current liabilities		626.11	195.59	472.19
Current liabilities:				
Financial liabilities				
Borrowings	22	3,462.60	2,407.28	790.50
Trade payables	23			
-Total outstanding dues of Micro enterprise and small enterprise		90.03	39.01	-
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		1,630.43	1,400.65	693.48
Other financial liabilities	24	1,932.08	1,518.73	954.09
Provisions	25	1.34	0.93	0.47
Other current liabilities	26	162.30	467.48	54.49
Total current liabilities		7,278.78	5,834.08	2,493.03
Total liabilities		7,904.89	6,029.67	2,965.22
Total equity and liabilities		49,792.32	35,361.93	18,152.56

Significant accounting policies 2-3

Notes 4 to 48 form an integral part of these standalone financial statements

As per our report attached
For V. C. Shah & Co.
Chartered Accountants
Firm Registration No: 109818W
Arvind

A N Shah
Partner
Membership No: 42649



For and on behalf of Board of Directors of
FSN E-Commerce Ventures Private Limited

Milan & Khakhar

Milan Khakhar
Director
DIN No. 00394065

Arvind
Arvind Agarwal
Chief Financial Officer

Falguni Nayar

Falguni Nayar
CEO & Director
DIN No. 00003633

Pratik
Pratik Bhujade
Company Secretary
ACS M.No.A38175

Place: Mumbai
Date: 20 August 2020

FSN E-Commerce Ventures Private Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
INCOME			
Revenue from operations	27	20,412.84	10,206.46
Other income	28	3,050.01	1,719.45
TOTAL INCOME		23,462.85	11,925.91
EXPENSES			
Cost of material consumed	29A	860.40	-
Purchase of traded goods and packaging material	29B	8,956.00	4,558.54
(Increase)/decrease in inventories of traded goods	30	(1,490.09)	(1,427.80)
Employee benefits expense	31	2,475.68	1,917.37
Finance costs	32	477.88	260.39
Depreciation and amortization expense	33	740.47	401.12
Administrative and other expenses	34	9,266.85	6,258.56
TOTAL EXPENSES		21,287.19	11,968.18
Profit / (Loss) before tax		2,175.66	(42.27)
Tax expense / (benefit) :			
Current tax		-	-
Deferred tax	9	668.75	(120.45)
Tax expense relating to earlier years		-	-
Total tax expense /(benefit)		668.75	(120.45)
Profit / (Loss) after tax		1,506.91	78.18
Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/ (asset)		4.07	(3.25)
Fair valuation of investments measured through OCI		57.33	38.00
Income tax effect on above		(25.02)	(12.87)
Items that will not be reclassified to profit or loss, net of tax		36.38	21.88
B. Items that will be reclassified to profit or loss			
Nature of item			
Income tax effect on above		-	-
Items that will not reclassified to profit or loss, net of tax		-	-
Total Comprehensive Income for the year		1,543.29	100.06
Earnings per share of face value Rs. 10/- each			
Basic earnings per share (in Rs.)	35	10.56	0.56
Diluted earning per share (in Rs.)		10.01	0.55

Significant accounting policies

Notes 4 to 48 form an integral part of these standalone financials statements

As per our report attached
For V. C. Shah & Co.
Chartered Accountants
Firm Registration No: 109818W
Amithabh

A N Shah
Partner
Membership No: 42649



For and on behalf of Board of Directors of
FSN E-Commerce Ventures Private Limited

Milan B Khakhar

Milan Khakhar
Director
DIN No. 00394065

Falguni Nayar

Falguni Nayar
CEO & Director
DIN No. 00003633

Arvind Agarwal
Arvind Agarwal
Chief Financial Officer

Pratik Bhujade
Pratik Bhujade
Company Secretary
ACS M.No.A38175

Place: Mumbai
Date: 20 August 2020

FSN E-Commerce Ventures Private Limited
Standalone Statement of Cash Flows for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Operating activities		
Net profit / (loss) before exceptional items and tax	2,175.66	(42.27)
<i>Adjustments to reconcile profit / (loss) before tax to net cash flows:</i>		
Depreciation of property, plant & equipment	340.21	179.03
Amortisation of intangible assets	400.26	222.09
Interest expense	375.49	178.88
Realised (Gain) / Loss from sale of investments	(759.92)	(188.68)
Interest income	(742.01)	(528.99)
Provision for Gratuity	37.30	30.28
Sundry balance written back	(12.27)	(41.99)
Share Based expense	91.88	129.75
Unrealised (Gain)/Loss on fair valuation of investments	-	(152.83)
Operating profit before working capital changes	1,906.60	(214.73)
<i>Working capital Adjustments:</i>		
(Increase) / decrease in trade receivables	(1,840.03)	1,909.42
(Increase) / decrease in inventories	(2,359.17)	(1,427.79)
(Increase) / decrease in current financial asset	61.18	(145.43)
(Increase) / decrease in non-current financial assets	(6,995.00)	(4,208.69)
(Increase) / decrease in other current assets	593.73	(1,480.05)
(Increase) / decrease in other Non current assets	-	-
Increase / (decrease) in trade payables	(268.53)	(704.19)
Increase / (decrease) in current financial liabilities	452.71	232.93
Increase / (decrease) in other current liabilities	(305.17)	412.99
Cash generated from / (used) in operations	(10,660.28)	(5,410.81)
Refund / (payment) of taxes (net)	(250.98)	(3.54)
Net cash flow from / (used in) operating activities (A)	(9,004.66)	(5,629.08)
Investing activities		
Purchases of Investments	13,351.33	(12,493.69)
Investment in Subsidiaries	(10.00)	(52.00)
Increase in Creditor for capital goods	(20.18)	35.20
Purchase of Property, Plant and Equipment	(543.92)	(728.47)
Investment in Fixed deposits	(7,402.30)	(15.21)
Proceeds from sale of Investments	759.92	188.68
Interest income (Finance Income)	742.01	528.99
Net cash flows from / (used in) investing activities (B)	6,876.86	(12,536.50)
Financing activities		
Proceeds from exercise of share options	51.28	68.68
Proceeds from Share premium	10,522.14	13,556.61
Repayment of Share Application money pending allotment	2.35	-
Repayment of Non-Current borrowings	(7.25)	(6.67)
Interest expense	(375.49)	(178.88)
Net cash flows from / (used in) financing activities (C)	10,193.03	13,439.75
Net increase / (decrease) in cash and cash equivalents (A+B+C)	8,065.23	(4,725.83)
Cash and cash equivalents at the beginning of the year	(1,974.91)	2,751.06
Net foreign exchange differences	-	(0.14)
Cash and cash equivalents at the year end (refer note 13)	6,090.32	(1,974.91)

Note:

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash flow

2 Component of cash and cash equivalents

Cash and cash equivalents (refer note 13)	9,552.92	432.37
Add: Bank overdraft/cash credit (refer note 22)	(3,462.60)	(2,407.28)
Total cash and cash equivalents	6,090.32	(1,974.91)

Notes 4 to 48 form an integral part of these standalone financial statements

As per our report attached
For V. C. Shah & Co.
Chartered Accountants
Firm Registration No: 109818W
A N Shah
A N Shah
Partner
Membership No: 42649



For and on behalf of Board of Directors of
FSN E-Commerce Ventures Private Limited

Milan B Khakhar

Milan Khakhar
Director
DIN No. 00394065

A Agarwal
Arvind Agarwal
Chief Financial Officer

Falguni Nayar

Falguni Nayar
CEO & Director
DIN No. 00003633

Pratik Bhujade
Pratik Bhujade
Company Secretary
ACS M.No. A38175

Place: Mumbai
Date: 20 August 2020

FSN E-Commerce Ventures Private Limited
Standalone Statement of Changes in Equity for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

a. Share Capital:

Equity shares of INR 10 each issued, subscribed and fully paid

At 1 April 2018

Changes in equity share capital during 2018-19

At 31 March 2019

Changes in equity share capital during 2019-20

At 31 March 2020

No. of shares	Amount
1,35,55,681	1,355.57
6,86,828	68.68
1,42,42,509	1,424.25
3,06,568	30.66
1,45,49,077	1,454.91

b. Other Equity:

Instruments classified as Equity

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares

At 1 April 2018

Changes in preference share capital during 2018-19

At 31 March 2019

Changes in preference share capital during 2019-20

At 31 March 2020

No. of shares	Amount
-	-
-	-
-	-
2,75,000	20.63
2,75,000	20.63

For the year ended 31 March 2020

Particulars	Share application money pending allotment	Reserves & Surplus			Employee share options scheme reserve	Total other equity
		Surplus/(Deficit) in statement of profit and loss	Securities premium	Other comprehensive income (OCI)		
As at 1st April 2019	-	(7,978.25)	34,921.64	22.62	942.00	27,908.01
Net Profit / (Loss) for the year	-	1,506.91	-	-	-	1,506.91
Other comprehensive income	-	-	-	36.38	-	36.38
Total comprehensive income	-	(6,471.33)	34,921.64	59.00	942.00	29,451.30
Dividends (including DDT)	-	-	-	-	-	-
Securities premium on issue of shares	-	-	10,800.89	-	-	10,800.89
Shares allotted during the year	-	-	-	-	(278.75)	(278.75)
Addition during the year	2.35	-	-	-	436.10	438.45
ESOP lapse/forfeited	-	1.01	-	-	(1.01)	-
Transfer to retained earnings	-	-	-	-	-	-
As at 31 March 2020	2.35	(6,470.32)	45,722.53	59.00	1,098.34	40,411.90

For the year ended 31 March 2019

Particulars	Share application money pending allotment	Reserves & Surplus			Employee share options scheme reserve	Total other equity
		Surplus/(Deficit) in statement of profit and loss	Securities premium	Other comprehensive income (OCI)		
As at 1st April 2018	3,475.05	(8,056.43)	17,889.97	0.74	522.44	13,831.77
Net Profit / (Loss) for the year	-	78.18	-	-	-	78.18
Other comprehensive income	-	-	-	21.88	-	21.88
Shares allotted during the year	(3,475.05)	-	-	-	(1.45)	(3,476.50)
Securities premium on issue of shares	-	-	17,031.67	-	-	17,031.67
Total comprehensive income	-	(7,978.25)	34,921.64	22.62	520.99	27,487.00
Dividends (including DDT)	-	-	-	-	-	-
Addition during the year	-	-	-	-	421.01	421.01
Transfer to general reserve	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Share allotted during the year	-	-	-	-	-	-
As at 31 March 2019	-	(7,978.25)	34,921.64	22.62	942.00	27,908.01

Significant accounting policies

Notes 4 to 48 form an integral part of these standalone financial statements

As per our report attached

For V. C. Shah & Co.

