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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of FSN E-Commerce Ventures Limited

### **Opinion**

We have audited the accompanying interim consolidated Ind AS financial statements of FSN E-Commerce Ventures Limited (the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the interim consolidated Balance Sheet as at June 30, 2021, and the interim consolidated Statement of Profit and Loss, including other comprehensive income, interim consolidated Cash Flow Statement and the interim consolidated Statement of Changes in Equity for the three-month period then ended, and notes to the interim consolidated 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 given to us, the aforesaid interim consolidated Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended: Group's state of affairs as at June 30, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the three months period ended on that date:

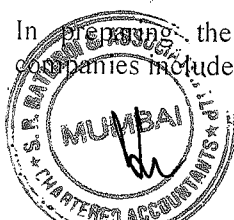
### **Basis for Opinion**

We conducted our audit of the interim consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim consolidated 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the interim consolidated Ind AS financial statements.

### **Management's Responsibility for the Interim Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Board of Directors of the companies included in the Group are also 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; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim consolidated Ind AS financial statements 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 interim 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



accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the interim 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 interim consolidated Ind AS 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 interim 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 ability of the Group 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim 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 of which we are the independent auditors and whose financial information we have audited, to express an opinion on the interim 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 interim consolidated financial statements of which we are the independent auditors. For the other entities included in the interim consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope



and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### Other matters

The accompanying consolidated interim financial statements and other financial information, in respect of 4 subsidiaries, whose Ind AS financial statements include total assets of Rs. 65,947 lakhs as at June 30, 2021, total revenues of Rs. 17,096 lakhs and net cash inflows amounting to Rs. 12,600 for the three-months period then ended. These interim financial statements and other financial information have been audited solely by one of the joint auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated interim financial statements, in so far as it relates to the amounts and disclosures of such subsidiaries is based solely on the report of such joint auditors.

Our opinion above on the consolidated financial statements, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of one of the joint auditors.

#### Other matters - restriction of use

This report is intended for the use by the Company in connection with the preparation of their Restated Ind AS Consolidated Summary of Assets and Liabilities of the Group as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the related Restated Ind AS Consolidated Summary Statement of Profit and Loss, their Restated Ind AS Consolidated Summary of Change in Equity, their Restated Ind AS Consolidated Summary Statement of Cash Flows and their Restated Ind AS Consolidated Summary Statement of significant accounting policies and other explanatory information for the three-month period ended June 30, 2021 and June 30, 2020, for each year ended March 31, 2021, March 31, 2020 and March 31, 2019, in connection with the proposed Initial Public Offer of the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
101049W/E300004



Per Vineet Kedia  
Partner

Membership Number: 212230  
UDIN: 21212230AAAADN6063

Place of Signature: Mumbai  
Date: September 27, 2021



For **V.C. Shah & Co.**  
Chartered Accountants  
ICAI Firm Registration Number:  
109818W



Per A.N. Shah  
Partner

Membership Number: 42469  
UDIN: 21042649AABGUJ8157

Place of Signature: Mumbai  
Date: September 27, 2021



FSN E-Commerce Ventures Limited  
(formerly known as FSN E-Commerce Ventures Private Limited)

Consolidated Financial Statements as on  
30 June 2021



**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**  
**Consolidated Balance Sheet as at 30 June 2021**  
*(All amounts in Rs. lakhs, unless otherwise stated)*

		As at 30 June 2021	As at 31 March 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4A	7,910.40	6,865.09
Right of use assets	4B	15,415.43	13,893.22
Capital work in progress	6	209.43	196.86
Goodwill	5	50.56	50.56
Other Intangible assets	5	2,077.62	2,303.48
Intangible assets under development	6	193.13	38.79
<b>Financial assets</b>			
Investments	7	2.71	131.91
Other financial assets	8	1,662.47	1,617.14
Deferred tax assets (net)	9	9,170.48	7,803.80
Non-current tax assets		1,060.28	856.18
Other non-current assets	10	540.06	135.32
<b>Total non-current assets</b>		<b>38,292.57</b>	<b>33,892.33</b>
<b>Current assets</b>			
Inventories	11	59,099.10	49,809.03
<b>Financial assets</b>			
Trade receivables	12	7,565.69	7,663.46
Cash and cash equivalents	13	28,183.61	8,358.20
Bank balance other than cash and cash	14	10,387.23	16,408.73
Other financial assets	15A	7,898.57	5,743.77
Other current assets	15B	11,717.17	8,318.07
<b>Total current assets</b>		<b>124,851.37</b>	<b>96,301.26</b>
<b>Total assets</b>		<b>163,143.94</b>	<b>130,193.59</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	16	1,547.60	1,505.73
Other equity	17	68,337.29	47,483.92
<b>Equity attributable to equity holders of the parent</b>		<b>69,884.89</b>	<b>48,989.65</b>
Non-controlling interests		94.12	83.41
<b>Total equity</b>		<b>69,979.01</b>	<b>49,073.06</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	18	166.00	166.00
Lease liabilities	20	11,659.91	10,738.23
Long-term provisions	21	722.31	734.52
<b>Total non-current liabilities</b>		<b>12,548.22</b>	<b>11,638.75</b>
<b>Current liabilities:</b>			
<b>Financial liabilities</b>			
Borrowings	19	26,647.41	18,580.53
Lease liabilities		4,478.74	3,781.56
Trade payables	22		
Total outstanding dues of micro enterprise and small enterprises		963.37	907.49
Total outstanding dues of creditors other than micro enterprises and small enterprises		30,095.29	30,713.65
Other financial liabilities	23	12,954.83	8,501.34
Short-term provisions	24	1,155.34	1,084.74
Contract liabilities	25A	1,953.66	1,691.44
Current tax liabilities		1,119.64	2,469.33
Other current liabilities	25B	1,248.44	1,751.70
<b>Total current liabilities</b>		<b>80,616.71</b>	<b>69,481.78</b>
<b>Total liabilities</b>		<b>93,164.93</b>	<b>81,120.53</b>
<b>Total equity and liabilities</b>		<b>163,143.94</b>	<b>130,193.59</b>

Significant accounting policies

2 to 3

Accompanying notes form an integral part of these consolidated financials statements

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

per A N Shah  
Partner  
Membership No: 42649

As per our report of even date  
For S. R. Batliboi & Associates LLP  
Chartered Accountants  
Firm Registration No: 101049W/E300004

per Vineet Kedia  
Partner  
Membership No: 212230

Place: Mumbai  
Date: 27 September 2021

For and on behalf of Board of Directors of  
FSN E-Commerce Ventures Limited  
(formerly known as FSN E-Commerce Ventures Private Limited)

Falguni Nayar  
Managing Director & CEO  
DIN No. 00003633

Milan Khakhar  
Director  
DIN No. 00394065

Arvind Agarwal  
Chief Financial Officer

Rajendra Punde  
Company Secretary  
ACS M.No.A9785



*Falguni Nayar* *Milan & Khakhar*



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**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**

