

## INDEPENDENT AUDITOR'S REPORT

**To the Members of FSN E-Commerce Ventures Private Limited**

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of **FSN E-Commerce Ventures Private Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2019, and the consolidated statement of Profit and Loss, and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (herein referred as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules 2016 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and its consolidated loss, and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group 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 Holding 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 consolidated financial statements and our auditor's report thereon.

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



inconsistent with the consolidated 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.

### **Responsibility of Management for Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the Auditor's Reports of the Holding Company and its subsidiary companies incorporated in India.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group does not have any pending litigations which would impact its consolidated financial position.
  - ii. The Group 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 Holding Company and its subsidiary companies incorporated in India:

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



*A. N. Shah*

**A. N. Shah**  
**Partner**  
**Membership No. 42649**

**Place: Mumbai**  
**Date: 4<sup>th</sup> June 2019**

## **ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(e) 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')**

In conjunction with our audit of the consolidated financial statements of FSN E-Commerce Ventures Private Limited as of and for the year ended March 31, 2019, We have audited the internal financial controls over financial reporting of FSN E-Commerce Ventures Private Limited ('the Holding Company') and its subsidiary companies incorporated in India as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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 the respective 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 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 internal financial controls system over financial reporting of the Holding Company and its subsidiaries.

### **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 their liability 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 Holding Company and its subsidiaries incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiaries incorporated in India 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.

**Place: Mumbai**  
**Date: 4<sup>th</sup> June, 2019**



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

*A. N. Shah*

**A. N. Shah**  
**Partner**  
**Membership No. 42649**

**FSN E-Commerce Ventures Private Limited (Consolidated)**

Figures in Rs

Balance Sheet as at	Note No.	March 31, 2019	March 31, 2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders funds</b>			
a. Share capital	3.1	14,24,25,090	13,55,56,810
b. Reserves and surplus	3.2	2,22,49,66,124	73,27,81,704
<b>2. Share application money pending allotment</b>			
	3.3	-	34,75,06,809
<b>3. Minority Interest</b>			
	3.4	46,61,578	-
<b>4. Non-current liabilities</b>			
a. Long-term borrowings	3.5	22,20,283	28,87,764
b. Long-term provisions	3.6	2,44,58,179	1,24,22,263
<b>5. Current liabilities</b>			
a. Short term borrowings	3.7	2,25,44,53,598	82,69,83,145
b. Trade payables			
- Dues to MSME and;	3.8	1,27,71,914	78,24,600
- Dues to Others	3.8	1,84,63,16,352	1,26,49,32,876
c. Other current liabilities	3.9	26,97,25,309	12,30,25,479
d. Short term provisions	3.10	18,48,24,362	7,74,88,321
<b>TOTAL</b>		<b>6,96,68,22,789</b>	<b>3,53,14,09,771</b>

**II. ASSETS**

**1. Non-current assets**

a. i. Property Plant & Equipment	3.11	42,90,31,601	18,62,02,322
ii. Intangible assets	3.11	19,99,22,161	15,50,28,733
iii. Capital Work In Progress	3.11	31,98,041	43,84,169
<b>b. Non current investments</b>			
	3.12	2,85,00,045	-
<b>c. Deferred tax assets (net)</b>			
	3.13	45,59,79,201	40,24,64,700

**2. Current assets**

a. Current investments	3.14	1,32,50,77,079	10,42,09,019
b. Inventories	3.15	2,44,59,56,565	1,17,72,16,485
c. Trade receivables	3.16	1,08,46,31,698	70,23,52,155
d. Cash and cash equivalents	3.17	11,95,12,736	37,69,28,198
e. Short-term loans and advances	3.18	60,36,29,276	34,34,42,001
f. Other current assets	3.19	27,13,84,385	7,91,81,989

**TOTAL**

**6,96,68,22,789**

**3,53,14,09,771**

Significant Accounting Policies

2

Notes form an integral part of these financials statements

1 - 3.42

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

*Falguni Nayar*

**Falguni Nayar**

CEO & Director

DIN No. 00003633

*Pratik Bhujade*

**Pratik Bhujade**

Company Secretary

ACS M.No. A38175

*Alpana Parida Shah*

**Alpana Parida Shah**

Director

DIN No. 06796621

*Sachin Parikh*

**Sachin Parikh**

Chief Financial

Officer

Place: Mumbai

Date: 04 June 2019



**FSN E-Commerce Ventures Private Limited (Consolidated)**

Figures in Rs

Statement of Profit and Loss	Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
I. Revenue from operations	3.20	12,25,10,71,448	5,74,35,76,219
II. Other income	3.21	3,75,74,454	3,72,34,006
<b>III. Total revenue</b>		<b>12,28,86,45,903</b>	<b>5,78,08,10,225</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	3.22	17,07,094	-
Purchases of Stock in Trade	3.23	9,07,80,41,576	4,36,15,74,952
Changes in Inventories of Stock in Trade	3.24	(1,25,20,77,264)	(59,93,28,540)
Employee benefits expense	3.25	1,13,07,23,517	54,93,22,647
Finance costs	3.26	20,62,47,151	7,15,86,939
Depreciation and amortization expense	3.11	15,15,40,656	7,40,47,278
Other expenses	3.27	3,23,70,53,085	1,69,81,09,531
<b>Total expenses</b>		<b>12,55,32,35,815</b>	<b>6,15,53,12,808</b>
<b>V. Profit / (Loss) before tax</b>		<b>(26,45,89,912)</b>	<b>(37,45,02,583)</b>
<b>VI. Tax expense:</b>			
Current tax		-	-
Deferred tax credit/(charge)		5,35,14,501	9,26,61,475
<b>VII. Profit / (Loss) Attributable to Minority Interest</b>		<b>(2,38,422)</b>	<b>-</b>
<b>VIII. Net Profit / (Loss) for the year (after adjustment for Minority Interest)</b>		<b>(21,08,36,989)</b>	<b>(28,18,41,108)</b>
Earnings per equity share of Rs 10 each (in Rupees) :			
Basic (see Note 3.37)		(15.22)	(20.80)
Diluted (see Note 3.37)		(14.92)	(20.23)
Significant Accounting Policies	2		