Chartered Accountants

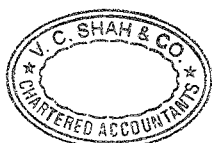
Firm Registration No: 109818W

AN Shah

A N Shah

Partner

Membership No: 42649



For and on behalf of Board of Directors of
FSN E-Commerce Ventures Private Limited

Milan & Khakhar

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Arvind Agarwal
Chief Financial Officer

Falguni Nayar

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CEO & Director
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Pratik Bhujade
Pratik Bhujade
Company Secretary
ACS M.No.A38175

Place: Mumbai

Date: 20 August 2020

FSN E-commerce Ventures Private Limited
Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
Amounts in Indian Rupees

1. Corporate Information

FSN E-Commerce Ventures Private Limited (the 'Company') is a private limited company incorporated and domiciled in India. The registered office of the Company is located at 104, Vasan Udyog Bhavan, Sun Mill compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013.

The Company is engaged in the business of selling, distributing of beauty, wellness, fitness, personal health care, skin care, hair care product on the Company's online platforms as well as through e-commerce , m-commerce, internet, intranet, stores, stall etc.

The financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised for issue on 20 August 2020

The Company's financial statements are presented in Indian Rupees (Rs.), which is the functional currency and all values are rounded to the nearest lakh (Rs. 00,000), except when otherwise stated.

2. Basis of preparation

i) Compliance with Ind AS:

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), in India. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1 April 2019. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2015 (Indian GAAP). These financial statements for the year ended 31 March 2020 are the first financials that the Company has prepared in accordance with Ind AS. Refer to note 45 for information on how the Company adopted Ind AS.

ii) Historical cost conversion:

The financial statements have been prepared on a historical cost basis, except for defined benefits plans – plan assets, certain financial assets and liabilities (refer accounting policy regarding financial instruments) and share based payments which have been measured at fair value or revalued amount..

3. Summary of significant accounting policies:

a) Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized in normal operating cycle or within twelve months after the reporting period or

FSN E-commerce Ventures Private Limited

Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

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- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period of twelve months as its operating cycle.

b) Property Plant & Equipment

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

Subsequent expenditure related to an item of Property, Plant & Equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant & 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 when the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

Amounts in Indian Rupees

Depreciation on Property, Plant & Equipment:

Depreciation is provided using the Straight Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized on a straight line basis over the period of primary lease or the expected useful life whichever is lower.

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

c) Intangible assets

Intangible Assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortization of intangible assets:

Intangible assets are amortized on straight line basis as per the following useful lives:

Intangible asset	Useful lives (in years)
Catalogue & Content	3
Web portal development	3
Software	3

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Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
Amounts in Indian Rupees

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- ▶ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ▶ Its intention to complete and its ability and intention to use or sell the asset
- ▶ How the asset will generate future economic benefits
- ▶ The availability of resources to complete the asset
- ▶ The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

d) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised; i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Impairment losses are recognised in the statement of profit and loss

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

FSN E-commerce Ventures Private Limited

Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

Amounts in Indian Rupees

e) Inventory

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.

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

f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets (ROU asset)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right of use for Properties 2 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

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Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

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ii. Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short term leases and leases of low value assets:

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

FSN E-commerce Ventures Private Limited

Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

Amounts in Indian Rupees

Sub-lease

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

At the commencement date, the Company recognises assets held under a sub-lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease. In case if the interest rate implicit in the sublease cannot be readily determined, the Company being an intermediate lessor uses the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- fixed payments less any lease incentives payable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties, if any, for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on net investment in the lease.

Net investment in the lease are subject to the derecognition and impairment requirements in Ind AS 109. The Company regularly reviews estimated unguaranteed residual values, if any, used in computing the gross investment in the lease and adjusts the income allocation accordingly.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Initial recognition and measurement:

All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

II. Subsequent measurement:

i. Financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost

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Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

Amounts in Indian Rupees

- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at fair value through other comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

ii. Financial liabilities

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

III. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement

FSN E-commerce Ventures Private Limited

Notes to Standalone Financial Statements as at and for the year ended 31 March 2020

Amounts in Indian Rupees

of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

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

IV. Impairment of financial assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- b) Investments
- c) Other financial assets such as deposits, advances etc.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables

V. Offsetting of financial instruments

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

VI. Investment in subsidiaries and associates

The Company has accounted for its investment in subsidiaries and associates at cost.

On transition date

The Company has elected to apply previous GAAP carrying amount of its investment in subsidiaries and associate as deemed cost as on the date of transition to Ind AS

h) Revenue recognition:

I. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FSN E-commerce Ventures Private Limited

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Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company identifies the performance obligations in its contracts with customers and recognises revenue as and when the performance obligations are satisfied. The specific recognition criteria described below must also be met before revenue is recognised.

i. Sale of goods:

Revenue is recognised upon transfer of control of promised goods to customer in an amount that reflects the consideration which the Company expects to receive in exchange for goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

Contacts where the Company's obligation is to arrange for the provision of goods and services by another party, the Company recognizes revenue in the amount of the commission to which it expects to be entitled in exchange for arranging for the provision of goods and services.

Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

ii. Rendering of services:

Income from services are recognised as and when the services are rendered. The Company recognizes marketing income i.e. visibility services provided by the Company to various brands at online / offline platforms of the Company. Revenue from advertisement services is recognised when advertisement is displayed.

iii. Contract balances:

- Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

- Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is

FSN E-commerce Ventures Private Limited
Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
Amounts in Indian Rupees

earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

II. Interest income:

Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. Interest income is included under the head "Other income" in the statement of profit and loss.

i) Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

j) Foreign currency transactions

I. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

II. Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on settlement or translation of other monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the statement of profit and loss in the year in which they arise.

k) Share based payments

Employees (including senior executives) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

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The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss..

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Refer note 45 for first time Ind AS adjustment made as per requirement of Ind AS 101.

Expense relating to options granted to employees of the subsidiaries under the company's share-based payment plan, is cross charged for their share of the ESOP cost by equity settlement.

I) Retirement and other employee benefits

I. Short term employee benefits:

All short term employee benefits such as salaries, incentives, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.

II. Retirement benefits:

i. Defined Contribution Plans:

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

ii. Defined Benefit Plans

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Gratuity liability, a defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

m) Borrowing cost:

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability - or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

o) Income taxes

Tax expense comprises current and deferred tax.

Current income tax:

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity).

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is disclosed, where an inflow of economic benefits is probable.

r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

s) Segment reporting policies

Ind AS 108 establishes standards, for the way that business enterprises report information about operating segments and related disclosures about products, services and geographic areas, and major customers.

The primary reporting of the Company has been performed on the basis of business segments. . Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources.

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3A. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I. Judgements:

- **Determining the lease term of contracts with renewal and termination options – the Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

II. Estimates and assumptions:

a. Estimation of useful life of property, plant and equipment and intangible asset

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets.

b. Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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c. Estimation of defined benefit obligation

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

d. Revenue recognition

The Company recognises revenue on the satisfaction of the performance obligations in its contracts with customers. All the contracts contain a single performance obligation, i.e., sale of goods or rendering of Services which is satisfied over a point in time or period of time respectively. Judgement is also required to determine the transaction price for the contract. Company uses the expected cost plus margin approach to determine the transaction price.

e. Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

f. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

g. Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

h. Impairment of financial assets:

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions and independent valuer's report. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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i. Provision for expected credit losses of trade receivables and contract assets:

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3B. Standard / Amendments issued:

- a. With effect from 1 April 2019, Ind AS 116 – “Leases” (Ind AS 116) supersedes Ind AS 17 – “Leases”. The Company has adopted Ind AS 116 using the modified retrospective approach. The application of Ind AS 116 has resulted into recognition of ‘Right-of-Use’ asset with a corresponding Lease Liability in the Balance Sheet.
- b. Application of the others amendment during the year did not have any impact on the standalone financial statements of the Company.
- c. The Company has applied IND AS 115 for the first time with effect from 1st April, 2018. IND AS 115 supersedes IND AS 18 Revenues and it applies, with limited exceptions to all revenues arising from contracts with customers. IND AS 115 establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IND AS 115 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

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4 Property, plant and equipment

	Computers	Furniture & Fixtures	Office equipments	Vehicles	Plant and machinery	Leasehold improvements	Total
Cost or deemed cost (gross carrying amount)							
At 1 April 2018	34.10	24.63	9.60	43.98	-	174.41	286.72
Additions	10.88	126.05	7.11	-	20.49	-	164.53
Disposals/transfers	-	-	-	-	-	-	-
At 31 March 2019	44.98	150.68	16.71	43.98	20.49	174.41	451.25
Additions	11.65	371.69	22.92	-	9.68	-	415.94
Disposals/transfers	-	-	-	-	-	-	-
At 31 March 2020	56.63	522.37	39.63	43.98	30.17	174.41	867.19
Accumulated depreciation and impairment losses							
At 1 April 2018	20.33	2.95	1.18	0.04	-	67.58	92.08
Depreciation charge for the year	9.11	5.02	2.28	5.22	1.28	32.70	55.61
Disposals	-	-	-	-	-	-	-
At 31 March 2019	29.44	7.97	3.46	5.26	1.28	100.28	147.69
Depreciation charge for the year	8.47	26.60	4.76	5.22	3.07	32.70	80.82
Disposals	-	-	-	-	-	-	-
At 31 March 2020	37.91	34.57	8.22	10.48	4.35	132.98	228.51
Net Book Value							
At 31 March 2020	18.72	487.80	31.41	33.50	25.82	41.43	638.68
At 31 March 2019	15.54	142.71	13.25	38.72	19.21	74.13	303.56
At 1 April 2018	13.77	21.68	8.42	43.94	-	106.83	194.64

#Movable assets have been pledged to secure borrowings of the Company (Refer Note-20.1)

*Plant and machinery having cost of Rs. 20 lakhs are held by vendors and furniture and fixtures amounting to Rs. 80 lakhs are held by distributors and retailers.