**Consolidated Statement of Profit and Loss for the three months ended 30 June 2021**

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

	Notes	For the three months ended 30 June 2021	For the three months ended 30 June 2020
<b>INCOME</b>			
Revenue from operations	26	81,699.07	28,863.88
Other income	27	472.22	240.76
<b>TOTAL INCOME</b>		<b>82,171.29</b>	<b>29,104.64</b>
<b>EXPENSES</b>			
Cost of material consumed	28A	2,293.75	350.86
Purchase of traded goods	28B	55,094.24	10,425.55
Changes in finished goods and stock-in-trade	29	(8,854.66)	11,229.69
Employee benefits expense	30	8,846.66	5,587.50
Finance costs	31	901.35	871.08
Depreciation and amortization expense	32	1,949.69	1,547.09
Other expenses	33	21,625.40	6,280.09
<b>TOTAL EXPENSES</b>		<b>81,856.43</b>	<b>36,291.86</b>
<b>Profit / (loss) before tax</b>		<b>314.86</b>	<b>(7,187.22)</b>
<b>Tax expense / (income) :</b>			
Current tax	9	1,336.35	-
Deferred tax	9	(1,373.66)	(1,510.33)
Current tax relating to earlier years	9	-	(152.19)
Deferred tax credit for earlier years	9	-	(311.85)
<b>Total tax expense / (income)</b>		<b>(37.31)</b>	<b>(1,974.37)</b>
<b>Profit / (Loss) after tax</b>		<b>352.17</b>	<b>(5,212.85)</b>
<b>Other comprehensive income ('OCI')</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability		157.25	(18.08)
Income tax effect on above		(39.56)	2.20
Fair valuation of investments measured through OCI		(129.20)	-
Income tax effect on above		32.52	-
<b>Items that will not be reclassified to profit or loss, net of tax</b>		<b>21.01</b>	<b>(15.88)</b>
<b>Total Comprehensive Income for the period</b>		<b>373.18</b>	<b>(5,228.73)</b>
<b>Profit/ (loss) attributable to:</b>			
Equity holders of the parent		341.51	(5,176.63)
Non-controlling interest		10.66	(36.22)
		<b>352.17</b>	<b>(5,212.85)</b>
<b>Other comprehensive income attributable to:</b>			
Equity holders of the parent		21.00	(15.91)
Non-controlling interest		0.01	0.03
		<b>21.01</b>	<b>(15.88)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		362.51	(5,192.54)
Non-controlling interest		10.67	(36.19)
		<b>373.18</b>	<b>(5,228.73)</b>
Basic earnings per share (INR)	34	0.08	(1.18)
Diluted earnings per share (INR)	34	0.07	(1.18)

**Significant accounting policies**

2 to 3

Accompanying notes form an integral part of these consolidated financials statements

As per our report of even date

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W

per A N Shah

Partner

Membership No: 42649

As per our report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration No: 101049W/E300004

per Vineet Kedia

Partner

Membership No: 212230

Place: Mumbai

Date: 27 September 2021

For and on behalf of Board of Directors of

FSN E-Commerce Ventures Limited

(formerly known as FSN E-Commerce Ventures Private Limited)

Falguni Nayar

Managing Director & CEO

DIN No. 00003633

Milan Khakhar

Director

DIN No. 00394065

Arvind Agarwal

Chief Financial Officer

Rajendra Pude

Company Secretary

ACS M.No.A9785

FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)  
Consolidated Statement of Cash Flows for the three months ended 30 June 2021  
(All amounts in Rs. lakhs, unless otherwise stated)

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
<b>Operating activities</b>		
Profit/(loss) before tax as per Statement of profit & loss	314.86	(7,187.22)
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation and amortisation	1,949.69	1,547.09
Finance costs	901.35	871.08
Interest income	(294.94)	(211.74)
Provision for gratuity	45.18	77.50
Provision for compensated absences expense	228.05	431.33
Provision for share based payment expenses	200.38	77.21
Allowance for expected credit loss	17.79	237.26
Gain on closure of ROU	(147.07)	-
<b>Operating profit before working capital changes</b>	<b>3,215.29</b>	<b>(4,157.49)</b>
Working capital Adjustments:		
Decrease in trade receivables	79.82	2,929.73
(Increase)/ Decrease in inventories	(9,289.80)	11,505.62
(Increase) in current financial asset	(2,029.53)	(1,760.07)
Increase in non-current financial assets	(45.33)	(1,464.39)
(Increase)/ Decrease in other assets	(3,803.84)	800.27
Increase/ (Decrease) in trade payables	(581.68)	(11,866.36)
Decrease in non-current provisions	(114.88)	(510.92)
Increase in current other financial liabilities	4,088.97	4,675.95
Increase/ (Decrease) in other current liabilities	(503.26)	(396.02)
Increase in current provisions	70.60	505.14
<b>Cash generated from / (used) in operations</b>	<b>(8,913.64)</b>	<b>261.46</b>
(Payment)/ Refund of taxes (net)	(2,890.14)	331.12
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(11,803.78)</b>	<b>592.58</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment (net)	(1,196.91)	(559.36)
Investment in fixed deposits	6,021.50	343.68
Payments towards purchase of undertaking on slump sale	-	-
Interest Received	187.26	50.74
<b>Net cash flows from / (used in) investing activities (B)</b>	<b>5,011.85</b>	<b>(164.94)</b>
<b>Financing activities</b>		
Proceeds from issue of equity shares	10.43	12.71
Proceeds from securities premium (net)	20,276.55	8,547.92
Proceeds from share application money pending allotment	62.11	-
Proceeds from/(Repayment of) non-current borrowings (net)	-	171.50
Proceeds from/(Repayment of) current borrowings (net)	8,067.48	(7,136.64)
Principal payment of lease liabilities	(926.53)	(665.56)
Interest expenses on lease liabilities	(306.35)	(215.17)
Interest paid	(585.58)	(301.56)
<b>Net cash flows from / (used in) financing activities (C)</b>	<b>26,598.11</b>	<b>413.20</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>19,806.18</b>	<b>840.84</b>
Cash and cash equivalents at the beginning of the period/ year	8,358.23	10,119.11
Net foreign exchange differences	19.20	20.97
<b>Cash and cash equivalents at the year end (refer note 13)</b>	<b>28,183.61</b>	<b>10,980.92</b>

**Note:**

- 1 Non cash transactions relating to investing and financing activities. (Refer note no 15A.1, 17b, 23A and 35).
- 2 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
- 3 Cash and Bank balances in current account includes Rs 2,163.49 lakhs (30 June 2020: 1,037.26 lakhs; 31 March 2021: 1,667.20 lakhs) towards collections for shipments held on behalf of customers

**Significant accounting policies (Refer Note 2 to 3)**

Accompanying notes form an integral part of these consolidated financial statements

As per our report of even date

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

per A N Shah  
Partner  
Membership No: 42649



As per our report of even date

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Chartered Accountants  
Firm Registration No: 101049W/E300004

per Vineet Kedia  
Partner  
Membership No: 212230



Place: Mumbai  
Date: 27 September 2021

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

(formerly known as FSN E-Commerce Ventures Private Limited)

Falguni Nayar  
Managing Director & CEO  
DIN No. 0000633

Milan Khakhar  
Director  
DIN No. 00394065

Arvind Agarwal  
Chief Financial Officer

Rajendra Punde  
Company Secretary  
ACS M.No.A9785



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FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)  
Consolidated Statement of Changes in Equity for the three months ended 30 June 2021  
(All amounts in Rs. lakhs, unless otherwise stated)

a. Equity Share Capital:

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

	No. of shares	Amount
At 1 April 2020	1,45,49,077	1,454.91
Issue of equity share capital during the year	5,08,160	50.82
At 31 March 2021	1,50,57,237	1,505.73
At 1 April 2021	1,50,57,237	1,505.73
Issue of equity share capital during the period	4,18,473	41.87
At 30 June 2021	1,54,75,710	1,547.60

b. Other Equity:

Instruments classified as Equity:

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares

("OCRPS") of Rs. 10 each

At 1 April 2020\*

Issue of preference share capital during the year

At 31 March 2021\*

	No. of shares	Amount
At 1 April 2020*	2,75,000	20.63
Issue of preference share capital during the year	1,61,500	12.11
At 31 March 2021*	4,36,500	32.74
At 1 April 2021*	4,36,500	32.74
Call money @ Rs. 2.50 per share on 4,00,500 shares	-	10.01
Issue of preference share capital during the period @ Rs. 10.00 per share	14,028	1.40
Conversion of preference share capital during the period	(4,14,528)	(41.45)
At 30 June 2021*	36,000	2.70

\* partly paid up @ Rs 7.50 per share each

Terms/ rights attached to Optionally Convertible Redeemable Preference Shares :

36,000 Nos (31 March 2021 4,36,500) 0.001% p.a. non-cumulative OCRPS of Rs 10 (face value) aggregating to Rs 2.70 lakhs (Rs. 7.50 each (partly paid up) as at - 31 March 2021 Rs. 32.74 lakhs) towards face value have a tenure of 5 (five) years from the date of allotment and as per terms attached 1 Fully Paid up OCRPS shall be converted into 1 Equity share of the face value Rs. 10 each at the end of the tenure.

During the three months ended 30 June 2021 call money of Rs. 2.50 each was received on 2,39,000 OCRPS at premium of Rs. 3,850.11 each and 1,61,500 OCRPS at premium of Rs. 6,047.06 each. The remaining 36,000 OCRPS held by exited employees were forfeited due to non-payment of call money and re-issued to promoters on 9 July 2021 after receiving full issue price of face value of Rs. 10 and premium of Rs. 10,756.65 each.

Pursuant to the resolution passed by Board of Directors on 30 June 2021 and 15 July 2021, the company has converted 4,14,528 and 36,000 fully paid-up OCRPS respectively, into fully paid-up equity shares out of which 4,36,500 partly paid-up OCRPS were outstanding as on 31 March 2021 and balance i.e. 14,028 fully paid-up OCRPS were issued & converted during the period 30 June 2021 on receipt of issue price of face value of Rs. 10 and premium of Rs. 10,756.75 each.

The Company has availed the option to convert fully paid up OCRPS and accordingly 4,00,500 OCRPS was converted into equity shares as on 30 June 2021 at the issue price as per conditions given in the letter of offer and balance 36,000 was converted into equity shares subsequent to reporting date, i.e. as on 15 July 2021.

For the three months ended 30 June 2021								
Particulars	Share application money pending allotment	Equity attributable to equity holders of the parent			Share Options Outstanding Account	Total other equity	Non-controlling interest	Total
		Reserves & Surplus	Other comprehensive income (OCI)	Securities premium				
As at 1st April 2021	-	(9,922.63)	56,665.73	(185.62)	893.70	47,451.18	83.45	47,534.63
Net Profit for the period	-	341.51	-	-	-	341.51	10.66	352.17
Other comprehensive income	-	-	21.01	-	-	21.01	0.01	21.02
Total comprehensive income	-	(9,581.12)	56,665.73	(164.61)	893.70	47,813.70	94.12	47,907.82
Securities premium on issue of equity shares and OCRPS	-	-	20,534.23	-	-	20,534.23	-	20,534.23
ESOP lapse/forfeited	-	-	-	-	-	-	-	-
Shares allotted during the period on exercise of ESOP	-	-	17.07	-	(17.07)	-	-	-
Addition during the period	62.11	-	-	-	199.29	261.41	-	261.41
Share issue expenses	-	-	(274.75)	-	-	(274.75)	-	(274.75)
As at 30 June 2021	62.11	(9,581.12)	76,942.28	(164.61)	1,075.92	68,334.59	94.12	68,428.71

For the quarter ended 30 June 2020								
Particulars	Share application money pending allotment	Equity attributable to equity holders of the parent			Share Options Outstanding Account	Total other equity	Non-controlling interest	Total
		Reserves & Surplus	Other comprehensive income (OCI)	Securities premium				
As at 1st April 2020	2.35	(16,090.80)	45,722.53	32.44	1,098.34	30,764.86	73.79	30,838.65
Net (Loss) for the period	-	(5,176.63)	-	-	-	(5,176.63)	(36.22)	(5,212.85)
Other comprehensive income	-	-	(15.88)	-	-	(15.88)	-	(15.88)
Total comprehensive income	2.35	(21,267.43)	45,722.53	16.56	1,098.34	25,572.35	37.57	25,609.92
Securities premium on issue of shares	-	-	8,650.18	-	-	8,650.18	-	8,650.18
ESOP lapse/forfeited	-	4.24	-	-	(4.24)	-	-	-
Shares allotted during the period	(0.43)	-	23.71	-	(23.71)	(0.43)	-	(0.43)
Addition during the period	-	-	-	-	77.20	77.20	-	77.20
Share issue expenses	-	-	(125.97)	-	-	(125.97)	-	(125.97)
As at 30 June 2020	1.92	(21,263.19)	54,270.45	16.56	1,147.60	34,173.33	37.57	34,210.90

Significant accounting policies (Refer Note 2 to 3)

Accompanying notes form an integral part of these consolidated financial statements

As per report of even date

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W

per A N Shah

Partner

Membership No: 42649

For and on behalf of Board of Directors of

FSN E-Commerce Ventures Limited

(formerly known as FSN E-Commerce Ventures Private Limited)

Falguni Naya

Managing Director & CEO

DIN No. 00003633

Milan Khakhar

Director

DIN No. 00394065

As per report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration No: 101049W/E300004

per Vineet Kedia

Partner

Membership No: 212230

Place: Mumbai

Date: 27 September 2021

Falguni Naya

Managing Director & CEO

DIN No. 00003633

Milan Khakhar

Director

DIN No. 00394065

Avinash Agarwal

Chief Financial Officer

Rajendra Punde

Company Secretary

ACS M.No. A9785

# **FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**

## **Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

### **1. Corporate Information**

The consolidated financial statements comprise financial statements of FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited, the 'Company' or 'Parent' or 'Holding Company') and its subsidiaries (collectively, the 'Group') for the three months ended June 30, 2021. The Company is a public 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 has converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 16 July 2021 and consequently the name of the Company has changed to FSN E-Commerce Ventures Limited to a fresh certificate of incorporation issued by ROC on 28 July 2021.

The Group is engaged in the business of manufacturing, selling & distribution of beauty, wellness, fitness, personal care, health care, skin care, hair care products, fashion garments, fashion accessories and equipments on the online portals or websites such as e-commerce, m-commerce, internet, intranet as well as through physical stores, stalls, general trade and modern trade etc. Information on the Group's structure is provided in Note 37.

The consolidated financial statements for the three months ended 30 June 2021 were approved by the Board of Directors and authorised for issue on 27 September 2021.

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

### **2. Significant accounting policies**

#### **2A. Basis of preparation**

##### **i) Statement of compliance:**

These financial statements have been prepared in accordance with Indian Accounting Standards 34 "Interim Financial Reporting" (referred to as "Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III, as amended).

##### **ii) Historical cost convention:**

The consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### **2B. Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at June 30, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its





**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**

**Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period/year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., three months ended on June 30. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.