Notes form an integral part of these financials statements 1 - 3.42

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

*Falguni Nayar*

**Falguni Nayar**

CEO & Director

DIN No. 00003633

*Alpana Parida Shah*

**Alpana Parida Shah**

Director

DIN No. 06796621

*Pratik Bhujade*

**Pratik Bhujade**

Company Secretary

ACS M.No. A38175

*Sachin Parikh*

**Sachin Parikh**

Chief Financial

Officer

Place: Mumbai

Date: 04 June 2019

**FSN E-Commerce Ventures Private Limited (Consolidated)**  
**Cash Flow Statement**


		For the year ended 31st March 2019	For the year ended 31st March 2018
		Rs.	Rs.
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
	Net Profit / ( Loss) before tax:	(26,45,89,912)	(37,45,02,585)
	Add: Depreciation and amortisation expense	15,15,40,656	7,40,47,277
	Add: Interest expense	17,89,62,750	6,63,13,861
	Less: Net (gain)/Loss from sale of investments	(1,88,68,060)	(3,13,55,551)
	Add: (Profit)/Loss attributable to Minority Interest	2,38,422	
	Less: Interest received	(13,25,222)	(12,03,867)
	Add: Provision for Gratuity	1,22,19,076	74,17,399
	Add: Provision for Bonus	1,80,00,000	-
	Less: Sundry Balances written back	(12,33,048)	-
	Less: Miscellaneous Income	(18,70,117)	(39,91,116)
	Less: (Gain)/Loss on Foreign Exchange fluctuations (net)	(11,85,461)	1,00,042
	<b>Operating Profit(Loss) before working capital changes</b>	<b>7,18,89,084</b>	<b>(26,31,74,540)</b>
	(Increase)/decrease in Trade receivables	(38,22,79,543)	(48,37,93,968)
	(Increase)/decrease in Inventories	(1,26,87,40,080)	(59,93,28,540)
	(Increase)/decrease in Short term loan & advances	(26,01,87,275)	(23,19,02,489)
	(Increase)/decrease in other current assets	(19,22,02,396)	(6,03,89,141)
	Increase / (decrease) in Trade payables	59,06,33,589	54,77,61,504
	Increase / (decrease) in long term provisions	-	-
	Increase / (decrease) in Other liabilities and provisions	12,49,57,552	26,01,78,234
	Increase / (decrease) in Short term provisions	8,91,52,881	3,68,14,393
	<b>Net Cash used in operating activities</b>	<b>(1,22,67,76,188)</b>	<b>(79,38,34,547)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Purchase/redemption of Investments (net)	(1,23,09,53,107)	56,15,07,377
	Increase / (decrease) in Creditor for capital goods	2,21,68,303	86,47,484
	Payment towards purchase of undertaking on slump sale (Refer Note # 3.32)	(4,26,024)	-
	Purchase of fixed assets (net)	(43,80,77,236)	(26,56,49,790)
	Interest Income	13,25,222	12,03,867
	<b>Net cash used in investing activities</b>	<b>(1,64,59,62,842)</b>	<b>30,57,08,938</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Increase / (decrease) in Share capital	1,15,29,858	43,240
	Increase / (decrease) in Share premium	1,70,30,21,409	7,33,265
	Increase / (decrease) in Share Application money pending allotment	(34,75,06,809)	34,75,06,809
	Redemption/maturity of bank deposits	(48,34,918)	-
	Increase / (decrease) in Short term borrowings	1,42,74,70,453	53,45,60,095
	Increase / (decrease) in Long term borrowings	(6,67,481)	28,87,764
	Finance cost	(17,89,62,750)	(6,63,13,861)
	<b>Net cash generated from financing activities</b>	<b>2,61,00,49,762</b>	<b>81,94,17,312</b>
	<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(26,26,89,268)</b>	<b>33,12,91,703</b>
	<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>36,84,56,540</b>	<b>3,71,47,780</b>
	<b>Add: Gain/(Loss) on Foreign Exchange fluctuations (net)</b>	<b>(14,173)</b>	<b>17,057</b>
	<b>Cash &amp; Cash Equivalents at the end of year</b>	<b>10,57,53,099</b>	<b>36,84,56,540</b>

**Notes:**

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in the Accounting Standard - 3, issued by the Institute of Chartered Accountants of India
- 2 Previous year's figures have been regrouped & reclassified wherever necessary.

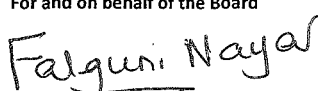
Notes form an integral part of these financial statements

1 - 3.42

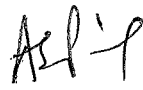
As per our report attached  
For V. C. Shah & Co.  
Chartered Accountants  
Firm Registration No: 109818W  
  
**A. N. Shah**  
Partner  
Membership No: 42649



For and on behalf of the Board

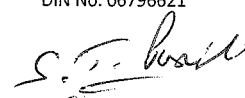
  
**Falguni Nayyar**

Falguni Nayyar  
CEO & Director  
DIN No. 00003633

  
**Alpana Parida Shah**  
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**Pratik Bhujade**

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Company Secretary  
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**Sachin Parikh**

Sachin Parikh  
Chief Financial  
Officer

Place: Mumbai  
Date: 04 June 2019

FSN E-Commerce Ventures Private Limited (Consolidated)

3 Notes to financial statements

3.1 Share Capital

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
<b>Authorised Capital</b>		
15,000,000 (Previous year 15,000,000) Equity shares of Rs. 10 each	15,00,00,000	15,00,00,000
<b>Issued, Subscribed &amp; Paid up Capital</b>		
1,42,42,509 Equity shares (Previous year 1,35,55,681) of Rs. 10 each, fully paid up	14,24,25,090	13,55,56,810
<b>Total</b>	<b>14,24,25,090</b>	<b>13,55,56,810</b>

i) The reconciliation of the number of shares outstanding and the amount of share capital