5 Right of Use Assets

	Right of Use Assets	Total
Cost or deemed cost (gross carrying amount)		
At 1 April 2018	181.56	181.56
Additions	207.85	207.85
Disposals/transfers	-	-
At 31 March 2019	389.41	389.41
Additions	663.96	663.96
Disposals/transfers	-	-
At 31 March 2020	1,053.37	1,053.37
Accumulated depreciation and impairment losses		
At 1 April 2018	-	-
Depreciation charge for the year	123.42	123.42
Disposals	-	-
At 31 March 2019	123.42	123.42
Depreciation charge for the year	259.39	259.39
Disposals	-	-
At 31 March 2020	382.81	382.81
Net Book Value		
At 31 March 2020	670.56	670.56
At 31 March 2019	265.99	265.99
At 1 April 2018	181.56	181.56

6 Intangible assets

	Catalogue	Web Portal Development	Softwares	Total
Gross block				
At 1 April 2018	447.66	45.86	3.18	496.70
Additions	524.09	28.20	11.65	563.94
Disposals/transfers	-	-	-	-
At 31 March 2019	971.75	74.06	14.83	1060.64
Additions	-	50.62	9.68	60.30
Disposals/transfers	-	-	-	-
At 31 March 2020	971.75	124.68	24.51	1120.94
Accumulated amortisation and impairment losses				
At 1 April 2018	48.67	8.48	0.17	57.32
Depreciation charge for the year	200.00	20.21	1.88	222.09
Disposals	-	-	-	-
At 31 March 2019	248.67	28.69	2.05	279.41
Depreciation charge for the year	356.31	37.05	6.90	400.26
Disposals	-	-	-	-
At 31 March 2020	604.98	65.74	8.95	679.67
Net Book Value				
At 31 March 2020	366.77	58.94	15.56	441.27
At 31 March 2019	723.08	45.37	12.78	781.23
At 1 April 2018	398.99	37.38	3.01	439.38

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7 Investments

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Units	Amount	Units	Amount	Units	Amount
7A NON-CURRENT INVESTMENTS						
Measured at cost						
Investment in equity instrument						
Investments in subsidiaries (Unquoted, fully paid up)						
FSN Brands Marketing Private Limited of Rs 10/- each	20,00,000	200.00	20,00,000	200.00	20,00,000	200.00
Nykaa E-Retail Private Limited of Rs 10/- each	95,10,000	951.00	95,10,000	951.00	95,10,000	951.00
FSN International Private Limited of Rs 100/- each	10,000	10.00	-	-	-	-
Nykaa Fashion Private Limited of Rs. 10/- each	10,000	1.00	10,000	1.00	-	-
Nykaa-KK Beauty Private Limited of Rs. 10/- each	5,10,000	51.00	5,10,000	51.00	-	-
Total investments measured at cost		1,213.00		1,203.00		1,151.00
Equity Component -Loans						
FSN Brands Marketing Private Limited		1,024.26		585.35		124.92
Nykaa E-Retail Private Limited		160.89		84.57		84.57
Nykaa Fashion Private Limited		212.08		7.07		-
Nykaa KK Beauty Private Limited		65.72		0.23		-
FSN International		2.48		-		-
Equity Component - Financial Guarantees						
FSN Brands Marketing Private Limited		132.00		58.00		4.00
Nykaa E-Retail Private Limited		1,098.67		565.67		122.67
Nykaa KK Beauty Private Limited		17.00		-		-
Equity Component - ESOP						
FSN Brands Marketing Private Limited		57.08		26.85		5.47
Nykaa E-Retail Private Limited		785.43		535.88		301.46
Nykaa Fashion Private Limited		99.91		35.47		-
Total investment - equity component		3,655.52		1,899.09		643.09
Measured at fair value through Other Comprehensive Income (FVTOCI)						
Investment in Others (Unquoted, fully paid up)						
JMS Logistics and Express Private Limited						
In Series A1 Compulsory Convertible Cumulative Preference Shares of Re. 1/- each	2,71,429	380.33	2,71,429	323.00		-
Total investments measured at FVTOCI		380.33		323.00		-
Total Non-current investments		5,248.85		3,425.09		1,794.09
7B CURRENT INVESTMENTS						
Stated at Fair Value through profit and loss (Quoted)						
ICICI Prudential Mutual Fund (Face Value Rs 100/-)	-	-	20,61,536	6,498.68	3,44,519	1,142.46
Axis Liquid Mutual Fund - Direct Growth (Face Value 100/-)	-	-	1,44,856	3,003.62	-	-
Kotak Savings Mutual Fund - Liquid Fund (Face Value 100/-)	-	-	1,30,97,663	4,001.68	-	-
Total investments stated at Fair Value through profit and loss		-		13,503.98		1,142.46
Total Current investments		-		13,503.98		1,142.46
7.1 The list of investments in subsidiaries, joint ventures and associates along with proportion of ownership interest held and country of incorporation are disclosed under Corporate Information of the Consolidated Financial Statements						
7.2 CATEGORY-WISE INVESTMENT						
Measured at Cost		4,868.52		3,102.09		1,794.09
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)		380.33		323.00		-
Measured at Fair Value Through Profit and Loss (FVTPL)		-		13,503.98		1,142.46
Total Investments		5,248.85		16,929.07		2,936.55
Aggregate amount of Quoted Investments		-		13,503.98		1,142.46
Aggregate Market Value of Quoted Investments		-		13,503.98		1,142.46
Aggregate amount of Unquoted Investments		5,248.85		3,425.09		1,794.09

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8 a) Loans and advances (non-current)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(Unsecured and considered good)			
(Measured at amortised cost, except otherwise stated)			
Loan to related parties (Refer note 38)			
Loan to FSN Brands Marketing Private Limited	10,608.02	6,234.15	1,344.78
Loan to Nykaa E-Retail Private Limited	755.70	936.49	977.72
Loan to Nykaa Fashion Private Limited	1,797.30	70.43	-
Loan to Nykaa KK Beauty Private Limited	205.36	2.32	-
Loan to FSN International Private Limited	20.25	-	-
Total	13,386.63	7,243.39	2,322.50

8.1 The above loans have been given for business purpose / corporate general purpose.

8.2 Maximum balance outstanding during the year was INR 14,308.55 lakhs (March 31, 2019: INR 11,650.44 lakhs)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
b) Loans (Non current)			
(Measured at amortised cost, except otherwise stated)			
Security Deposits (unsecured)			
Considered Good	61.74	20.85	129.43
	61.74	20.85	129.43
Total	13,448.37	7,264.24	2,451.93

9 Income Taxes

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

A Statement of profit and loss:

	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
i. Profit or loss section:			
Current income tax:			
Current income tax charge	-	-	-
Adjustments in respect of current income tax of previous year	-	-	-
Deferred tax:			
Relating to origination and reversal of temporary differences	668.75	(120.45)	(116.32)
Income tax expense/(income) reported in the statement of profit or loss	668.75	(120.45)	(116.32)
ii. OCI section - Deferred tax related to items recognised in OCI during the year:			
Tax Expenses/(Income) on remeasurements of defined benefit plans	(25.02)	12.87	-
Income tax expense charged / (credited) to OCI	(25.02)	12.87	-

B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	2,175.66	(42.27)	-
Applicable tax rate	25.17%	25.17%	-
Tax using the Company's domestic tax rate	547.61	-	-
Tax effect of:			
Expenses allowed /disallowed on payment basis	-	-	-
Adjustment of unused tax losses	-	-	-
Others	-	-	-
Current tax provision	547.61	-	-
Deferred tax reversal /(provision)	-	-	-
Tax expense recognized in the statement of profit and loss	547.61	-	-
Effective tax rate	25.17%	-	-

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C Deferred tax:

i. Deferred tax assets and liabilities are attributable to the following:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	23.56	18.84	11.03
Impact of brought forward losses	2,657.83	3,472.77	3,329.18
Impact of difference between tax depreciation and depreciation as per books	120.04	70.44	54.72
Provision of doubtful debts	-	-	-
Mutual fund fair valuation impact	-	-	-
Deferred tax assets (A)	2,801.42	3,562.05	3,394.93
Impact of difference between tax depreciation and depreciation as per books	-	-	-
Fair value in the value of investments	23.99	11.86	-
Mutual fund fair valuation impact	-	79.00	31.32
Deferred tax liabilities (B)	23.99	90.86	31.32
Deferred tax assets (net) (C=A-B)	2,777.43	3,471.19	3,363.61

ii. Reconciliation of deferred tax assets (net):

	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance as of 1 April	3,471.19	3,363.61	3,363.61
Tax income/(expense) during the period recognised in profit or loss	(668.75)	120.45	-
Tax income/(expense) during the period recognised in OCI	(25.02)	(12.87)	-
Closing balance as at 31 March	2,777.43	3,471.19	3,363.61

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred tax assets/liabilities basis the rate prescribed in the said section. The impact of this change has been recognised during the current financial year.

10 Other non-current assets

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Balance with statutory / government authorities	352.30	101.33	97.79
Net Sublease investment	312.46	441.31	704.97
Total	664.76	542.64	802.76

(For details of Net Sublease investment with related party refer note 38 related party disclosures)

11 Inventories

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(Valued at lower of cost and net realisable value)			
Stock in trade (Beauty and Hygiene)	3,749.46	1,739.74	847.21
Goods in Transit (Beauty and Hygiene)	15.64	64.99	-
Raw Material/Packing material	869.08	470.28	-
Total	4,634.18	2,275.01	847.21

12 Trade receivables

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Trade receivables - Considered Good - Unsecured	2,556.34	716.31	2,625.72
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables credit impaired	-	-	-
Less: Provision for expected credit loss	5.25	5.25	5.25
	2,551.09	711.06	2,620.47

(For details of trade receivable with related party refer note 38 related party disclosures)

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days

FSN E-Commerce Ventures Private Limited
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(All amounts in Rs. lakhs, unless otherwise stated)

13 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash on hand	1.51	2.59	1.31
Balances with banks			
- in current accounts	5,935.39	18.94	3,485.85
Deposits with original maturity of less than three months	3,309.59	57.72	54.40
Cheques on hand	306.43	353.12	-
	9,552.92	432.37	3,541.56

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

14 Bank balance other than cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Deposits with original maturity for more than 3 months but less than 12 months	7,386.83	8.70	7.49
	7,386.83	8.70	7.49

15 Loans

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(Measured at amortised cost, except otherwise stated)			
Security Deposits (unsecured)			
Considered Good	57.99	131.43	-
	57.99	131.43	-

16 Other current assets

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Advance to suppliers (unsecured, considered good)	1,174.63	1,716.01	434.97
Advance against expenses (unsecured, considered good)	-	12.00	116.20
Prepaid expenses	222.41	221.79	24.60
Balance with statutory / government authorities	254.67	295.64	189.63
	1,651.71	2,245.44	765.40

FSN E-Commerce Ventures Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

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17 Share Capital

i) Authorised Share Capital

At 1 April 2018

Increase / (decrease) during the year

At 31 March 2019

Increase / (decrease) during the year

At 31 March 2020

No. of shares	Amount
1,50,00,000	1,500.00
-	-
1,50,00,000	1,500.00
50,00,000	500.00
2,00,00,000	2,000.00

ii) Authorised Equity Share Capital (Equity shares of Rs. 10 each)

At 1 April 2018

Increase / (decrease) during the year

At 31 March 2019

Increase / (decrease) during the year

At 31 March 2020

No. of shares	Amount
1,50,00,000	1,500.00
-	-
1,50,00,000	1,500.00
45,00,000	450.00
1,95,00,000	1,950.00

iii) Authorised Preference Share Capital (Preference shares of Rs. 10 each)