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- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

**2C. Summary of significant accounting policies:**

**a) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognised as incurred and included in other expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.





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Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with Ind AS 109. Other contingent consideration that is not within the scope of Ind AS 109 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**b) Current versus non-current classification**

The Group 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 settled within twelve months after the reporting period or
- 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 Group classifies all other liabilities as non-current.

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





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

**c) 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 Group 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 and is stated at cost, net of accumulated impairment loss, if any. 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.

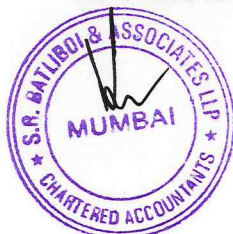
**Depreciation on Property, Plant & Equipment:**

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.

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Plant and Machinery	8
Computers	3
Furniture & Fixtures	10
Office Equipments	5
Vehicles	8

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimates.



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**d) 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 period/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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

**Amortization of intangible assets:**

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

Intangible asset	Useful lives (in years)
Trade Mark	5
Business application development (Internally generated)	3
Website	3
Software	3

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group 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



Ans



**Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

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.

**e) 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.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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 Group 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.

**f) 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.



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- 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 first in, first out 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.

An inventory provision is recognised for cases where the net realisable value is estimated to be lower than the inventory carrying value. The net realisable value is estimated taking into account various factors, including obsolescence of material due to design change, process change etc., unserviceable items i.e. items which cannot be used due to deterioration in quality or due to shelf life or damaged in storage and ageing of material i.e. slow moving/non-moving prevailing sales prices of inventory.

**g) Leases**

The Group 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.

**Group as a lessee:**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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**

The Group 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 warehouse/office 2 to 6 years

If ownership of the leased asset transfers to the Group 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 (e) Impairment of non-financial assets.

**ii. Lease liabilities:**

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised



**Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

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 Group 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 Group 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.

**Sub-lease**

At the commencement date, the Group 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 Group 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 Group 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 Group 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 Group regularly reviews estimated unguaranteed residual values, if any, used in computing the gross investment in the lease and adjusts the income allocation accordingly.



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**Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

**h) 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.

**Initial recognition and measurement:**

All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

***Financial Assets***

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (i(I)) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

***Financial Liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

**Subsequent measurement:**

**i. Financial assets**

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

***Financial assets at amortised cost (debt instruments)***

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and





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b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost includes trade and other receivables and loans to employees.

***Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)***

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

***Financial Assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

***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 at fair value through Profit or Loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer





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the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

***Financial liabilities at amortised cost (loans and borrowings)***

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 Group 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 when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Derecognition**

***Financial Assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset, 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 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.

***Financial Liabilities***

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





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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.

**Impairment of financial assets:**

In accordance with Ind AS 109, the Group applies simplified 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 Group 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.

Trade receivables are written off when there is no reasonable expectation of recovery

**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.

**i) Revenue recognition:**

***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.

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 Group 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.

**Sale of products:**

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the Group expects to receive in exchange for products. Revenue from the sale of products is recognised when products are delivered 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 Group's obligation is to arrange for the provision of goods and services by another party, the Group 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.



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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.

**Rendering of services:**

Income from services are recognised as and when the services are rendered.

**Marketing Support Revenue**

- The Group recognizes marketing income i.e. visibility services provided by the Group to various brands at retail outlets of the Group. Revenue from advertisement services is recognised when advertisement is displayed.

- Advertising revenue is derived from displaying web and application based banner ads and sale of online advertisements. Revenue from banner advertisement is recognised pro rata over the period of display of advertisement as per contract.

- Revenue from sale of online advertisements is recognised based on output method and the Group applies the practical expedient to recognize advertising revenue in the amount to which the Group has a right to invoice upon rendering of services.

**Reward points programme**

The Group has a reward points programme which allows customers to accumulate points that can be redeemed against future purchases of products at discounted prices. The reward points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the reward points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the reward points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on an annual basis and any adjustments to the contract liability balance are charged against revenue.

**ii. Contract balances:**

**- Contract assets**

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Group performs by transferring products 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 Group'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.





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**- Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**j) 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.

**k) Provisions**

A provision is recognised when the Group has a present legal or constructive obligation as a result of past event, and 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.

**l) Foreign currency transactions**

***Functional and presentation currency***

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

***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 period/year,



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or reported in previous financial statements, are recognised as income or as expenses in the statement of profit and loss in the period/year in which they arise.

**m) Share Based payment**

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

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 Options outstanding 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 Group'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.

**n) Post-employment and other employee benefits**

***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.

***Post-employment 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 period/year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.





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*ii. Defined Benefit Plans*

**Gratuity**

The Group have an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period/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. The Group 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, 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.

**Compensated absences**

The Group provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least 12 months after the reporting date, regardless of when the actual settlement.

**o) 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.

**p) 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





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

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 Group 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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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. The management assessed that cash and cash equivalents, trade receivables, advances, trade payables, bank overdraft and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management selects appropriate valuation techniques using discounted cash flow model when the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets. 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. 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 Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group 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.

**q) 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 Group 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





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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). The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**r) Cash and cash equivalents**

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

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 Group's cash management.

**s) 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 Group 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 Group does not recognise a contingent liability but discloses its existence in the financial statements.

**t) Earnings per share**

Basic earnings per share is computed 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.



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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, except where the result would be anti-dilutive.

**u) Segment reporting policies**

The Group drives synergy across fulfilment models, sales channels and product categories and accordingly the management reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

**v) Share capital**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of equity shares are recognised as a deduction from equity.





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#### **3. Significant accounting judgements, estimates and assumptions**

The preparation of consolidated 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 Group'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 Group as lessee**

The Group 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.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Group included the renewal period as part of the lease term for leases of property with shorter non-cancellable period (i.e., 3 to 5 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on business if a replacement by way of alternate property is not readily available. The renewal periods for leases of property with longer non-cancellable periods (i.e., 6 to 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

##### **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 Group. 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





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values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/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.

**c. Estimation of defined benefit obligation and compensated absences**

The cost of the defined benefit gratuity plan, compensated absences 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. Income taxes:**

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

**e. Deferred Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Group considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. 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. The Group has recognised deferred tax assets on the unused tax losses and other deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

**f. Business combination:**

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed





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reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

**g. 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.

**h. 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.

**i. 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 Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**j. Measurement of fair value of non-marketable equity investments:**

These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the income approaches. The income approach includes the use of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.

**k. Reward points:**

The Group estimates the stand-alone selling price of the loyalty points awarded by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for reward points and customers' preferences. The Group ensures that the value assigned to the reward points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).





**Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

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

The Group uses a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. 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 Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

**m. Leases – Estimating the incremental borrowing rates:**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's credit rating).

**n. Other estimates:**

The share-based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

**Standard / Amendments issued:**

The Ministry of Corporate Affairs (MCA) vide Notification dated 18 June 2021 notified the new Companies (Indian Accounting Standard) Amendment Rules, 2021. The notification has made amendments to various Ind AS. Some of the key amendments are:

**a. Ind AS - 116 Leases**

The practical expedient relating to rent concessions arising as a result of COV'ID-19 allowed lessees to not consider COVID-19 related rent concessions to be a lease modification provided the lease payments were originally due on or before 30 June 2021. The relief provided by the practical expedient has now been extended and is applicable to all lease payments originally due on or before 30 June 2022. The said amendment is applicable for annual reporting periods beginning on or after 1 April 2021.