Particulars	As at Mar 31, 2019		As at Mar 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,35,55,681	13,55,56,810	1,35,51,357	13,55,13,570
Shares issued during the year, fully paid up	6,86,828	68,68,280	4,324	43,240
Shares outstanding at the end of the year	<b>1,42,42,509</b>	<b>14,24,25,090</b>	<b>1,35,55,681</b>	<b>13,55,56,810</b>

ii) The details of shareholder holding more than 5% shares

Name of the shareholder	As at Mar 31, 2019		As at Mar 31, 2018	
	No. of shares	% held	No. of shares	% held
Falguni Nayar	40,03,964	28.11%	40,03,964	29.54%
Sanjay Nayar	37,13,331	26.07%	37,13,331	27.39%
Indra Singh Banga / Harindarpal Singh Banga	13,55,993	9.52%	13,55,993	10.00%
TVS Shriram Growth Fund 1B	-	0.00%	7,91,708	5.84%
SunilKant Munjal	9,92,940	6.97%	-	0.00%

iii) Terms/rights attached to the equity shares

The Company has only one class of equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of Winding up / Liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholdings.

iv) 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 73,125 options at a price of 2,213 per option, plus all applicable taxes, as may be levied in this regard on the Company (Previous year 99,450 options which includes at a price of 1,382 per option, plus all applicable taxes, as may be levied in this regard on the Company) to the Eligible Employees

3.2 Reserve & Surplus

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
<b>Capital Reserve</b>		
Balance at the beginning of the year	1,73,68,382	1,73,68,382
Add: Transactions during the year	-	-
Balance at the end of the year	<b>1,73,68,382</b>	<b>1,73,68,382</b>
<b>Securities Premium account</b>		
Balance at the beginning of the year	1,78,89,96,785	1,78,82,63,520
Add: Premium on issue of equity shares	1,70,30,21,409	7,33,265
Balance at the end of the year	<b>3,49,20,18,194</b>	<b>1,78,89,96,785</b>
<b>Surplus / (Deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	(1,07,35,83,463)	(79,17,42,353)
Net Profit/(Loss) for the year	(21,08,36,989)	(28,18,41,110)
Balance at the end of the year	<b>(1,28,44,20,452)</b>	<b>(1,07,35,83,463)</b>
	<b>2,22,49,66,124</b>	<b>73,27,81,704</b>

3.3 Share application money pending allotment

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Share application money pending allotment	-	34,75,06,809
	-	<b>34,75,06,809</b>

3.4 Minority Interest

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Minority Interest	46,61,578	-
	<b>46,61,578</b>	-

3.5 Long-term borrowings		
Particulars	As at Mar 31, 2019	As at Mar 31, 2018
<b>Secured Loan</b>		
Term Loan from bank	22,20,283	28,87,764
	<b>22,20,283</b>	<b>28,87,764</b>

Note: The Car loans from HDFC Bank is secured by hypothecation on Motor Vehicle and loan is payable in 59 monthly installment.

3.6 Long-term provisions		
Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Provision for Employee Benefits (Gratuity)	2,44,58,179	1,24,22,263
	<b>2,44,58,179</b>	<b>1,24,22,263</b>

3.7 Short Term Borrowings		
Particulars	As at Mar 31, 2019	As at Mar 31, 2018
<b>Secured considered good</b>		
Working capital loan from Banks	2,25,43,33,970	82,69,83,145
<b>Unsecured considered good</b>		
Unsecured Loan from Financial Institution	1,19,628	-
	<b>2,25,44,53,598</b>	<b>82,69,83,145</b>

Note: Working capital loan from Banks are secured by hypothecation of Book debts, Current Assets and Property, Plant & Equipment both present and future.

3.8 Trade payables		
Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Trade payables		
- Dues to MSME and;	1,27,71,914	78,24,600
- Dues to Others	1,84,63,16,352	1,26,49,32,876
	<b>1,85,90,88,266</b>	<b>1,27,27,57,476</b>

#### Micro, Small and Medium Enterprises

According to the information available with the management, on the basis of intimation received from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has amounts due to micro and small enterprises under the said Act as at March 31, 2019 as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
1. Principal and interest amount remaining unpaid	1,27,71,914	78,24,600
2. Interest due thereon remaining unpaid	-	-
3. Interest paid by the Company in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
4. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprise Act, 2006	-	-
5. Interest accrued and remaining unpaid	-	-
6. Interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

3.9 Other current liabilities		
Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Advance from customers	2,67,75,767	4,05,83,719
Current Maturities of Secured borrowings	6,67,481	6,38,736
Payable towards Purchase of business towards slump sale	45,73,976	-
Creditors for Capital Goods	3,64,06,399	1,42,38,096
Statutory dues	12,24,56,629	2,28,16,629
Salary payable	7,88,16,072	4,47,48,299
Bank Overdraft	28,985	-
	<b>26,97,25,309</b>	<b>12,30,25,479</b>