At 1 April 2018

Increase / (decrease) during the year

At 31 March 2019

Increase / (decrease) during the year

At 31 March 2020

No. of shares	Amount
-	-
-	-
-	-
5,00,000	50.00
5,00,000	50.00

Note

i) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

During the year ended March 31, 2020, the amount of per share dividend recognised as distribution to equity share-holders was Nil (March 31, 2019 : NIL , April 1, 2018 : Nil)

ii) Issued share capital

a) Issued equity capital

Equity shares of INR 10 each issued, subscribed and fully paid

At 1 April 2018

Changes during the year

At 31 March 2019

Changes during the year

At 31 March 2020

Equity shares	
No. of shares	Amount
1,35,55,681	1,355.57
6,86,828	68.68
1,42,42,509	1,424.25
3,06,568	30.66
1,45,49,077	1,454.91

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

Name of the shareholder

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% holding	No. of shares	% holding
Falguni Nayar**	33,13,331	22.77%	40,03,964	28.11%
Sanjay Nayar**	40,03,964	27.52%	37,13,331	26.07%
Indra Singh Banga/Harindarpal Singh Banga	13,55,993	9.32%	13,55,993	9.52%
Sunilkant Munjal	6,73,960	4.63%	9,92,940	6.97%

**shares are held through Family Trusts, which were held individually in preceding financial year.

Equity shares of Rs 10 each fully paid

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

iv) Shares reserved for issue under option

The Company has reserved issuance of 11,00,000 (Previous year 11,00,000) Equity Shares of 10 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year the Company has granted 37,650 options (Previous year 73,125) at a price of Rs. 3,862.21/- (Previous year Rs.2,213/-) per option, plus all applicable taxes, as may be levied in this regard.

v) Neither bonus shares issued nor shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

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18 Other equity

a Instruments classified as Equity

Optionally Convertible Redeemable Preference Shares

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares	No. of shares	Amount
At 1 April 2018	-	-
Changes in preference share capital during 2018-19	-	-
At 31 March 2019	-	-
Changes in preference share capital during 2019-20	2,75,000	20.63
At 31 March 2020	2,75,000	20.63

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares ("OCRPS") of Face Value of Rs. 10 each, Partly Paid-Up @ Rs 7.50 per OCRPS

Terms/ rights attached to Optionally Convertible Redeemable Preference Shares :

2,75,000 Nos 0.001% Non-cumulative OCRPS of Rs 7.50 each (partly paid up) aggregating Rs 20.63 Lakhs towards face value have a tenure of 5 (five) years from the date of allotment. 1 Fully Paid up OCRPS can be converted into 1 Equity share of the face value Rs 10 each or may be redeemed at any time at the option of the Company.

	As at 31 March 2020	As at 31 March 2019
b Securities premium		
Opening balance	34,921.64	17,889.97
Add : Additions during the year	10,800.89	17,031.67
Less: Transfer during the year	-	-
Closing balance	45,722.53	34,921.64
c Retained earnings		
Opening balance	(7,978.25)	(8,056.43)
Add: Profit / (Loss) during the year	1,506.91	78.18
Less:-Options lapse/ forfeited during the year	1.01	-
Less: Dividend paid	-	-
Closing balance	(6,470.32)	(7,978.25)
d Other comprehensive income		
Opening balance	22.62	0.74
Add : Additions during the year	36.38	21.88
Less: Transfer during the year	-	-
Closing balance	59.00	22.62
e Share application money pending allotment		
Opening balance	-	3,475.05
Add : Additions during the year	2.35	-
Less: Shares allotted during the year	-	(3,475.05)
Closing balance	2.35	-
f Employee Share Options Scheme Reserve		
Opening balance	942.00	522.44
Add : Additions during the year	436.10	421.01
Less: Shares allotted during the year	(278.75)	(1.45)
Less:-Options lapse/ forfeited during the year	(1.01)	-
Closing balance	1,098.34	942.00

Nature and purpose of reserves

Securities premium

Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares is transferred to "Securities Premium".

The securities premium can be utilised only in accordance with the provisions of the Companies Act 2013.

Retained earnings:

Retained Earnings are the profits / (losses) that the Company has earned till date, less any dividends or other distributions paid to shareholders.

Employee Share Options Scheme Reserve

The fair value of the equity-settled share based payment transactions with employees is recognized in Employee Stock Options Outstanding Reserve

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19 Borrowings - non-current

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Secured - Carried at amortised cost			
Term Loan - Vehicle	14.95	22.20	28.88
	14.95	22.20	28.88

22.1 Term loan for vehicle from bank is secured against first charge on vehicle and is payable in 59 monthly installments.
The above term loans carry an interest rate referenced to the respective bank's marginal cost of lending rate mutually agreed spread.

22 Borrowings - current

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(Secured - carried at amortized cost)			
Working capital loan from Banks	1,465.50	2,407.28	790.50
(Unsecured- carried at amortized cost)			
Loan from others	1,997.10	-	-
	3,462.60	2,407.28	790.50

Note

- 22.1 Working Capital/Cash Credit Facilities from Bank is secured by hypothecation of book debts, current assets both present and future.
22.2 Loan is payable on demand. Interest payable on working capital loan is MCLR adjusted with the risk spread mutually agreed between the parties
22.3 Maximum amount of loan outstanding during the year was INR 3,644.02 lakhs (31 March 2019 - INR 2,487.02 lakhs)
22.4 Bank loan contain certain financial covenants & the Company has satisfied all covenants as per the terms of bank loan
22.5 At 31 March 2020, the Company had available INR 1534 lakhs (31 March 2019: INR 591 lakhs, 1 April 2018: INR 10 lakhs) of undrawn committed borrowing facilities.

Details of working capital loan are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Loan from DCB Bank	-	0.36	295.02
Loan from HDFC Bank	469.94	474.25	-
Loan from Kotak Mahindra Bank	8.62	996.85	495.49
Loan from RBL Bank	986.95	935.83	-
Total	1,465.51	2,407.29	790.51

20 Other Financial liabilities - Non-Current

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Payable for operating lease liabilities*	518.89	113.94	413.67
	518.89	113.94	413.67

*The effective interest rate for lease liabilities is 10.50% as on March 31, 2020 (10.50% as on March 31, 2019, 10.50% as on April 1, 2018)

Particulars	As at 01 April 2019	Cash Flows	As at 31 March 2020
Term loan - Vehicle	22.20	(7.25)	14.95
Working capital loan	2,407.28	(941.78)	1,465.50
Loan from others	-	1,997.10	1,997.10
Lease liabilities	700.49	311.69	1,012.18
Total liability from financing activity	3,129.97	1,359.76	4,489.73

Particulars	As at 1 April 2018	Cash Flows	As at 31 March 2019
Term loan - Vehicle	35.27	(13.06)	22.20
Working capital loan	790.50	1,616.78	2,407.28
Lease liabilities	876.20	(175.71)	700.49
Total liability from financing activity	1,701.97	1,428.01	3,129.97

21 Non current - Provisions

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Provisions for Employee Benefits			
Provision for Gratuity - refer note 37	92.27	59.45	29.64
	92.27	59.45	29.64

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23 Trade payables

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
(Carried at amortized cost)			
Total outstanding dues of micro enterprises and small enterprises	90.03	39.01	-
Total outstanding dues of trade payables other than micro enterprises and small enterprises	1,630.43	1,400.65	693.48
	1,720.46	1,439.66	693.48

23.1 (For details of trade payable with related parties refer note 38 on related party disclosures)

23.2 This information is required to be disclosed as per the Micro, Small and Medium Enterprise Development Act, 2006 and has been disclosed to the extent such parties as identified on the basis of information available with the Company.

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	90.03	39.01	-
b) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
c) The amount of interest due and payable for the period of delay in making payment	-	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
e) The amount of further interest remaining due and payable	-	-	-
	90.03	39.01	-

24 Other financial liabilities-Current

A. Financial Liabilities at amortised cost

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Employee related liabilities	160.58	139.29	72.73
Provision for expenses	457.40	577.79	411.71
Creditors for Capital Goods	15.75	35.93	0.73
Current maturity of lease liabilities*	493.29	586.55	462.53
Advance from customers	551.23	-	-
Current maturity of secured borrowings (vehicle loan)	7.25	6.67	6.39
Total other financial liabilities at amortised cost	1,685.50	1,346.23	954.09

*The effective interest rate for lease liabilities is 10.50% as on 31 March 2020 (10.50% as on 31 March 2019, 10.50% as on 1 April 2018)

(For details of Advance from customers and Employee related liabilities with related parties refer note 38 on related party disclosures)

B. Financial guarantee contracts

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Total	246.58	172.50	-
	1,932.08	1,518.73	954.09

Movement on account of financing activity is as under:

Particulars	As at 1 April 2019	Cash Flows	As at 31 March 2020
Employee related liabilities	139.29	21.29	160.58
Current maturity of lease liabilities	586.55	(93.26)	493.29
Current maturity of secured borrowings (vehicle loan)	6.67	0.58	7.25
Total liability from financing activity	732.51	(71.39)	661.12

Particulars	As at 1 April 2018	Cash Flows	As at 31 March 2019
Employee related liabilities	72.73	66.56	139.29
Current maturity of lease liabilities	462.53	124.02	586.55
Current maturity of secured borrowings (vehicle loan)	6.39	0.28	6.67
Total liability from financing activity	541.65	190.86	732.51

25 Current Provisions

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
	Amount	Amount	Amount
Provisions for Employee Benefits			
Provision for Gratuity - refer note 37	1.34	0.93	0.47
Total	1.34	0.93	0.47

26 Other current liabilities

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Statutory dues	162.30	467.48	54.49
Total	162.30	467.48	54.49

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27 Revenue from Contracts with Customers

	<u>For the year ended 31 March 2020</u>	<u>For the year ended 31 March 2019</u>
A. Sale of products	20,412.84	9,789.99
B. Sale of services		
Market-place services commission	-	416.47
	<u>20,412.84</u>	<u>10,206.46</u>

A Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products, which is a single line of business. Till previous year the Company used to also derives revenue by providing advertisement services to its customer. All the products are sold in India.

B Contract Balances

Particulars	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>	<u>As at 1 April 2018</u>
Trade Receivables	2,551.09	711.06	2,620.47
Contract Assets	-	-	-

Contract Liabilities

Revenue recognized in the period from:

Amounts included in contract liability at the beginning of the period

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables as certain procedural/administrative tasks are pending (for example, act of invoicing to the customer) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Payments are received from customers based on a billing schedule, as established in the contracts.

Accounts receivables are recognised when the right to consideration becomes unconditional.

Contract liabilities is recognised if a payment is received or payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company satisfies the performance obligation

There is no significant changes in the contract assets and contract liabilities during the periods presented.

C Performance Obligation:

The Company enters into contract with majority of its customers to sale products for a consideration on a cost plus mark-up basis and which constitute a single performance obligation that the company satisfies over time.