**b. Ind AS 103 – Business Combination**

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the



**Significant accounting policies and explanatory notes to Consolidated Financial Statements as at and for the three months ended 30 June 2021**

acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS. This amendment has no impact on the consolidated financial statements.

**c. Amendment to Ind AS 105, Ind AS 16 and Ind AS 28**

The definition of “Recoverable amount” is amended such that the words “the higher of an asset’s fair value less costs to sell and its value in use” are replaced with “higher of an asset’s fair value less costs of disposal and its value in use”. The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28. This amendment has no impact on the consolidated financial statements.

**d. Interest Rate Benchmark Reform – Phase 2**

This amendment relates to 'Interest Rate Benchmark Reform — Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are:

- i. Ind AS 109: New guidance has been included on changes in the basis for determining the contractual cashflows as a result of interest rate benchmark reform. An entity should apply the amendments for annual reporting periods beginning on or after April 1, 2021.
- ii. Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform and how the entity manages these risks.
- iii. An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116. The adoption of the amendments did not have any material impact on its financial statements.

**e. Amendments to Ind AS consequential to Conceptual Framework under Ind AS**

The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 106, Exploration for and Evaluation of Mineral Resources; Ind AS 114, Regulatory Deferral Accounts; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. The Group does not expect the consequential amendments to have any significant impact in its financial statements.

- f. The Group has considered the amendments to Schedule III of the Companies Act 2013 notified by Ministry of Corporate Affairs (“MCA”) via notification dated March 24, 2021 in the financial statements’ disclosures, wherever applicable.





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4A Property, plant and equipment

	Computer Equipment	Furniture & Fixtures	Office equipments	Vehicles	Plant and equipment	Leasehold improvements	Total
<b>Cost or deemed cost (gross carrying amount)</b>							
At 1 April 2020	1,643.65	4,577.82	1,192.19	43.98	41.39	2,029.26	9,528.29
Additions*	524.05	653.64	331.26	-	1.28	378.71	1,888.94
Disposals/adjustments	(1.79)	(186.17)	(11.92)	-	-	(139.16)	(339.04)
At 31 March 2021	2,165.91	5,045.29	1,511.53	43.98	42.67	2,268.81	11,078.19
<b>Accumulated depreciation and impairment</b>							
At 1 April 2020	755.86	788.03	339.11	10.48	6.62	613.38	2,513.48
Depreciation charge for the year	450.26	514.31	231.83	33.50	4.79	626.47	1,861.16
Disposals/adjustments	(0.90)	(81.39)	(5.90)	-	-	(73.35)	(161.54)
At 31 March 2021	1,205.22	1,220.95	565.04	43.98	11.41	1,166.50	4,213.10
<b>Cost or deemed cost (gross carrying amount)</b>							
At 1 April 2021	2,165.91	5,045.29	1,511.53	43.98	42.67	2,268.81	11,078.19
Additions*	409.03	627.15	352.70	-	-	182.35	1,571.23
Disposals/adjustments	(1.30)	(0.94)	(0.25)	-	-	(80.33)	(82.82)
At 30 June 2021	2,573.65	5,671.50	1,863.98	43.98	42.67	2,370.84	12,566.60
<b>Accumulated depreciation and impairment</b>							
At 1 April 2021	1,205.22	1,220.95	565.04	43.98	11.41	1,166.50	4,213.10
Depreciation charge for the period	145.01	175.62	68.23	-	1.49	135.57	525.92
Disposals/adjustments	(1.30)	(0.94)	(0.25)	-	-	(80.33)	(82.82)
At 30 June 2021	1,348.93	1,395.63	633.02	43.98	12.90	1,221.73	4,656.20
<b>Net Book Value</b>							
At 30 June 2021 *	1,224.72	4,275.87	1,230.96	-	29.77	1,149.11	7,910.40
At 31 March 2021 *	960.69	3,824.34	946.49	-	31.26	1,102.32	6,865.09

#Movable assets have been pledged to secure borrowings of the Group (refer note-19.1)

As at 30 June 2021, gross carrying amount include Rs. 20 lakhs and Rs. 80 lakhs of Plant and machinery and furnitures and fixtures respectively which were lying at the third party vendors i.e. distributors and retailers prior to 31 March 2020.

\*Refer note no 45 for acquisition of assets on account of business purchase in FY 2019-20 and FY 2020-21.

On transition to Ind AS (i.e. 1 April 2018), the Group has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

4B Right of Use Assets

	Right of Use Assets
<b>Cost</b>	
At 1 April 2020	20,165.36
Additions	4,694.36
Disposals/adjustments*	(636.33)
At 31 March 2021	24,223.39
<b>Accumulated amortisation</b>	
At 1 April 2020	5,766.01
Depreciation charge for the year	4,887.44
Disposals/adjustments	(323.28)
At 31 March 2021	10,330.17
<b>Cost</b>	
At 1 April 2021	24,223.39
Additions	2,931.03
Disposals/adjustments*	(326.37)
At 30 June 2021	26,828.05
<b>Accumulated amortisation</b>	
At 1 April 2021	10,330.17
Depreciation charge for the period	1,304.94
Disposals/adjustments	(222.49)
At 30 June 2021	11,412.62
<b>Net Book Value</b>	
At 30 June 2021	15,415.43
At 31 March 2021	13,893.22

\* Disposals/transfer includes derecognition of ROU asset on cancellation of lease contract.



## 5 Intangible assets

	Catalogue	Business Application Development cost	Computer Softwares	Trademark	Total	Goodwill
<b>Cost or deemed cost (gross carrying amount)</b>						
At 1 April 2020	1,541.54	2,887.50	196.63	-	4,625.67	14.27
Additions*	9.91	1,039.39	253.29	494.44	1,797.03	40.00
At 31 March 2021	1,551.45	3,926.89	449.92	494.44	6,422.70	54.27
<b>Accumulated amortisation and impairment</b>						
At 1 April 2020	1,095.40	1,697.21	112.41	-	2,905.02	3.71
Amortisation/impairment charge for the year	456.06	659.57	98.11	0.46	1,214.20	-
At 31 March 2021	1,551.46	2,356.78	210.52	0.46	4,119.22	3.71
<b>Cost or deemed cost (gross carrying amount)</b>						
At 1 April 2021	1,551.45	3,926.89	449.92	494.44	6,422.70	54.27
Additions*	-	58.85	12.97	-	71.82	-
At 30 June 2021	1,551.45	3,985.74	462.89	494.44	6,494.52	54.27
<b>Accumulated amortisation and impairment</b>						
At 1 April 2021	1,551.46	2,356.78	210.52	0.46	4,119.22	3.71
Amortisation/impairment charge for the period	-	227.85	45.11	24.72	297.68	-
At 30 June 2021	1,551.46	2,584.63	255.63	25.18	4,416.90	3.71
<b>Net Book Value</b>						
At 30 June 2021	(0.01)	1,401.11	207.26	469.26	2,077.62	50.56
At 31 March 2021	(0.01)	1,570.11	239.40	493.98	2,303.48	50.56

\*Refer note no 44 for acquisition of assets on account of business purchase.