3.10 Short term provisions					
Particulars		As at		As at	
		Mar 31, 2019		Mar 31, 2018	
<b>a) Provision for Employee Benefits</b>					
Provision for Bonus		1,80,00,000		-	
Provision for Employee Benefits-Gratuity (Refer Note 3.31)		3,70,433		1,87,273	
<b>b) Others</b>					
Provision for expenses		16,64,53,929		7,73,01,048	
		<b>18,48,24,362</b>		<b>7,74,88,321</b>	
3.12 Non Current Investments					
Particulars		As at		As at	
		Mar 31, 2019		Mar 31, 2018	
Investment (at cost) fully paid up except otherwise stated					
<b>In Series A1 Compulsory Convertible Cumulative Preference Shares, unquoted, Fully paid</b>					
A) JMS Logistics and Express Private Limited (2,71,429 shares of Rs 1 Each) (Previous Year -Nil)		2,85,00,045		-	
		<b>2,85,00,045</b>		<b>-</b>	
(a) Aggregate amount of quoted investments and market value thereof;		2,85,00,045		-	
(b) Aggregate amount of unquoted investments;					
(c) Aggregate provision for diminution in value of investments.					
3.13 Deferred tax assets (net)					
Particulars		As at		As at	
		Mar 31, 2019		Mar 31, 2018	
<b>Deferred tax assets</b>					
Preliminary expenses		(1,91,100)		(1,07,315)	
Disallowances		1,22,07,943		27,79,591	
Unabsorbed business losses		44,10,67,051		40,53,35,321	
		<b>45,30,83,894</b>		<b>40,80,07,597</b>	
<b>Deferred tax liabilities</b>					
On difference between book depreciation and tax depreciation		28,95,307		(55,42,897)	
		<b>28,95,307</b>		<b>(55,42,897)</b>	
<b>Deferred tax Assets (net)</b>		<b>45,59,79,201</b>		<b>40,24,64,700</b>	
3.14 Current Investments					
Particulars		No. of Units as at		Amount as at	
		Mar 31, 2019		Mar 31, 2018	
<b>Investment in Mutual Fund - Unquoted</b>					
ICICI Prudential Mutual Fund		20,61,536		3,44,519	
Axis Liquid Mutual Fund - Direct Growth		1,44,856		-	
Kotak Savings Mutual Fund - Liquid Fund		1,30,97,663		-	
<b>Total</b>		<b>1,53,04,055</b>		<b>3,44,519</b>	
		<b>1,32,50,77,079</b>		<b>10,42,09,019</b>	
(a) Aggregate amount of quoted investments and market value thereof;				-	
(b) Aggregate amount of unquoted investments;		1,32,50,77,079		10,42,09,019	
(c) Aggregate provision for diminution in value of investments.				-	
3.15 Inventories					
Particulars		As at		As at	
		Mar 31, 2019		Mar 31, 2018	
Raw Material (Apparels and Non-Apparels)		25,18,060		-	
Work-in-progress (Apparels and Non-Apparels)		2,55,875		-	
Finished goods (Apparels and Non-Apparels)		64,39,941		-	
Stock in Trade (Beauty and Hygiene)		2,24,65,53,611		1,17,09,15,502	
Stock in Trade (Apparels and Non-Apparels)		44,34,549		-	
Goods in Transit (Beauty and Hygiene)		12,49,76,614		-	
Packing material		6,07,77,915		63,00,983	
Note: Raw material and work in progress are carried at cost. Finished goods and stock in trade are carried at the lower of cost and net realisable value. Packing material are carried at cost.					
		<b>2,44,59,56,565</b>		<b>1,17,72,16,485</b>	
3.16 Trade receivables					
Particulars		As at		As at	
		Mar 31, 2019		Mar 31, 2018	
<b>Unsecured, considered good</b>					
(a) Over six months from the date they were due for payment		2,45,04,404		-	
(b) Others		1,06,01,27,294		70,23,52,155	
		<b>1,08,46,31,698</b>		<b>70,23,52,155</b>	

FSN E-Commerce Ventures Private Limited (Consolidated)

Note 3.11 :

figures in Rs.