D Transaction price:

Sale of products

Contract price is determined as per the terms agreed with the customer, and no further adjustments are made to the same. As such, there are no reconciling items and hence the reconciliation of the contract price is not disclosed.

E Costs to obtain the contract:

The Company does not incur material costs to obtain contracts with customers and contract fulfilment costs are generally expensed as incurred.

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28 Other income

Interest Income on:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Loan given to subsidiaries	1,651.54	926.04
Net investment (sublease)	39.92	61.78
Security Deposit	12.26	14.00
Bank deposit	24.18	4.96
Others	-	0.13
VAT/any tax refund	-	4.54
	1,727.90	1,011.45

Net gain / (loss) of financial assets carried at fair value through profit and loss

Realised gain / (loss)	759.92	188.68
Unrealised gain / (loss)	-	152.83
	759.92	341.51

Commission on Financial guarantees

Net Sundry balance written back

	549.92	324.50
	12.27	41.99
	3,050.01	1,719.45

29A Cost of material consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Stock	-	-
Purchase	1,729.48	-
Closing Stock	869.08	-
	860.40	-

29B Purchase of traded goods and packing material

	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchases of traded goods (Beauty and Hygiene)	8,956.00	4,558.54
	8,956.00	4,558.54

30 (Increase)/decrease in inventories of traded goods and packing materials

Traded Goods

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening balance - Beauty and Hygiene products	2,275.01	847.21
Closing balance - Beauty and Hygiene products	3,765.10	2,275.01
	(1,490.09)	(1,427.80)
	(1,490.09)	(1,427.80)

31 Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, Wages and Bonus	2,223.31	1,656.79
Contribution to provident fund	46.80	38.44
Gratuity expenses (refer note 37)	37.30	27.03
Share based expenses (refer note 44)	91.88	129.75
Staff welfare expenses	76.39	65.36
	2,475.68	1,917.37

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32 Finance costs

	<u>For the year ended 31 March 2020</u>	<u>For the year ended 31 March 2019</u>
Interest expenses borrowings	375.49	178.88
Interest cost on lease liabilities	102.39	81.51
	<u>477.88</u>	<u>260.39</u>

33 Depreciation and amortization expense

	<u>For the year ended 31 March 2020</u>	<u>For the year ended 31 March 2019</u>
Depreciation of property, plant and equipment (refer note 4)	80.82	55.61
Depreciation of Right-of-use assets (refer note 5)	259.39	123.42
Amortisation of Intangible assets (refer note 6)	400.26	222.09
	<u>740.47</u>	<u>401.12</u>

34 Administrative and Other expenses

	<u>For the year ended 31 March 2020</u>	<u>For the year ended 31 March 2019</u>
Marketing & Advertisement Expense	7,371.35	5,153.82
Legal and Professional Fees	337.45	324.23
Travelling & Conveyance Expenses	231.90	215.28
Web & Technology Expenses	85.53	133.41
BA salary	552.75	128.89
Rates & Taxes	202.80	70.47
Communication Expenses	65.51	63.00
Electricity Charges	18.98	13.58
Repairs & Maintenance		
- Others	21.91	7.76
Recruitment Expenses	14.39	11.89
Product Testing & Development Charges	24.26	11.39
Bank charges	10.23	8.57
<u>Auditors remuneration :</u>		
- Audit fees	8.88	4.75
- Taxation Matters	5.29	1.50
- Other Matters	-	2.25
Other Administrative expense	315.62	107.77
	<u>9,266.85</u>	<u>6,258.56</u>

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Notes to the Standalone financial statements for the year ended 31 March 2020

(All amounts in Rs. lakhs, unless otherwise stated)

35 Earnings per share (EPS)

	<u>For the year ended 31 March 2020</u>	<u>For the year ended 31 March 2019</u>
Basic and diluted EPS		
Profit/ (Loss) after tax as per statement of profit and loss (A)	1,506.91	78.18
Calculation of weighted average number of equity shares of Rs 10 each:		
Total number of shares outstanding during the year	<u>1,45,49,077</u>	<u>1,42,42,509</u>
Weighted average number of equity shares outstanding during the year (B)	1,42,75,261	1,38,53,497
Add: Dilution impact of employee stock options and Optionally Convertible Redeemable Preference Share	<u>7,84,086</u>	<u>2,81,309</u>
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share (C)	1,50,59,347	1,41,34,806
Basic earning per share (D= A/B)	10.56	0.56
Diluted earning per share (E = A/C)	10.01	0.55

FSN E-Commerce Ventures Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

(All amounts in Rs. lakhs, unless otherwise stated)

36 Leases

The Company as lessee

The Company has lease contracts for premises obtained for stores, offices, warehouse etc. Leases of premises generally have lease terms between 2 to 5 years

The Company's obligations under its leases are secured by the lessor's title to the leased assets.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Refer note 5 for carrying value of right of use assets.

Set out below are the carrying value of lease liabilities and the movement during the period:

	As at 31 March 2020	As at 31 March 2019
As at 1 April	700.49	876.20
Add Addition	795.85	205.31
Add Accretion of interest	102.39	81.51
Less Payments	586.55	462.53
Closing balance as on March 31	<u>1,012.18</u>	<u>700.49</u>
Current	493.29	586.55
Non-current	518.89	113.94
	<u>1,012.18</u>	<u>700.49</u>

The maturity analysis of lease liability is disclosed in note 43

The following amount are recognised in profit and loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation expenses of right of use assets	259.39	123.42
Interest expenses on lease liabilities	102.39	81.51
Expenses relating to short term leases	-	-
Expenses relating to low value leases	-	-
Variable lease payments	-	-
	<u>361.78</u>	<u>204.93</u>

The Company had total cash outflow for leases of INR 586.55lacs (March 19 : INR 462.53 Lacs)

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37 Gratuity and post-employment benefit plan:

I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to INR 46.80 lakhs (previous year INR 38.44 lakhs) and the same has been recognized as an expense in the statement of profit and loss.

II) Defined Benefit Plans

The Company operates a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.

A. The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at 31 March 2020, 31 March 2019 and 1 April 2018:

i. Amount to be recognised in balance sheet

Particulars	At 31 March 2020	At 31 March 2019	At 1 April 2018
Present value of defined benefit obligation	93.60	60.37	30.10
Less: Fair value of plan assets	-	-	-
Funded status – deficit / (surplus)	93.60	60.37	30.10
Net liability recognised in balance sheet	93.60	60.37	30.10

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening defined benefit obligation	60.37	30.10
Current service cost	32.62	24.69
Interest cost	4.68	2.33
Remeasurement gain/loss	8.46	-
Experience adjustments	(12.53)	3.25
Benefit paid	-	-
Closing defined benefit obligations	93.60	60.37

iii. Changes in the fair value of plan assets

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening plan assets	-	-
Current service cost	-	-
Expected return on plan assets	-	-
Benefit paid	-	-
Actuarial gain/ (loss) on plan assets	-	-
Closing plan assets	-	-

iv. Net defined benefit liability/ (asset) reconciliation

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening net defined benefit liability/ (asset)	60.37	30.10
Defined benefit cost included in P&L	37.30	27.02
Total re-measurements included in OCI	(4.07)	3.25
Employer contributions	-	-
Employer direct benefit payments	-	-
Closing net defined benefit liability/ (asset)	93.60	60.37

v. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Category	At 31 March 2020	At 31 March 2019	At 1 April 2018
Present value of defined benefit obligation	-	-	-

B Amount for the year ended 31 March 2020 and 31 March 2019 recognised in the Statement of Profit and Loss under employee benefit expenses and other

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	32.62	24.69
Net Interest expenses	4.68	2.33
The total amount recognised in profit and loss account	37.30	27.02
Actuarial (Gains)/Losses in obligation for year ended due to changes in demographic/financial assumptions	8.46	-
Actuarial (Gains)/Losses in obligation for year ended due to changes in Experience adjustments	(12.53)	3.25
The total amount recognised in other comprehensive income (OCI)	(4.07)	3.25

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C The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	For the year ended 31	For the year ended 31
	March 2020	March 2019
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	6.50%	6.50%
Future salary increases*	6.50%	6.50%
Withdrawal rates	1.00%	1.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated terms of the obligations.

*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

D The following payments are expected contributions to the defined benefit plan in future years:

	At 31 March 2020	At 31 March 2019
Within the next 12 months (next annual reporting period)	25.19	-
Between 2 and 5 years	32.73	28.55
Between 5 and 10 years	117.96	-
Beyond 10 years	3,616.58	3,275.16
Total expected payments	3,792.46	3,303.71

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (31 March 2019: Nil years).

E Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

Particulars	At 31 March 2020	At 31 March 2019
Discount rate (-/+ 1%)		
Decrease by 100 basis points	107.63	69.42
Increase by 100 basis points	82.20	53.02
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	84.52	54.52
Increase by 100 basis points	104.66	67.50

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period and assuming there are no other changes in the market conditions. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

(A) Investment risk – The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds; if the return on plan asset is below this rate, it will create a plan deficit.

(B) Interest risk - A decrease in the discount rate will increase the plan liability.

(C) Longevity risk – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(D) Salary risk – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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38 Related party transactions

A. Names of the related parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

Name of entity	Nature of relationship	% of Holding as on 31 March 2020	% of Holding as on 31 March 2019
FSN Brands Marketing Private Limited	Subsidiary	100%	100%
Nykaa E-Retail Private Limited	Subsidiary	100%	100%
Nykaa-KK Beauty Private Limited	Subsidiary	51%	51%
Nykaa Fashion Private Limited	Subsidiary	100%	100%
FSN International Private Limited	Subsidiary	100%	100%

- Key Management Personnel (KMP)

a) Mrs. Falguni Nayar	Chief Executive Officer
b) Mr Sachin Parikh	Chief Financial Officer (Resigned w.e.f. from 31st May, 2020)
c) Mr Arvind Agarwal	Chief Financial Officer (Joined w.e.f. from 1st June, 2020)
d) Mr Pratik Bhujade	Company Secretary

- Relative of Key Management Personnel (KMP)