## 6 Capital work in progress and Intangible assets under development

### Capital work in progress

At 1 April 2020	77.80
Addition	196.86
Capitalisation	77.80
At 31 March 2021	196.86
At 1 April 2021	196.86
Addition	209.43
Capitalisation	196.86
At 30 June 2021	209.43

### Capital work in progress ageing schedule:

Periods in progress	Amount in capital asset under development				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 30 June 2021	209.43	-	-	-	209.43
As at 31 March 2021	196.86	-	-	-	196.86

Capital work in progress comprises of expenses incurred towards improvement to leasehold premises.

On transition to Ind AS (i.e. 1 April 2018), the Group has elected to continue with the carrying value of all Intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of Intangible Assets.

There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above mentioned reporting dates.

### Intangible assets under development

At 1 April 2020	124.53
Addition	268.49
Capitalisation	354.23
At 31 March 2021	38.79
At 1 April 2021	38.79
Addition	154.34
At 30 June 2021	193.13

### Intangible assets under development ageing schedule:

Periods in progress	Amount in intangible assets under development				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 30 June 2021	193.13	-	-	-	193.13
As at 31 March 2021	38.79	-	-	-	38.79

Intangible assets under development include cost for development of business to business platform & cost for implementation of accounting software microsoft dynamics D365

There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above mentioned reporting dates.



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**7 Investments**

Particulars	As at 30 June 2021		As at 31 March 2021	
	Units	Amount	Units	Amount
<b>7A NON-CURRENT INVESTMENTS</b>				
Measured at fair value through Other Comprehensive Income (FVTOCI)				
<u>Investment in Preference Shares ( Unquoted, fully paid up)</u>				
JMS Logistics and Express Private Limited				
In Series A1 Compulsory Convertible Cumulative Preference Shares of Re. 1/- each	271,429	2.71	271,429	131.91
<b>Total investments measured at FVTOCI</b>		<b>2.71</b>		<b>131.91</b>
<b>Total non-current investments</b>		<b>2.71</b>		<b>131.91</b>
<b>7.1</b> For list of investments in subsidiaries, joint ventures and associates along with proportion of ownership interest held and country of incorporation refer note 45.				
<b>7.2</b> Investments at fair value through OCI (fully paid) reflect investment in unquoted securities. These securities are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus, disclosing their fair value fluctuation in profit or loss will not reflect the purpose of holding.				
<b>7.3 CATEGORY-WISE INVESTMENT</b>				
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)		2.71		131.91
<b>Total Investments</b>		<b>2.71</b>		<b>131.91</b>
Aggregate amount of unquoted investments		2.71		131.91
Aggregate amount of impairment in value of investments		377.61		248.41

During the period/ year the Group has recognised the impact of decline in the fair value of investment of Rs. 129.20 (31 March 2021: 248.41 lakhs) through other comprehensive income.



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8 Other financial assets (Non current)

	As at 30 June 2021	As at 31 March 2021
Measured at amortised cost, except otherwise stated		
Security deposits (unsecured, considered good)	1,662.47	1,617.14
(Security Deposits given for the period ranging from 2 to 6 years)		
Long term deposits with banks with maturity period more than 12 months	-	-
<b>Total</b>	<b>1,662.47</b>	<b>1,617.14</b>

9 Income Taxes

The major components of income tax expense for the quarter ended 30 June 2021 and year ended 31 March 2021 are:

A Consolidated Statement of profit and loss:

	For the three months ended 30 June 2021	For the year ended 31 March 2021
<b>i. Consolidated Profit or loss section:</b>		
<b>Current income tax:</b>		
Current income tax charge	1,336.35	4,007.85
Adjustments in respect of current income tax of previous period	-	(152.19)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(1,373.66)	(3,096.12)
Adjustments in respect of deferred tax of previous period/year	-	(311.85)
<b>Income tax expense/(income) reported in the statement of profit or loss</b>	<b>(37.31)</b>	<b>447.69</b>
<b>ii. OCI section - Deferred tax related to items recognised in OCI during the period/year:</b>		
Tax Expenses/(Income) on remeasurements of defined benefit plans	32.52	62.53
Tax Expenses/(Income) on remeasurements of Investment	(39.56)	11.93
<b>Deferred tax expense charged / (credited) to OCI</b>	<b>(7.04)</b>	<b>74.46</b>

B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 30 June 2021 and 31 March 2021:

	For the three months ended 30 June 2021	For the year ended 31 March 2021
<b>Profit before tax</b>	<b>314.86</b>	<b>6,612.41</b>
<b>Applicable tax rate</b>	<b>25.17%</b>	<b>25.17%</b>
Tax using the Group's domestic tax rate	79.25	1,664.34
<b>Tax effect of:</b>		
Interest on late payment of taxes	-	78.45
Tax expenses/(credit) relating to earlier periods/year	-	(612.64)
Others (including permanent differences and brought forward losses)	(116.56)	(218.47)
<b>Income tax expenses as per statement of profit and loss</b>	<b>(37.31)</b>	<b>911.68</b>
Current tax expense / (income)	1,336.35	4,007.80
Deferred tax expense / (income)	(1,373.66)	(3,096.12)
<b>Tax expense/(income) recognized in the statement of profit and loss</b>	<b>(37.31)</b>	<b>911.68</b>
<b>Effective tax rate</b>	<b>(11.85)%</b>	<b>13.79%</b>

C Gross movement in the current income tax assets/liabilities for the three months ended 30 June 2021 and year ended 31 March 2021:

	As at 30 June 2021	As at 31 March 2021
<b>Net income tax asset/liability at the beginning</b>	<b>(1,613.15)</b>	<b>925.37</b>
Income tax paid	2,890.14	1,317.09
Current income tax expense	(1,336.35)	(4,007.80)
Income tax (expense)/credit for earlier periods	-	152.19
<b>Net income tax asset/(liability) at the end</b>	<b>(59.36)</b>	<b>(1,613.15)</b>
Income tax asset	1,060.28	856.18
Income tax liability	(1,119.64)	(2,469.33)
<b>Income tax asset / (liability) (net)</b>	<b>(59.36)</b>	<b>(1,613.15)</b>





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**D Deferred tax:**

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

Particulars	As at 30 June 2021	As at 31 March 2021
Impact of expenditure charged to the statement of profit and loss in the current year/period but allowed for tax purposes on payment basis	790.58	674.43
Impact of brought forward losses	4,786.71	4,912.64
Impact of difference between tax depreciation / amortisation and depreciation / amortisation as per books	623.04	629.42
Provision of doubtful debts	179.57	487.30
Impact of difference in carrying value of assets/liabilities as per book base and tax base (F)	1,199.38	1,162.47
Impact of stock elimination	1,361.89	906.96
Lease related assets and liabilities (net)	182.02	87.06
Fair value in the value of investments	71.05	-
<b>Deferred tax assets (A)</b>	<b>9,194.23</b>	<b>8,860.28</b>
Impact of difference between tax depreciation / amortisation and depreciation / amortisation as per books	23.75	722.35
Lease related assets and liabilities (net)	-	334.09
Fair value in the value of investments	-	0.04
<b>Deferred tax liabilities (B)</b>	<b>23.75</b>	<b>1,056.48</b>
<b>Deferred tax assets (net) (C=A-B)</b>	<b>9,170.48</b>	<b>7,803.80</b>

**ii. Reconciliation of deferred tax assets (net):**

	For the three months ended 30 June 2021	For the year ended 31 March 2021
Opening balance	7,803.80	4,321.37
Tax income during the period recognised in profit or loss	1,913.36	3,204.83
Tax expense (utilisation) during the period/year recognised in profit or loss	(539.63)	(108.71)
Tax income/(expense) during the period recognised in OCI	(7.04)	74.46
Deferred tax credit for unrecognised business loss of earlier years	-	311.85
<b>Closing balance</b>	<b>9,170.48</b>	<b>7,803.80</b>