Particulars	Cost as at April 1, 2018	Additions/ Adjustments	Deductions/ Adjustments	Cost as at March 31, 2019	Accumulated depreciation as at April 1, 2018	Depreciation for the year	* Deductions/ Adjustments for the year	Accumulated depreciation up to March 31, 2019	Net block value as at March 31, 2019
<b>A) Property Plant &amp; Equipment</b>									
(i) Computers	4,69,94,484	4,88,04,042	-	9,57,98,526	1,86,64,620	1,89,62,376	8,21,099	3,84,48,095	5,73,50,431
	<i>2,33,60,814</i>	<i>2,36,33,670</i>	-	<i>4,69,94,484</i>	<i>85,56,517</i>	<i>1,01,08,103</i>	-	<i>1,86,64,620</i>	<i>2,83,29,864</i>
(ii) Electrical Fittings	7,75,537	-	-	7,75,537	2,50,457	-	-	2,50,457	5,25,080
	<i>7,75,537</i>	-	-	<i>7,75,537</i>	<i>2,50,457</i>	-	-	<i>2,50,457</i>	<i>5,25,080</i>
(iii) Furniture & fixtures	7,83,74,992	14,61,34,771	-	22,45,09,763	87,61,776	1,78,84,940	6,59,894	2,73,06,610	19,72,03,153
	<i>2,18,19,766</i>	<i>5,65,55,226</i>	-	<i>7,83,74,992</i>	<i>20,19,469</i>	<i>67,42,307</i>	-	<i>87,61,776</i>	<i>6,96,13,216</i>
(iv) Office equipment	3,03,53,641	4,64,78,648	-	7,68,32,289	64,58,942	91,18,469	2,61,206	1,58,38,617	6,09,93,672
	<i>1,41,86,240</i>	<i>1,61,67,401</i>	-	<i>3,03,53,641</i>	<i>23,27,445</i>	<i>41,31,497</i>	-	<i>64,58,942</i>	<i>2,38,94,699</i>
(v) Vehicles	43,97,809	-	-	43,97,809	4,292	5,22,240	-	5,26,532	38,71,277
	-	<i>43,97,809</i>	-	<i>43,97,809</i>	-	<i>4,292</i>	-	<i>4,292</i>	<i>43,93,517</i>
(vi) Leasehold Improvements	7,91,69,819	6,01,43,730	-43,84,169	14,36,97,718	1,97,23,873	1,48,85,856	-	3,46,09,729	10,90,87,988
	<i>4,70,21,112</i>	<i>3,21,48,707</i>	-	<i>7,91,69,819</i>	<i>1,10,19,735</i>	<i>87,04,138</i>	-	<i>1,97,23,873</i>	<i>5,94,45,946</i>
<b>Total Property Plant &amp; Equipment</b>	<b>24,00,66,282</b>	<b>30,15,61,191</b>	<b>-43,84,169</b>	<b>54,60,11,641</b>	<b>5,38,63,960</b>	<b>6,13,73,881</b>	<b>17,42,199</b>	<b>11,69,80,040</b>	<b>42,90,31,601</b>
	<i>10,71,63,469</i>	<i>13,29,02,813</i>	-	<i>24,00,66,282</i>	<i>2,41,73,623</i>	<i>2,96,90,337</i>	-	<i>5,38,63,960</i>	<i>18,62,02,322</i>
<b>B) Intangible Assets</b>									
(i) Catalogue	8,82,57,940	6,29,31,201	-	15,11,89,141	2,28,52,681	3,58,51,833	-	5,87,04,514	9,24,84,627
	<i>3,22,70,855</i>	<i>5,59,87,085</i>	-	<i>8,82,57,940</i>	<i>65,20,017</i>	<i>1,63,32,664</i>	-	<i>2,28,52,681</i>	<i>6,54,05,259</i>
(ii) Web Portal Development	13,08,25,941	6,40,02,825	-	19,48,28,766	4,66,64,901	5,06,99,047	7,03,107	9,80,67,055	9,67,61,711
	<i>6,31,62,872</i>	<i>6,76,63,069</i>	-	<i>13,08,25,941</i>	<i>2,01,19,003</i>	<i>2,65,45,898</i>	-	<i>4,66,64,901</i>	<i>8,41,61,040</i>
(iii) Softwares	77,01,612	74,02,222	-	1,51,03,834	22,39,178	35,91,655	-	58,30,833	92,73,001
	<i>29,88,958</i>	<i>47,12,654</i>	-	<i>77,01,612</i>	<i>7,60,800</i>	<i>14,78,378</i>	-	<i>22,39,178</i>	<i>54,62,434</i>
(iv) Goodwill	-	14,27,062	-	14,27,062	-	24,240	-	24,240	14,02,822
	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>22,67,85,493</b>	<b>13,57,63,310</b>	<b>-</b>	<b>36,25,48,803</b>	<b>7,17,56,760</b>	<b>9,01,66,775</b>	<b>7,03,107</b>	<b>16,26,26,642</b>	<b>19,99,22,161</b>
	<i>9,84,22,685</i>	<i>12,83,62,808</i>	-	<i>22,67,85,493</i>	<i>2,73,99,820</i>	<i>4,43,56,940</i>	-	<i>7,17,56,760</i>	<i>15,50,28,733</i>
<b>C) Capital Work in progress</b>									
<i>Capital Work in Progress</i>	<b>43,84,169</b>	<i>31,98,041</i>	<i>43,84,169</i>	<i>31,98,041</i>	-	-	-	-	<i>31,98,041</i>
	-	<i>43,84,169</i>	-	<i>43,84,169</i>	-	-	-	-	<i>43,84,169</i>
<b>Grand Total</b>	<b>47,12,35,944</b>	<b>44,05,22,542</b>	<b>-</b>	<b>91,17,58,486</b>	<b>12,56,20,720</b>	<b>15,15,40,656</b>	<b>24,45,306</b>	<b>27,96,06,682</b>	<b>63,21,51,803</b>
<i>Previous Year</i>	<i>20,55,86,154</i>	<i>26,56,49,790</i>	-	<i>47,12,35,944</i>	<i>5,15,73,443</i>	<i>7,40,47,277</i>	-	<i>12,56,20,720</i>	<i>34,56,15,224</i>

Note:

1) Figures in italics denote previous year figures

2) Plant and Machinery having cost of Rs. 19,63,590 are held by vendor, Imine Co, Korea and Furniture and Fixture amounting to 80,43,509 are held by Distributors and Retailers.

3) \* The Additions/Adjustments are on account of slump sale transaction from Outletwise Retail Private Limited (Ref Note # 3.33)

**3.17 Cash and cash equivalents**

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Cash and cash equivalents		
(i) Balance with Bank		
- Current accounts*	2,32,56,331	36,49,38,401
* (Includes Rs. Nil towards share application money pending allotment. (Previous Year Rs. 34,75,06,809/-)		
(ii) Cheques on hand	7,76,10,616	-
(iii) Cash on hand	48,86,149	35,18,137
(iv) Balances in Bank deposit (having maturity less than 12 months) (out of above balances with banks held as margin money deposits against guarantees is Rs. 22,82,303/-)	1,37,59,640	84,71,660
	<b>11,95,12,736</b>	<b>37,69,28,198</b>

**3.18 Short-term loans and advances**

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
<b>Unsecured, Considered good</b>		
Security Deposits	15,36,89,733	5,87,10,856
Balance with statutory / government authorities	39,30,95,838	27,47,61,651
Advance given to employees	10,55,081	22,03,953
Advances for capital goods	1,67,27,292	32,18,617
Prepaid Expenses	3,90,61,332	45,46,924
	<b>60,36,29,276</b>	<b>34,34,42,001</b>

**3.19 Other current assets**

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Advance to suppliers	26,50,49,568	6,37,38,178
Advance against expenses	63,34,817	1,54,43,811
	<b>27,13,84,385</b>	<b>7,91,81,989</b>

**3.20 Revenue from operation**

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
<b>Sale of Products</b>		
Beauty and Hygiene	9,74,02,01,716	4,52,98,10,766
Apparels and Non-Apparels	39,86,982	-
<b>Other Operating Revenue</b>		
- Banner Advertisement Income	1,62,00,65,839	65,97,78,190
- Discount Income	75,72,17,915	48,65,43,137
- Commission Income	12,95,98,996	6,74,44,126
	<b>12,25,10,71,448</b>	<b>5,74,35,76,219</b>

**3.21 Other Income**

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
Shipping & COD Charges	1,37,76,115	46,71,010
Interest Income	13,25,222	12,03,867
Miscellaneous Income	23,72,009	3,578
Sundry Balances written back	12,33,048	-
Net gain /Loss from sale of investments	1,88,68,060	3,13,55,551
	<b>3,75,74,454</b>	<b>3,72,34,006</b>