Mrs Rashmi Mehta - Relative of Director

Mr Anchit Nayar

Ms Adwaita Nayar

Mr Sanjay Nayar

-Company in which key management personnel have significant influence

Sealink View Probuild Private Limited

B. Transactions with Related party

Particulars	Nature of transactions	Transactions during the year ended 31 March 2020	Outstanding balances as on 31 March 2020	Transactions during the year ended 31 March 2019	Outstanding balances as on 31 March 2019	Outstanding balances as on 1 April 2018
- Key Management Personnel*						
Mrs Falguni Nayar	(i) Employee Cost	97.80	3.77	89.69	2.50	5.07
Mrs Falguni Nayar (through family trust)	(ii) Issuance of OCRPS	10.00	-	-	-	-
Mr Sachin Parikh	(i) Employee Cost & reimbursements	138.28	5.70	120.53	0.42	6.25
	(ii) Share Application money received pursuant to ESOP	28.64	-	64.97	-	-
	(iii) Issuance of OCRPS	1.00	-	-	-	-
	(iv) Share based payments	13.74	-	44.89	-	-
Mr Pratik Bhujade	(i) Employee Cost & reimbursements	9.34	0.80	7.62	0.65	0.56
- Relative of Key Management Personnel (KMP)						
Mrs Rashmi Mehta	(i) Rent expenses	24.31	0.76	20.16	0.19	-
	(ii) security deposit	3.49	3.68	-	4.55	4.09
	(iii) Notional interest income on security deposit	0.44	-	0.46	-	-
	(iv) Lease liability	70.88	61.29	-	10.26	28.77
	(v) Interest cost on lease liability	3.82	-	2.10	-	-
Mr Anchit Nayar (through family trust)	(i) Issuance of OCRPS	2.50	-	-	-	-
Ms Adwaita Nayar (through family trust)	(i) Issuance of OCRPS	2.50	-	-	-	-
FSN Brands Marketing Private Limited	(i) Loan given	3,400.96	(10,608.02)	5,047.20	(6,234.15)	(1,344.78)
	(ii) Interest Income	623.95	-	270.12	-	-
	(iii) Sales	4,929.65	(1,701.07)	1,166.78	-	-
	(iv) Purchases	-	-	-	-	-
	(v) Sublease Income	7.99	-	18.84	-	-
	(vi) Discount Expense	441.48	-	80.18	-	-
	(vii) SOH/SKU Commercialisation	1,047.67	-	323.38	-	-
	(viii) Notional interest income- Financial guarantee	62.33	-	29.00	-	-
	(ix) Notional interest income- Loan	787.88	-	302.60	-	-
	(x) Notional interest income- Sublease	1.60	-	11.37	54.61	152.20
	(xi) Share based expense reimbursement	30.23	-	21.38	-	-
	(xii) Investment in subsidiary	543.13	(1,213.34)	535.82	(670.21)	(134.39)

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Particulars	Nature of transactions	Transactions during the year ended 31 March 2020	Outstanding balances as on 31 March 2020	Transactions during the year ended 31 March 2019	Outstanding balances as on 31 March 2019	Outstanding balances as on 1 April 2018
Nykaa E Retail Private Limited	(i) Loan given	(161.53)	(755.70)	(2,552.07)	(936.49)	(977.72)
	(ii) Interest Income	0.99	-	248.59	-	-
	(iii) Purchases	-	-	6.22	-	-
	(iv) Sales	12,283.15	546.20	6,079.79	(58.89)	(2,465.65)
	(v) Discount Expenses	1,148.73	-	673.03	-	-
	(vi) Banner Advertisement Expenses	1,581.10	-	783.08	-	-
	(vii) Recovery (Reimbursement) of Expenses	2,085.64	-	447.37	-	-
	(viii) Sublease Income	50.20	-	90.12	-	-
	(ix) Rent Expenses	6.11	-	6.11	-	-
	(x) Property, plant and equipment Purchase	2.39	-	-	-	-
	(xi) Notional interest expense- Lease	0.66	(3.32)	1.12	(8.77)	(9.03)
	(xii) Notional interest income- sublease	32.70	(183.54)	61.78	(441.31)	(704.97)
	(xiii) Notional interest income- Financial guarantee	480.50	-	295.50	-	-
	(xiv) Notional interest income- Loan	56.08	-	104.08	-	-
	(xv) Share based expense reimbursement	249.55	-	234.41	-	-
	(xvi) Investment in subsidiary	858.88	(2,044.99)	677.41	(1,186.11)	(508.70)
	Nykaa Fashion Private Limited	(i) Loan given	1,811.17	(1,797.30)	77.51	(70.43)
(ii) Interest Income		69.87	-	0.59	-	-
(iii) Recovery (Reimbursement) of Expenses		30.52	-	-	-	-
(iv) Sales		2.73	-	-	-	-
(v) Notional interest income- Loan		51.35	-	-	-	-
(vi) Share based expense reimbursement		64.44	-	35.47	-	-
(vii) Investment in subsidiary		269.45	(311.99)	42.54	(42.54)	-
Nykaa-KK Beauty Private Limited	(i) Loan given	207.36	(205.36)	2.50	(2.32)	-
	(ii) Interest Income	22.82	-	0.06	-	-
	(iii) Sublease income	21.73	-	-	-	-
	(iv) Recovery (Reimbursement) of Expenses	52.81	-	-	-	-
	(v) Sales	138.54	(182.51)	-	-	-
	(vi) Notional interest income- sublease	7.22	(128.92)	-	-	-
	(vii) Notional interest income- Financial guarantee	7.08	-	-	-	-
	(viii) Notional interest income- Loan	38.41	-	-	-	-
	(ix) Investment in subsidiary	82.48	(82.72)	0.23	(0.23)	-
FSN International Private Limited	(i) Loan given	22.53	(20.25)	-	-	-
	(ii) Interest Income	0.20	-	-	-	-
	(iii) Investment in equity shares	10.00	(10.00)	-	-	-
	(iv) Investment in subsidiary	2.48	(2.48)	-	-	-
Company in which key management personnel have significant influence						
Sealink View Probuild Private Limited	(i) Rent, CAM, HVAC & other Expenses	278.06	4.33	249.19	8.95	1.77
	(ii) Notional interest income on security deposit	5.05	50.13	45.53	45.08	40.54
	(iii) Interest cost on lease liability	31.10	183.54	50.40	386.69	552.77

Figures in brackets indicates receivables

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables

* The Company do not have any other transaction with key managerial person than that is disclosed above.

Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for leave encashment are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

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39 Commitments and contingent liabilities

A Commitments

The Company does not have any contract remaining to be executed on capital account and not provided for (net of advances) - INR Nil lakh as at 31 March 2020 (31 March 2019 - Nil, 1 April 2018 - Nil)

The Company does not have lease contracts that have not yet commenced as at 31 March 2020.

B Contingent liabilities (not provided for)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
i Claims against the Company, not acknowledged as debts			
Service tax demand [Refer note (i)]	-	293.76	-
ii. Corporate guarantees given to banks	31,200.00	24,850.00	7,650.00

Notes:

- The amount stands settled by payment of Rs. 146.88 lakhs during the year pursuant to Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS)
- Corporate guarantees given to banks with respect to borrowings taken by the subsidiary companies to a maximum amount of INR 31,200 lakhs (31 March 2019: INR 24,850 lakhs, 1 April 2018: INR 7,650 lakhs). Carrying amounts of the related financial guarantee contracts at 31 March 2020 were INR 22,624 lakhs and INR 20,136 lacs at 31 March 2019 and INR 7,479 lakhs at 1 April 2018. (Also refer note 24).

40 Fair value measurement hierarchy

The fair values of financial assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Carrying values of financial assets i.e. cash and cash equivalents, trade receivables, others financial assets and of financial liabilities i.e. trade and other payables, working capital loan borrowing and other financial liabilities are reasonable approximations of their fair values due to the short maturities of these instruments.
- The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:
 - Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
 - Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
 - Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities measured at FVTPL. There are no financial assets and liabilities measured at FVTOCI.

Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at 31 March 2020 is as under:

	Level of inputs used in	31-Mar-20	Carrying amount as at 31-Mar-19	01-Apr-18
Financial Assets:				
At Fair Value through other comprehensive income (FVTOCI)				
Non-current investments	Level 2	380.33	323.00	-
At Fair Value through other profit and loss (FVTPL)				
Current investments	Level 1	-	13,503.98	1,142.46
At amortised cost				
Non-current investments	Level 3	4,868.52	3,102.09	1,794.09
Loans and advances	Level 3	13,506.36	7,395.67	2,451.93
Trade receivables	Level 3	2,551.09	711.06	2,620.47
Cash and cash equivalents	Level 3	9,552.92	432.37	3,541.56
Bank balance other than cash and cash equivalents	Level 3	7,386.83	8.70	7.49
Financial Liabilities:				
At amortised cost				
Borrowings	Level 3	3,477.55	2,429.49	812.70
Other financial liabilities	Level 3	2,450.97	1,632.68	1,367.76
Trade payables	Level 3	1,720.46	1,439.66	693.48

Valuation Methodology

- The fair value of investment in quoted mutual funds is measured at quoted Net Asset Value (NAV)
- The fair value of the remaining financial instruments is determined based on information about market participants, assumptions and other data that are available including using discounted cash flow analysis.
- During the period ending 31 March 2020 and 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

41 Segment information:

The Company is engaged in the business of selling, distributing of beauty, wellness, fitness, personal health care, skin care, hair care product. All the activities of the Company revolve around this main business. The Chief Operating decision maker (CODM) monitors the operating results of the business as a whole for the purpose of making decision about resource allocation and performance assessment.

Accordingly, the Company is a single segment Company in accordance with Indian Accounting Standard 108 "Operating Segment".

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The Company operates in a single geographical environment i.e. in India.

Segment revenue and results:

Revenue and expenses directly attributable to segments are reported under each reportable segment.

Unallocated income and expenses represents those income and expenses which pertain to common services / infrastructure and are reviewed on a group basis by the CODM and therefore not allocated to any segments.

Segment assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of trade receivables, inventories and other operating assets. Segment liabilities primarily includes trade payable and other liabilities.

Common assets and liabilities which cannot be allocated to any of the business segment are shown as unallocable assets / liabilities.

The information based on geographical areas in relation to revenue and non-current assets are as follows:

(a) Revenue from operations

Company has revenue from operations within India.

(b) Non-current operating assets

All non-current assets of the Company are located in India.

(c) The Company does not have revenue from transactions with a single external customer amount to 10 percent or more of the total revenue.

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42 Capital management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

The net gearing ratio at end of the reporting period was as follows.

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Gross debt	3,484.80	2,436.16	825.77
Less: Cash and cash equivalents	(9,552.92)	(432.37)	(3,541.56)
Net debt	(A) (6,068.11)	2,003.79	(2,715.79)
Total Equity	(B) 41,887.43	29,332.26	15,187.34
Net gearing ratio	(A)/(B) (0.14)	0.07	(0.18)

43 Financial risk management objectives and policies

The Company's principal financial liabilities comprises loan from bank, working capital loan, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk, product price risk and interest rate risk

A.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables. Since the Company's overall foreign currency exposure is not significant, the Company does not hedge its foreign currency payables.

Foreign currency sensitivity

Since the business of the Company doesn't involves material foreign currency transactions, its exposure to foreign currency changes is not material.

A.2 Product price risk

In a potentially inflationary economy, the Company expects periodical price increases across its product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/ sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the customers. This helps the Company to protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

A.3 Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Company's profit/(loss) before tax by approximately INR 17.39 lakhs (31 March 2019: INR 12.15 lakhs).