**10 Other non-current assets**

	As at 30 June 2021	As at 31 March 2021
Advance for capital goods	540.06	135.32
<b>Total</b>	<b>540.06</b>	<b>135.32</b>

**11 Inventories**

	As at 30 June 2021	As at 31 March 2021
(Valued at lower of cost and net realisable value)		
Stock in trade	53,006.22	44,649.47
Finished goods	2,868.96	2,371.05
Raw materials	865.68	1,076.36
Packing material	2,358.24	1,712.15
<b>Total</b>	<b>59,099.10</b>	<b>49,809.03</b>

During the three months ended 30 June 2021, Rs. 2,957.35 lakhs (year ended 31 March 2021 : Rs. 2,234.48 lakhs) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

**12 Trade receivables (unsecured)**

	As at 30 June 2021	As at 31 March 2021
(Measured at amortised cost, except otherwise stated)		
Trade receivables - Considered Good	7,565.69	7,663.46
Trade receivables - Considered Doubtful	713.69	695.75
Less: Allowances for expected credit loss (refer note no. 42B)	(713.69)	(695.75)
	<b>7,565.69</b>	<b>7,663.46</b>

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person.  
Trade receivables are non-interest bearing and are generally on payment terms of 0 to 90 days



**13 Cash and cash equivalents**

	As at 30 June 2021	As at 31 March 2021
Cash on hand	49.04	34.29
Balances with banks		
- in current accounts	22,034.18	5,865.83
Deposits with original maturity of less than three months		
- With Banks	5,396.00	1,454.91
- With Financial Institutions	704.38	1,000.00
Cheques on hand	-	3.17
	<b>28,183.61</b>	<b>8,358.20</b>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.  
Cash and Bank balances in current account includes Rs 2,163.49 lakhs (31 March 2021 Rs. 1,667.20 lakhs) towards collections for shipments in transit.

**14 Bank balance other than cash and cash equivalents**

	As at 30 June 2021	As at 31 March 2021
(Measured at amortised cost, except otherwise stated)		
Margin money deposits with bank (held as lien by bank against guarantees)	318.78	306.78
Deposits with original maturity for more than 3 months but less than 12 months		
- With Banks	9,065.56	14,399.95
- With Financial Institutions	1,002.89	1,702.00
	<b>10,387.23</b>	<b>16,408.73</b>

**15A Other financial assets (current)**

	As at 30 June 2021	As at 31 March 2021
(Unsecured and considered good)		
(Carried at amortised cost, except otherwise stated)		
Security Deposits	615.75	542.58
Interest accrued on deposit but not due	544.37	492.25
Unbilled receivable	3,562.88	1,604.83
Receivable from collection agencies for COD/Prepaid	3,175.58	3,104.11
	<b>7,898.57</b>	<b>5,743.77</b>

**15A.1 Movement in Interest accrued on deposit but not due**

	As at 30 June 2021	As at 31 March 2021
Opening balance	492.25	24.31
Interest accrued during the period/year	239.37	828.12
Receipt of interest during the period/year	(187.26)	(360.18)
Closing balance	<b>544.37</b>	<b>492.25</b>

**15B Other current assets**

	As at 30 June 2021	As at 31 March 2021
(Unsecured, considered good)		
Advance to suppliers	4,741.98	3,235.60
Advance against expenses	1,789.13	1,429.61
Prepaid expenses	677.13	578.72
Balance with statutory / government authorities	4,508.94	3,074.14
	<b>11,717.17</b>	<b>8,318.07</b>





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12A Trade Receivables ageing schedule

Trade receivables as at June 30, 2021

Particulars	Outstanding for following periods from due date of payment*					Total
	Not Due	< 6 months	6month - 1 year	1-2 years	2-3 years	
(i)Undisputed Trade Receivables – considered good	3,943.57	3,314.20	294.42	14.70	-	7,565.69
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	59.80	318.50	277.68	57.70	713.69
(iii)Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv)Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v)Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi)Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>3,943.57</b>	<b>3,374.00</b>	<b>612.91</b>	<b>292.39</b>	<b>57.70</b>	<b>8,279.38</b>

Trade receivable as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment*					Total
	Not Due	< 6 months	6month - 1 year	1-2 years	2-3 years	
(i)Undisputed Trade Receivables – considered good	4,151.22	2,261.42	1,246.60	-	-	7,659.25
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	73.34	321.62	260.17	40.62	695.76
(iii)Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv)Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v)Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi)Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>4,151.22</b>	<b>2,334.77</b>	<b>1,568.24</b>	<b>260.17</b>	<b>40.62</b>	<b>8,355.00</b>

\* There are no outstanding balances for more than 3 years.



**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**

**Notes to the Consolidated financial statements for the three months ended 30 June 2021**

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

**16 Share Capital**

**i) Authorised Share Capital**

**At 1 April 2020**

Increase during the year

**At 31 March 2021**

**At 1 April 2021**

Increase during the period

**At 30 June 2021**

No. of shares	Amount
20,000,000	2,000.00
-	-
20,000,000	2,000.00
20,000,000	2,000.00
305,000,000	30,500.00
<b>325,000,000</b>	<b>32,500.00</b>

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

**At 1 April 2020**

Increase during the year

**At 31 March 2021**

**At 1 April 2021**

Increase during the period

**At 30 June 2021**

No. of shares	Amount
19,500,000	1,950.00
-	-
19,500,000	1,950.00
19,500,000	1,950.00
255,500,000	25,550.00
<b>275,000,000</b>	<b>27,500.00</b>

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

**At 1 April 2020**

Increase during the year

**At 31 March 2021**

**At 1 April 2021**

Increase during the period

**At 30 June 2021**

No. of shares	Amount
500,000	50.00
-	-
500,000	50.00
500,000	50.00
49,500,000	4,950.00
<b>50,000,000</b>	<b>5,000.00</b>

**Note**

**i) Terms/ rights attached to equity shares**

The Group 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 Group, the holders of equity shares will be entitled to receive remaining assets of the Group, 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 Group declares and pays dividend after obtaining shareholders' approval.

**ii) Issued share capital**

**a) Issued equity capital**

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

**At 1 April 2020**

Changes during the year

**At 31 March 2021**

**At 1 April 2021**

Changes during the period

**At 30 June 2021**

Equity shares	
No. of shares	Amount
14,549,077	1,454.91
508,160	50.82
15,057,237	1,505.72
15,057,237	1,505.72
418,473	41.85
<b>15,475,710</b>	<b>1,547.57</b>

Subsequent to the period ended 30 June 2021, the Board of Directors and shareholders in their meeting dated 15 July 2021 and 16 July 2021 respectively approved sub-division of each equity shares of Rs. 10 into ten equity shares of face value of Rs. 1 each, issue of two bonus shares for every one existing fully paid up equity share of face value of Rs. 1 each and issue of 56,185 equity shares on exercise of employee stock options under ESOP Scheme.