**3.22 Cost of Materials Consumed**

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
Opening Stock	-	-
Purchases (Apparels)	1,09,20,970	-
Less: Closing Stock (Apparels)	92,13,876	-
	<b>17,07,094</b>	<b>-</b>

**Details of Cost of Materials Consumed**

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
Fabrics	16,72,033	-
Trims	35,061	-
	<b>17,07,094</b>	<b>-</b>

<b>3.23 Purchases of Stock in Trade</b>			
<b>Particulars</b>	<b>For the year ended 31st Mar 2019</b>	<b>For the year ended 31 March 2018</b>	
Purchase of Stock in Trade (Beauty & Hygiene)	9,06,36,94,431	4,35,59,98,150	
Purchase of Stock in Trade (Non-Apparels)	16,45,744	-	
Purchase by way of Slump Sale (Apparels and Non-Apparels)	44,34,549		
Freight	82,66,852	54,35,599	
Octroi Charges	-	1,41,203	
	<b>9,07,80,41,576</b>	<b>4,36,15,74,952</b>	
<b>3.24 Changes in inventories of stock in trade</b>			
<b>Particulars</b>	<b>For the year ended 31st Mar 2019</b>	<b>For the year ended 31 March 2018</b>	
<b>Opening stock in trade</b>			
Beauty & Hygiene	1,17,09,15,502	57,78,87,945	
Non-Apparels	-	-	
<b>Less: Closing stock</b>			
Beauty & Hygiene	2,41,85,58,217	1,17,72,16,485	
Non-Apparels	44,34,549	-	
	<b>(1,25,20,77,264)</b>	<b>(59,93,28,540)</b>	
<b>3.25 Employee benefits expense</b>			
<b>Particulars</b>	<b>For the year ended 31st Mar 2019</b>	<b>For the year ended 31 March 2018</b>	
Salaries and benefits (Net of Salary Capitalisation of Rs. 6,34,16,028/-) (P.Y. Rs. 6,43,52,183/-)	1,07,45,00,871	52,19,56,168	
Contribution to Provident Fund & other funds	3,28,32,437	1,82,42,378	
Staff welfare expenses	2,33,90,209	91,24,101	
	<b>1,13,07,23,517</b>	<b>54,93,22,647</b>	
<b>3.26 Financial Cost</b>			
<b>Particulars</b>	<b>For the year ended 31st Mar 2019</b>	<b>For the year ended 31 March 2018</b>	
Interest expense	17,89,62,750	6,63,13,861	
Bank charges	2,72,84,401	52,73,078	
	<b>20,62,47,151</b>	<b>7,15,86,939</b>	
<b>3.27 Other Expenses</b>			
<b>Particulars</b>	<b>For the year ended 31st Mar 2019</b>	<b>For the year ended 31 March 2018</b>	
Administrative & Other Expenses	12,31,58,757	5,38,81,077	
Selling Expenses	4,44,87,015	2,47,92,912	
Rates & Taxes	2,32,04,372	2,67,38,306	
Rent	23,92,46,614	9,97,44,580	
Freight Expenses	82,29,49,469	38,53,07,042	
Consumption of Packing Materials	20,10,76,994	9,27,93,217	
Payment Gateway Charges	4,53,59,219	2,47,61,091	
Marketing & Advertisement Expenses	1,28,40,39,031	74,36,21,432	
Web & Technology Expenses	27,46,67,152	17,02,56,935	
Repairs & Maintenance - Others	92,32,372	98,87,354	
Electricity Charges	2,08,52,345	59,92,033	
Travelling & Conveyance Expenses	5,72,87,729	2,84,89,631	
Communication Expenses	1,29,98,927	92,22,681	
Job Work Charges	6,98,838	-	
Stamp Duty & ROC Charges	30,31,391	10,73,065	
Product Testing & Development Charges	11,39,027	-	
Foreign Exchange Gain/Loss (Net)	38,83,258	22,12,063	
Insurance Expenses	39,14,277	25,12,935	
Recruitment Expenses	1,82,44,930	51,37,941	
Legal and Professional Fees	4,51,31,368	1,01,85,236	
Auditors remuneration :			
Audit fees	14,85,000	11,25,000	
Taxation Matters	4,15,000	2,25,000	
Other Matters	5,50,000	1,50,000	
	<b>3,23,70,53,085</b>	<b>1,69,81,09,531</b>	



### 3.28 Operating Lease

The Group is obligated under Lease and Licence (Rent) agreement for warehouse/offices which are renewable/cancellable as per the terms of the respective agreement. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis, over the lease term.

The Group has entered into operating lease for office and warehouse. Future obligation for the same are as under:

Particulars	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018
a) Lease Rent in respect of premises taken on leave and license basis		
Not Later than One Year	17,05,51,483	9,45,30,333
Later than One Year and not Later than Five Years	18,16,54,388	35,83,51,648
Later than Five Years	-	2,64,52,124
(b) Lease Rent recognized in the Statement of Profit & Loss for the year	23,92,46,614	9,97,44,580

### 3.29 Related party disclosure

#### I. Key management personnel

a) Mrs Falguni Nayar	Chief Executive Officer/Director
b) Mr Sachin Parikh	Chief Financial Officer
c) Mr Pratik Bhujade	Company Secretary
d) Mr Nihir Parikh	Director of Subsidiary
e) Mrs Rashmi Mehta	Director of Subsidiary
f) Ms Adwaita Nayar	Director of Subsidiary

#### II. Name of the company in which key management personnel have significant influence

Sealink View Probuild Private Limited  
Golfand Developers Private Limited

#### III. Relative of KMP

Mr Anchit Nayar  
Mr Sanjay Nayar

The following provides the total amount of transactions that have been entered into with related parties for the relevant financial year