B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables)

Trade receivables

The Company's retail business is predominantly on 'cash on delivery', the credit risk on such collections is minimal. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks.

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, hence, the Company is not exposed to concentration risks.

Security Deposits

The Company also carries credit risk on lease deposits with landlords for properties taken on leases, for which agreements are signed and property possessions are taken for operations. The risk relating to refunds after vacating the premises is managed through successful negotiations or appropriate legal actions, where necessary.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

C Liquidity risk

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks. Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total
Borrowings	3,469.85	14.95	3,484.80	2,413.96	22.20	2,436.16	796.89	28.88	825.77
Trade payables	1,720.46	-	1,720.46	1,439.66	-	1,439.66	693.48	-	693.48
Other financial liabilities	1,431.54	-	1,431.54	925.51	-	925.51	485.17	-	485.17
Lease liabilities	493.29	641.02	1,134.31	586.55	1,134.32	1,720.87	462.53	1,720.86	2,183.39
Total	7,115.14	655.97	7,771.11	5,365.68	1,156.52	6,522.20	2,438.07	1,749.74	4,187.81

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(All amounts in Rs. lakhs, unless otherwise stated)

44 Employee Share Based Payment

The Company has granted stock options under the employee stock option scheme- ESOS 2012 and ESOS 2017 respectively, as approved by the Board of Directors of the company, to the eligible employees of the Company or its subsidiaries. These options would vest in 3 or 4 equal annual installments from the date of grant based on the vesting conditions as per letter of grant executed between the Company and the employee of the Company or its subsidiaries. The maximum period for exercise of options is 3 years from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of Rs. 10 each of the Company. The options granted under ESOS 2012 and ESOS 2017 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of INR 91.88 lakhs (31 March 2019 INR 129.75 lakhs) arising from equity settled share based payment transactions for employee services received during the year. The carrying amount of Employee stock options outstanding reserve as at 31 March 2020 INR 1,098.33 lakhs (31 March 2019 INR 942.00 lakhs, 1 April 2018 INR 522.44 lakhs).

There were no modifications to the awards during the year ended 31 March 2020 and 31 March 2019. As at the end of the financial year, details and movements of the outstanding options are as follows:

a Options granted under ESOS 2012

	31 March 2020	31 March 2019
Options outstanding at the beginning of the year	4,71,420	5,65,753
Options granted during the year	-	-
Options forfeited during the year	-	(666)
Options expired/lapsed during the year	-	-
Options exercised during the year	(1,35,374)	(93,667)
Options outstanding at the end of the year	3,35,846	4,71,420
<i>For options outstanding at the end of the year:</i>		
Exercise price range	INR 97.40 - 650.00	INR 97.40 - 650.00
Weighted average remaining contractual life (in years)	1.74	2.68

Options granted under ESOS 2017

	31 March 2020	31 March 2019
b Options outstanding at the beginning of the year	1,43,555	78,450
Options granted during the year	37,650	73,125
Options forfeited during the year	(1,690)	(7,650)
Options expired/lapsed during the year	(310)	-
Options exercised during the year	(5,965)	(370)
Options outstanding at the end of the year	1,73,240	1,43,555
<i>For options outstanding at the end of the year:</i>		
Exercise price range	INR 650 - 3,862.21	INR 650 - 2,213
Weighted average remaining contractual life (in years)	3.54	4.16

c Fair value of options granted

The fair value of each option is estimated on the date of grant based on the following assumptions:

	ESOS 2012			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.50 - 2.50	2.50 - 3.50	3.50 - 4.50	4.50 - 5.50
Risk free interest rate (%)	6.32% to 7.95%	6.36% to 8.00%	6.44% to 8.00%	6.41% to 7.92%
Volatility (%)	23.03% to 28.17%	23.16% to 28.24%	23.38% to 27.91%	24.00% to 28.56%
Market price on date of grant	97.01 - 650.21			
Fair Value	15.15 - 328.40	22.05 - 352.79	28.49 - 374.65	37.45 - 396.31

As on the date of transition i.e. 1 April 2018 a total of 357,322 options were unvested under ESOS 2012 and therefore, in line with the exemptions under Ind AS 101, the expense relating to share options that were vested as on the transition date has been recognised based on intrinsic value.

	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.67 - 2.90	3.27 - 3.29	3.92 - 4.09	4.59 - 5.09
Risk free interest rate (%)	6.32% to 7.96%	5.85% to 7.96%	6.01% to 8.01%	6.18% to 8.04%
Volatility (%)	22.76% to 26.58%	22.76% to 26.58%	24.42% to 27.03%	24.59% to 27.12%
Market price on date of grant	650.21 - 3862.61			
Fair Value	155.42 - 1145.40	175.88 - 1220.16	203.44 - 1341.47	233.56 - 1476.26

All options outstanding under ESOS 2017 as on the date of transition i.e. 1 April 2018 were unvested.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on annualised standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of time. The Company has determined the market price on grant date based on latest equity valuation report available with the company preceding the grant date.

The weighted average share price at the date of exercise of options exercised during the year was INR 3,862.21 (31 March 2019 INR 2,213)

D Expenses arising from share-based payment transactions

The total expenses arising from share-based payment transactions recognised were as follows:

Particulars	2019-20	2018-19
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	91.88	129.75
Stock based compensation expense pertaining to employees of subsidiaries, determined under fair value method recognised as cost of investment	942.42	598.20

FSN E-commerce Ventures Private Limited
Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
Amounts in Indian Rupees lakhs

Note no: 45 First-time adoption of IND AS

These financial statements, for the year ended 31 March 2020, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2015 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for years ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2018, the Company's date of transition to Ind AS.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

I. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a. Deemed cost :

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of the transition to Ind AS, measured as per the previous GAAP and use as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered under Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

b. Share based payments:

Ind AS 101 allows the first time adopter to not apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind AS.

Accordingly, the Company has not applied Ind AS 102 to equity instruments in share-based payment transactions that vested before 1 April 2018.

c. Leases:

The Company has elected to take modified retrospective approach wherein the lease liability is measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at the date of initial application and right of use asset is measured at an amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognition in the Balance sheet immediately before the date of transition to Ind AS. In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

FSN E-commerce Ventures Private Limited
Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
Amounts in Indian Rupees lakhs

d. Investments in subsidiaries and associate

Ind AS 101 allows first-time adopters to elect to measure its investment in subsidiaries at fair value of such investment at the Company's date of transition to Ind AS or Previous Indian GAAP carrying amount at that date and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure its investment in subsidiaries at Previous Indian GAAP carrying value as at 1 April, 2018

II. Exceptions:

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

a. Estimates:

The estimates at 1 April 2018 and at 31 March 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2018, the date of transition to Ind AS and as of 31 March 2019.

b. Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

FSN E-Commerce Ventures Private Limited
Notes to the Standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

45 First-time adoption of Ind AS

Reconciliation of equity as at 1 April 2018 (date of transition to Ind AS)

	Footnotes	Indian GAAP *	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		194.64	-	194.64
Right of use assets	1	-	181.56	181.56
Intangible assets		439.38	-	439.38
Capital work in progress				-
Deferred tax assets	8	3,247.29	116.32	3,363.61
Financial assets				-
Investments	3-6	1,151.00	643.09	1,794.09
Loans and advances	6	2,375.01	76.92	2,451.93
Other non-current assets	1	-	802.76	802.76
		<u>7,407.32</u>	<u>1,820.65</u>	<u>9,227.97</u>
Current assets				
Inventories		847.21	-	847.21
Financial Assets				-
Trade receivables	10	2,625.72	(5.25)	2,620.47
Cash and cash equivalents		3,541.56	-	3,541.56
Bank balance other than included in Cash and cash equivalents above		7.49	-	7.49
Investments	2	1,042.09	100.37	1,142.46
Loans	1	470.73	(470.73)	-
Other current assets		551.18	214.22	765.40
		<u>9,085.98</u>	<u>(161.39)</u>	<u>8,924.59</u>
Total assets		<u>16,493.30</u>	<u>1,659.26</u>	<u>18,152.56</u>
Equity and liabilities				
Equity				
Equity share capital		1,355.57	-	1,355.57
Other equity	1-10	12,983.82	847.95	13,831.77
Total equity		<u>14,339.39</u>	<u>847.95</u>	<u>15,187.34</u>
Non-current liabilities				
Financial Liabilities				
Borrowings		28.88	-	28.88
Lease liabilities	1	-	413.67	413.67
Other financial liabilities				-
Provisions		29.64	-	29.64
		<u>58.52</u>	<u>413.67</u>	<u>472.19</u>
Current liabilities				
Financial Liabilities				
Borrowings		790.50	-	790.50
Trade payables		693.48	-	693.48
Other financial liabilities	1	476.59	477.50	954.09
Provisions		0.47	-	0.47
Other current liabilities		134.34	(79.85)	54.49
		<u>2,095.38</u>	<u>397.65</u>	<u>2,493.03</u>
Total liabilities		<u>2,153.90</u>	<u>811.32</u>	<u>2,965.22</u>
Total equity and liabilities		<u>16,493.29</u>	<u>1,659.27</u>	<u>18,152.56</u>

FSN E-Commerce Ventures Private Limited
Notes to the Standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Reconciliation of equity as at 31 March 2019

	Footnotes	Indian GAAP *	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		303.56	-	303.56
Intangible assets		781.23	-	781.23
Right of use assets	1		265.99	265.99
Financial Assets				
Investments	3-6	1,488.00	1,937.09	3,425.09
Loans and advances	6	7,356.96	(92.72)	7,264.24
Deferred tax assets	8	3,427.61	43.58	3,471.19
Other non-current assets	1	-	542.64	542.64
		13,357.36	2,696.58	16,053.94
Current assets				
Inventories		2,275.01	-	2,275.01
Financial Assets				
Trade receivables	10	716.31	(5.25)	711.06
Cash and cash equivalents		441.07	(8.70)	432.37
Bank balance other than cash and cash equivalents			8.70	8.70
Loans	1	788.85	(657.42)	131.43
Investments	2	13,250.78	253.20	13,503.98
Other current assets		1,728.01	517.43	2,245.44
		19,200.03	107.96	19,307.99
Total assets		32,557.39	2,804.54	35,361.93
Equity and liabilities				
Equity				
Equity share capital		1,424.25	-	1,424.25
Other equity	1-10	25,872.75	2,035.25	27,908.01
Total equity		27,297.00	2,035.25	29,332.26
Non-current liabilities				
Financial Liabilities				
Borrowings		22.20	-	22.20
Other financial liabilities	1	-	113.94	113.94
Provisions		59.45	-	59.45
		81.65	113.94	195.59
Current liabilities				
Financial Liabilities				
Short term borrowings		2,407.28	-	2,407.28
Trade payables		1,439.66	-	1,439.66
Other financial liabilities	1	-	1,518.73	1,518.73
Provisions		709.60	(708.67)	0.93
Other current liabilities		622.18	(154.70)	467.48
		5,178.72	655.36	5,834.08
Total liabilities		5,260.37	769.30	6,029.67
Total equity and liabilities		32,557.38	2,804.55	35,361.93