Sr. No.	Name of the related party	Nature of relationship	Nature of transactions	As at Mar 31, 2019		As at March 31, 2018	
				Volume of transactions during the year	Outstanding balance debit / (credit)	Volume of transactions during the year	Outstanding balance debit / (credit)
1	Mrs Falguni Nayar	Chief Executive Officer	(i) Loan (ii) Interest Expense (iii) Employee Cost	2,79,88,086	(8,68,955)	1,86,47,434	(16,15,668)
2	Mrs Rashmi Mehta	Director of Subsidiary	Rent expenses	20,16,000	(18,681)	19,68,000	-
3	Sealink View Probuild Private Limited	Company in which key management personnel have significant influence	(i) Rent & CAM expenses	2,49,19,314	(8,95,384)	2,51,21,477	(1,76,701)
4	Golfand Developers Private Limited	Company in which key management personnel have significant influence	(i) Rent & CAM expenses (ii) Security Deposit	1,56,56,027	(1,35,891)	-	-
5	Ms Adwaita Nayar	Director of Subsidiary	(i) Employee Cost & reimbursements	51,93,548	-	47,76,914	(5,00,000)
6	Ms Adwaita Nayar	Relative of KMP	(i) Employee Cost & reimbursements	14,09,852	(4,33,291)	-	-
7	Mr Nihir Parikh	Director of Subsidiary (Upto 16/10/2017)	(i) Employee Cost & reimbursements	-	-	40,72,580	-
8	Mr Anchit Nayar	Relative of KMP	(i) Employee Cost & reimbursements	35,78,374	(4,61,424)	-	-
9	Mr Sachin Parikh	Chief Financial Officer	(i) Employee Cost & reimbursements (ii) Share application money received pursuant to ESOP	1,20,53,412 64,96,793	(42,405)	1,00,00,011	(6,25,001)
10	Mr Sanjay Nayar	Relative of KMP	Loan Interest on Loan	10,00,00,000 52,71,233	-	-	-
11	Mr Pratik Bhujade	Company Secretary	(i) Employee Cost & reimbursements	7,61,521	(64,882)	6,67,509	(56,300)

**3.30 Employee stock options details as on the Balance Sheet date are as follows:**

The Company has allotted 2,13,333 Ordinary (Equity) Shares of Rs. 10 each, 990 Ordinary (Equity) Shares of Rs. 10 each, 12,229 Ordinary (Equity) Shares of Rs. 10 each, 4,324 Ordinary (Equity) Shares of Rs. 10 each, 94,037 Ordinary (Equity) shares of Rs. 10 Each in the years ended 31st March, 2015, 31st March, 2016, 31st March, 2017, 31st March, 2018, and 31st March 2019 respectively to its employees & employee of its subsidiaries.

Options granted under Employees Stock Option Scheme – 2012 ("2012 Scheme") and 2017 ("2017 Scheme") vest in equal installments on the expiry of 12 Months, 36 Months and 48 Months from the date of grant. The options may be exercised on any day over a period of one year from the date of vesting

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method

**Summary of stock options**

Particulars	2018-19	2017-18
Options outstanding at the beginning of year	6,44,203	5,56,431
Options granted during the year	73,125	99,450
Options forfeited/lapsed during the year	8,316	7354
Options exercised during the year	94,037	4,324
Options outstanding at the end of the year	6,14,975	6,44,203
Options vested but not exercised at the end of the year	2,73,892	2,07,765

Had the Company adopted fair value method in respect of the employee stock options granted, the employee benefit expense for the year ended March 31, 2019 would have been higher by Rs. 40,489,587 (March 31, 2018: 39,595,521), profit after tax would have been lower by Rs. 40,489,587 (March 31, 2018: 39,595,521) and basic earnings per share would have been lower by Rs. 2.92 (March 31, 2018: 2.92) respectively, whereas diluted earnings per share would have been lower by Rs. 2.82 (March 31, 2018: 2.81) respectively. The fair value of the share options is estimated at the grant date using Black and Scholes Model.

**3.31 Disclosure of employee benefits**

**Defined Benefit Plan:**

The Group offers the following employee benefit schemes to its employees:

- Gratuity (included as part of Note 3.25 Employee benefits expense)

The actuarial valuation of the present value of the defined benefit obligations has been carried out as at 31st March, 2019. The following tables set out the amounts recognised in the financial statements as at 31st March, 2019 for the above mentioned defined benefit plans:

**1) Changes in the present value of the Defined Gratuity Benefit obligation representing reconciliation of opening and closing balance thereof:**

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
1) Present value of Defined Benefit Obligation as on beginning	1,26,09,536	50,84,116
2) Interest Cost	9,77,239	3,81,309
3) Current Service Cost	1,13,85,267	66,31,771
4) Benefits Paid	-	-
5) Actuarial (Gain)/Loss on Defined Benefit Obligation	-1,43,430	5,12,340
6) Present value of Defined Benefit Obligation as on end	2,48,28,612	1,26,09,536

**2) Amounts to be recognised in Balance sheet:**

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
1) Present value of Defined Benefit Obligation	2,48,28,612	1,26,09,536
2) Fair value of Plan Assets	-	-
3) Liability recognised in Balance Sheet	2,48,28,612	1,26,09,536

**3) Expenses recognised in the statement of profit and loss consists of:**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1) Current service costs	1,13,85,267	66,31,771
2) Interest Cost on Obligation	9,77,239	3,81,309
3) Actuarial (Gain)/ loss on Defined Benefit Obligation	-1,43,430	5,12,340
Expenses recognised in the statement of profit and loss	1,22,19,076	75,25,420

4) Actuarial assumptions used for valuation of the present value of the defined benefit obligations of various benefits are as under:

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
1) Rate of Interest	7.75% p.a.	7.5% p.a.
2) Salary Growth	6.5% p.a.	6.5% p.a.
3) Withdrawal Rate	1% at all ages	1% at all ages
4) Mortality Rates	Indian Assured Lives (2006-08) Ultimaty Mortality Rates	Indian Assured Lives (2006-08) Ultimaty Mortality Rates
5) Retirement Age	58 Years	58 Years

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

3.32	Foreign Currency Transactions	For the year ended 31st Mar 2019	For the year ended 31 March 2018
	A) C.I.F. Value of imports (Rs.)	40,33,64,510	9,56,78,973
	B) Expenditure in Foreign Currency (Rs.)		
	- For Professional charges	3,47,606	-
	- For Other Matters	16,67,23,018	15,82,03,601
	C) Earning in Foreign Currency (Rs.)	10,56,975	-

3.33 Purchases of E Commerce Business:

On 28th February 2019, the company entered into a business transfer agreement (BTA) with the Company "Outletwise Retail Private Limited" (ORPL) to acquire the E Commerce business - 20Dresses on Slump sale basis. The business transfer involved transfer of certain assets and liabilities as stated in the BTA on a "slump sale basis" for an agreed cash consideration of Rs 50 Lakhs

Pursuant to the above agreements and the necessary resolutions passed by the Board of Directors of the Company, the business stood transferred to the Company on 28th February 2019 and the following assets and liabilities acquired by the company were recorded at values as stated herein under. The values of fixed assets and intangible assets were recorded at fair values as determined by the management's experts and the difference between the value of net assets transferred and the aggregate purchase consideration is accounted as Capital reserve as under :

Particulars	Amount
<b>Assets:</b>	
Fixed assets	6,97,870
Debtors	44,03,443
Inventories	1,20,70,226
Other current assets	2,64,705
<b>Total assets transferred</b>	<b>1,74,36,245</b>
<b>Liabilities:</b>	
Short term debt	1,51,785
Trade payables	76,63,604
Other current liabilities	60,47,918
<b>Total liabilities transferred</b>	<b>1,38,63,307</b>
Consideration pursuant to BTA	50,00,000
Goodwill on Purchases of E Commerce business	14,27,062

Out of the outstanding of Rs. 50 Lakh, the company has paid Rs. 4,26,024 during the period. The outstanding balance of Rs. 45,73,976 is shown as under other current liabilities.

3.34 **Micro, Small and Medium Enterprises**

The MSME information has been determined to th extent such parties have been identified on the basis of information available with the Group and the same has been relied upon by the auditors.

3.35 **Contingent Liability**

Particulars	Current Year	Previous Year
Service Tax Demand	2,93,76,169	Nil
Bank Guarantee	3,11,03,680	3,68,20,000

3.36 **Statement Of Net Assets And Profit Or Loss Attributable To Owners And Minority Interest**

Name of the entity	Country of Incorporation	% of voting power as at March 31, 2019	% of voting power as at March 31, 2018	Net Assets i.e., total assets - total liabilities		Share in Profit & loss	
				As % of consolidated Net Assets	Amount (Rs.)	As % of consolidated Profit & Loss	Amount (Rs.)
FSN E-Commerce Ventures Private Limited	India	-	-	115.08%	27297,00,467	31.60%	-666,21,920
<b>Subsidiaries (held directly)</b>							
<b>Indian</b>							
Nykaa E Retail Private Limited	India	100%	100%	-7.11%	-1687,43,085	3.64%	-76,79,152
FSN Brands Marketing Private Limited	India	100%	100%	-7.88%	-1868,49,328	61.57%	1298,19,079
Nykaa Fashion Private Limited	India	100%	-	-0.27%	-64,68,692	3.07%	-64,68,692
Nykaa KK Beauty Private Limited	India	51%	-	-0.01%	-2,48,154	0.06%	-2,48,150
<b>Minority Interests in all subsidiaries</b>	India	49%	-	0.20%	46,61,578	0.05%	-2,38,418

3.37 **Earnings per share**

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Shareholders (loss) / earnings as per statement of profit and loss	(21,08,36,989)	(28,18,41,110)
b) Calculation of weighted average number of equity shares of Rs 10 each:		
- Number of shares issued during the year	6,86,828	4,324
Total number of equity shares outstanding at the end of the year	1,42,42,509	1,35,55,681
Weighted average number of equity shares outstanding during the year	1,38,53,497	1,35,52,796
Add: Dilutive impact of employee stock options	2,81,309	3,82,373
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	1,41,34,806	1,39,35,170
c) Basic EPS of face value of Rs 10 each (Rs) (a/b)	(15.22)	(20.80)
d) Diluted EPS of face value of Rs 10 each (Rs) (a/b)	(14.92)	(20.23)

3.38 MVAT Credit not admissible under MVAT Laws on Fixed assets are capitalisec

3.39 Debtors and Creditors are subject to confirmation and reconciliation

3.40 **Unhedged Foreign Currency**

Pursuant to the announcement on "Disclosure regarding Derivatives Instruments" issued by the Institute of Chartered Accountants of India, the Company has the following foreign currency exposure that are not hedged by a derivative instrument or otherwise as at 31st March 2019

Particulars	31st March 2019		31st March 2018	
	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount
Trade Payables				
In EURO	8,763	6,80,669		
In USD	3,37,415	2,33,33,903	52,445.86	34,11,293.82
Advances to Vendors				
In CNY	1,65,246	16,99,969	-	-
In EURO	72,790	56,53,820	-	-
In USD	8,32,111	5,76,28,197	-	-

3.41 In the opinion of Board of the Directors, current assets have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the balance sheet and provision for all known/expected liabilities have been made.

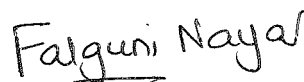
3.42 Previous year figures have been regrouped, re-casted and reclassified wherever necessary to match the current year figures.

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


  
A. N. Shah  
Partner  
Membership No: 42649

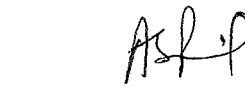


For and on behalf of Board of Directors

  
Falguni Nayar

Falguni Nayar  
CEO & Director  
DIN No. 00003633

  
Pratik Bhujade  
Company Secretary  
ACS M.No. A38175



Alpana Parida Shah  
Director  
DIN No. 06796621

  
Sachin Parikh  
Chief Financial Officer

Place: Mumbai  
Date: 04 June 2019