FSN E-Commerce Ventures Private Limited
Notes to the Standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Reconciliation of profit or loss for the year ended 31 March 2019

	Footnotes	Indian GAAP*	Adjustments	Ind AS
Continuing operations				
Revenue from operations		10,206.46	-	10,206.46
Other income	1,2,5,6	720.86	998.59	1,719.45
Total Income		10,927.32	998.59	11,925.91
Cost of materials consumed				
Purchase of traded goods		4,506.37	52.17	4,558.54
(Increase)/decrease in work in progress of projects (at cost)		(1,427.80)	-	(1,427.80)
Employee benefit expense	4	1,790.88	126.49	1,917.37
Depreciation and amortization expense	1	277.70	123.42	401.12
Finance costs	1	187.45	72.94	260.39
Other expenses	10	6,439.27	(180.72)	6,258.55
Total expense		11,773.87	194.30	11,968.17
Profit before exceptional items		(846.55)	804.29	(42.26)
Add/(Less): Exceptional items				
Profit / (loss) before tax		(846.55)	804.29	(42.26)
Tax expense / (benefit) :				
Current tax				-
Deferred tax	8	(180.33)	59.88	(120.45)
Tax expense relating to earlier income tax expense		(180.33)	59.88	(120.45)
Profit / (loss) after tax		(666.22)	744.41	78.19
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains/ (losses) on defined benefit plans	4	-	(3.25)	(3.25)
Fair value in the value of investments	3		38.00	38.00
Income tax effect on above	8	-	(12.87)	(12.87)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	21.88	21.88
Other comprehensive income for the year, net of tax				
Total comprehensive income for the year		(666.22)	766.29	100.07

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Footnotes to the reconciliation of equity as at 1 April 2018 and 31 March 2019 and profit or loss for the year ended 31 March 2019

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Notes to the Standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

45 First-time adoption of Ind AS

III Reconciliation of equity as per previous GAAP and IND AS

Ind AS 101 requires an entity to reconcile equity and total comprehensive income for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Particulars	foot notes	As at 31 March 2019	As at 1 April 2018
Net Worth under Indian GAAP		27,297.00	14,339.39
Summary of Ind AS adjustments			
Net change of previous year		847.96	-
Fair valuation of loan given to subsidiaries	6	406.68	156.97
Fair valuation of financial guarantee	5	324.50	126.67
Equity settled share based payment expense	4	291.26	306.94
Fair Valuation of Mutual Fund	2	152.83	100.37
Fair Valuation of Investment	3	38.00	-
Lease/sub lease accounting	1	46.78	45.93
Expected credit loss	9	-	(5.25)
Deferred tax impact	8	(72.75)	116.32
Net Worth under Ind AS		29,332.26	15,187.34

IV Reconciliation of total comprehensive income for the year ended March 31, 2019:

Particulars	Notes	For the year ended 31 March 2019
Net loss after tax as reported under Indian GAAP		(666.22)
Nature of adjustments		
Interest income on amortization of loan given to subsidiaries	6	406.68
Interest income on fair valuation of financial guarantee	5	324.50
Equity settled share based payment expense	4	(129.75)
Fair Valuation of Mutual Fund	2	152.83
Lease/sub lease accounting	1	46.78
Re-measurement losses on defined benefit plans	7	3.25
Movement in deferred tax consequent to above changes	8	(59.88)
Net loss before tax as per Ind AS		78.19
Re-measurement losses on defined benefit plans (net of tax)	7	21.88
Total Comprehensive income as per Ind AS		100.07

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Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
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Footnotes to the reconciliation of equity as at 1 April 2018 and 31 March 2019 and profit or loss for the year ended 31 March 2019.

1. Leases:

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2018 being the date of transition which resulted into recognition of right-of-use assets, lease liabilities and consequent changes in the statement of profit and loss and cash flows. Consequent to this change, the amount of ROU asset (Lease netted off sublease) recognised by INR 266 lakhs as at 31 March 2019 (1 April 2018- INR 181.56 lakhs) and the lease liabilities recognised by INR 700.49 lakhs as at 31 March 2019 (1 April 2018- INR 876.20 lakhs). Investment on sublease is recognised by INR 441.31 lakhs as at 31 March 2019 (1 April 2018-INR 704.97 lakhs). The profit and loss was increased by 46.74 lakhs for the year ended 31 March 2019.

Also, interest free lease security deposits were recorded at their transaction value under the Indian GAAP. However, under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued certain security deposits by discounting them over the lease period under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent which has been adjusted in the value of ROU asset. Consequent to this change, the amount of security deposits reduced by INR 31.81 lakhs as at 31 March 2019 (1 April 2018 – INR 29.28 lakhs) and the ROU asset is increased by INR 31.81 lakhs as at 31 March 2019 (1 April 2018 – INR 29.28 lakhs).

2. FVTPL investments:

Under Indian GAAP, the Company accounted for current investments in quoted mutual funds as investment measured at cost. Under Ind AS, the Group has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised in retained earnings. Consequent to this change, the amount of investments in quoted mutual funds increased by INR 253.20 lakhs as at 31 March 2019 (1 April 2018- INR 100.37 lakhs) and the profit and loss increased by INR 152.83 lakhs for the year ended 31 March 2019 (1 April 2018- INR 100.37 lakhs)

3. FVTOCI investments:

Under Indian GAAP, the Company accounted for non current investments in unquoted equity shares measured at cost. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. Pursuant to Ind AS adoption the Company has measured the investment at fair value, consequent to this change, the amount of unquoted investments increased by INR 38.00 lakhs as at 31 March 2019 and other comprehensive income increased by INR 38.00 lakhs for the year ended 31 March 2019.

4. Share based payments:

Under the previous GAAP the Company did not have any settlement obligation nor did it receive any cross charge from the holding company for stock options granted to certain employees of the Company. Accordingly, no cost was recorded in the books of the Company under previous GAAP. As per Ind AS 102 Share based payments, even if they are for shares in the parent company, should be accounted for by the entity. In the separate financial statements of subsidiaries, the award is treated as an equity-settled share-based payment; this is because the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting period, and a credit is

FSN E-commerce Ventures Private Limited
Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
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recognised in equity. The credit to equity is treated as a capital contribution because the parent is compensating the subsidiaries' employees with no expense to the subsidiaries.

Accordingly, an additional expense of INR 215.50 has been charged to retained earnings as at 1 April 2018 and 129.75 lakhs has been recognised in the statement of profit or loss for the year ended 31 March 2019.

Share options totalling INR 522.40 lakhs which were granted before and still vesting at 1 April 2018, have been recognised as ESOP reserve at 1 April 2018 & INR 942.00 lakhs as at 31 March 2019.

An equity-settled share-based payment recognised in separate financial statement of subsidiaries of INR 598.20 lakhs as at 31 March 2019 (1 April 2018- INR 306.94 lakhs).

5. Financial guarantee contracts:

The Company has provided a financial guarantee without any charge in respect of the bank loans availed by its subsidiaries. Under Indian GAAP, the Company was not required to record the fair value of the guarantee provided to its subsidiaries. Under IND AS, considering the relationship between parent and subsidiary, the financial guarantee is required to be recognized at fair value with a debit adjustment to investment in subsidiary. Accordingly, the resultant impact of Rs. 126.67 lakh and Rs. 623.67 lakh has been added to the cost of investment in subsidiaries as on 1 April 2018 and 31 March 2019 respectively.

6. Loan to subsidiaries:

The Company has given loans to its subsidiaries which were measured at cost under Indian GAAP. However, on transition to IND AS, these loans being financial assets have been initially measured at amortized cost and subsequently amortized using effective interest method. Accordingly, the resultant impact of Rs. 209.48 lakh and Rs. 677.22 lakh has been added to the cost of investment in subsidiaries as on 1 April 2018 and 31 March 2019 respectively. Accordingly profit and loss is increased by INR 406.68 lakhs for the year ended 31 March 2019 and retained earnings increased by INR 156.97 lakhs as at 1 April 2018.

7. Defined benefit obligation:

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements i.e., actuarial gains and losses and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised in Other Comprehensive Income (OCI) instead of profit or loss. Thus, the employee benefits cost in profit and loss is increased by INR 3.25 lakhs for the year ended 31 March 2019 and on 1 April 2018 re-measurement loss of INR 1.07 lakhs on defined benefit plans has been recognized in the OCI by transfer from retained earnings, as a result of this change there is no impact on the total equity.

8. Deferred Tax:

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

FSN E-commerce Ventures Private Limited
Notes to Standalone Financial Statements as at and for the year ended 31 March 2020
Amounts in Indian Rupees lakhs

The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The deferred tax asset is increased by INR 87.91 lakhs on 31 March 2019 (1 April 2018: 61.26 lakhs).

9. Expected Credit Loss

Under Indian GAAP, the Company has not provided for any provision for doubtful debts. Ind AS requires to book provisions for some specified financial assets on forward looking approach (Expected Loss) against current method of booking provision after the default actually occurs. Ind AS has suggested two approaches to recognise provision (a) Simplified approach (b) General Approach. The Company has followed simplified approach and consequent to this the retained earnings is reduced by INR 5.25 lakhs as at 1 April 2018

10. Other Comprehensive Income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

11. Cash flow statements

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

FSN E-Commerce Ventures Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

(All amounts in Rs. lakhs, unless otherwise stated)

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

The identification of Micro, Small and Medium Enterprises is based on the Management's knowledge of their status. Disclosure of trade payables under the current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

47 Event after reporting dates

There have been no event after reporting dates that require disclosure in this financial statements.

48 Impact of Covid 19

The global outbreak of COVID-19 in early 2020 is causing major disruptions to both social and economic activities. It is reasonably possible that COVID-19 may have an adverse impact on the revenues and results of the company for next financial year, the extent of which will depend on how long the outbreak lasts and when the economies recover.

The management has evaluated the situation and currently feels that this COVID-19 situation does not have any material impact on current financial statements.

As per our report attached

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W

Arvind

A N Shah

Partner

Membership No: 42649



For and on behalf of Board of Directors of
FSN E-Commerce Ventures Private Limited

Milan Khakhar

Milan Khakhar
Director
DIN No. 00394065

Falguni Nayar

Falguni Nayar,
CEO & Director
DIN No. 00003633

Arvind Agarwal

Arvind Agarwal
Chief Financial Officer

Pratik Bhujade

Pratik Bhujade
Company Secretary
ACS M.No.A38175

Place: Mumbai

Date: 20 August 2020