**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)****Notes to the Consolidated financial statements for the three months ended 30 June 2021***(All amounts in Rs. lakhs, unless otherwise stated)***iii) Details of shareholders holding more than 5% shares in the Group**

Name of the shareholder	As at 30 June 2021		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Falguni Nayar**	3,464,859	22.39%	3,313,331	22.00%
Sanjay Nayar**	4,003,964	25.87%	4,003,964	26.59%
Indra Singh Banga/Harindarpal Singh Banga	1,355,993	8.76%	1,355,993	9.01%

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

As per records of the Group, 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 Group has reserved issuance of 11,00,000 (31 March 2021 11,00,000) Equity Shares of Rs. 10 each for offering to Eligible Employees of the Group and its subsidiaries under Employees Stock Option Scheme (ESOS). During the quarter the Group has granted 14900 options (31 March 2021 84700 options) at a price of Rs. 10766.75 (31 March 2021 6059.56/-) per option; Cumulative number of equity shares granted under Employee Stock Option Scheme (ESOS) is 8,82,475 (31 March 2021 : 8,67,575) equity shares as at 30 June 2021

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



FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)  
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16A Details of Promoters shareholding

As at 30 June 2021

Description	Promoter Name	No. of shares at the beginning of the year	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	Sanjay Nayar (through Family Trust)	4,003,964	25.87%	4,003,964	25.87%	-
Equity shares of INR 10 each fully paid	Falguni Nayar (through Family Trust)	3,313,331	21.41%	3,464,859	22.39%	1.01%
<b>Total</b>		<b>7,317,295</b>	<b>47.28%</b>	<b>7,468,823</b>	<b>48.26%</b>	<b>1.01%</b>
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through Family Trust)	143,500	32.88%	-	0.00%	-32.88%
<b>Total</b>		<b>143,500</b>	<b>32.88%</b>	<b>-</b>	<b>0.00%</b>	<b>-32.88%</b>

As at 31 March 2021

Description	Promoter Name	No. of shares at the beginning of the year	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	Sanjay Nayar (through Family Trust)	4,003,964	26.59%	4,003,964	26.59%	-
Equity shares of INR 10 each fully paid	Falguni Nayar (through Family Trust)	3,313,331	22.00%	3,313,331	22.00%	-
<b>Total</b>		<b>7,317,295</b>	<b>48.60%</b>	<b>7,317,295</b>	<b>48.60%</b>	<b>0.00%</b>
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through Family Trust)	100,000	22.91%	143,500	32.88%	15.82%
<b>Total</b>		<b>100,000</b>	<b>22.91%</b>	<b>143,500</b>	<b>32.88%</b>	<b>15.82%</b>





17 Other equity

	As at 30 June 2021	As at 31 March 2021
<b>a. Instruments classified as Equity:</b>		
<b>0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares</b>		
Opening balance*	32.74	20.63
Add : Call money @ Rs. 2.50 per share on 4,00,500 shares	10.01	
Add : Issue of preference share capital during the period @ Rs. 10.00 per share	1.40	12.11
Less : Conversion of preference share capital during the period	(41.45)	-
Closing balance*	2.70	32.74
* partly paid up @ Rs 7.50 per share each		
Terms/ rights attached to Optionally Convertible Redeemable Preference Shares: 36,000 Nos (31 March 2021: 4,36,500) 0.001% p.a. non-cumulative OCRPS of Rs 10 (face value) aggregating to Rs 2.70 lakhs (Rs. 7.50 each (partly paid up) as at - 31 March 2021 32.74 lakhs) towards face value have a tenure of 5 (five) years from the date of allotment and as per terms attached 1 Fully Paid up OCRPS shall be converted into 1 Equity share of the face value Rs 10 each at the end of the tenure. The Group has availed the option to convert fully paid up OCRPS and accordingly 4,05,000 OCRPS were converted into equity shares as on 30 June 2021 at the issue price as per conditions given in the letter of offer and balance 36,000 were converted into equity shares subsequent to reporting date, i.e. on 15 July 2021.		
	As at 30 June 2021	As at 31 March 2021
<b>b. Securities premium</b>		
Opening balance	56,665.73	45,722.53
Add : Additions during the period/ year	20,551.30	11,074.43
Less: Transaction cost on issue of shares	(274.75)	(131.23)
Closing balance	76,942.28	56,665.73
<b>c. Retained earnings</b>		
Opening balance	(9,922.63)	(16,090.80)
Add: Profit / (loss) during the period/ year	341.51	6,155.11
Less: Options lapsed/ forfeited during the period/ year	-	13.06
Closing balance	(9,581.12)	(9,922.63)
<b>d. Share application money pending allotment</b>		
Opening balance	-	2.35
Add : Additions during the period/ year	62.11	-
Less: Shares allotted during the period/ year	-	(2.35)
Closing balance	62.11	-
<b>e. Share Options Outstanding Account</b>		
Opening balance	893.70	1,098.34
Add : Additions during the period/ year	199.29	526.03
Less: Options exercised during the period/ year	(17.07)	(717.61)
Less: Options lapsed/ forfeited during the period/ year	-	(13.06)
Closing balance	1,075.92	893.70
<b>f. Other Comprehensive Income</b>		
Opening balance	(185.62)	32.44
Add : Additions/ deletion during the period/ year	21.01	(218.06)
Closing balance	(164.61)	(185.62)

**Nature and purpose of reserves**

**Securities premium**

Where the Group 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 section 52 of the Companies Act 2013.

**Retained earnings**

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

**Share application money pending allotment**

This represents the share application money received in previous year for Employee Stock Option Scheme for which shares are allotted during the current financial year.

**Share Options Outstanding Account**

The fair value of the equity-settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to Employee Share Options Scheme Reserve.

**Other comprehensive income**

Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and re-measurement of net defined benefit liability.



RMS

FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)  
Notes to the Consolidated financial statements for the three months ended 30 June 2021  
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18 Borrowings (non-current)

	As at 30 June 2021	As at 31 March 2021
(Secured - carried at amortised cost)		
Term Loan from bank	166.00	166.00
	<b>166.00</b>	<b>166.00</b>

Note

Term loan from bank is secured against second charge on all current assets, moveable property, plant and equipment both present and future. The tenure of the term loan is 48 months i.e. from 15 November 2020 to 15 October 2024 (including 12 month moratorium period and rate of interest 8% p.a).

19 Borrowings (current)

	As at 30 June 2021	As at 31 March 2021
(Secured - carried at amortised cost)		
Working capital loan from Banks (refer 19.1 to 19.4 below)	26,647.41	18,580.53
	<b>26,647.41</b>	<b>18,580.53</b>

Note

- 19.1 Working capital/cash credit facilities from bank is secured by hypothecation of book debts, current assets and movable property, plant and equipment both present and future.
- 19.2 Loan is payable on demand. Interest payable on working capital loan is MCLR adjusted with the risk spread mutually agreed between the parties.
- 19.3 Bank loan contain certain financial covenants & the Group has satisfied all covenants as per the terms of bank loan.
- 19.4 At 30 June 2021, the Group had available INR 14,753.15 lakhs (year ended March 2021: INR 18,515.00 lakhs) of undrawn sanctioned borrowing facilities.
- 19.5 The Group has not used the borrowings from banks and financial institutions for the specific purpose other than for which it was taken.

Quarter	Name of Bank	Particulars	Amount as per b	Amount as repo	Amount of Diffe	Reason for material discrepancies
<b>FSN E-Commerce Ventures Limited</b>						
Jun-21	Kotak Bank, HDFC Bank, CITI Bank, Axis Bank	Inventory	3,514.25	3,738.25	(2,240.04)	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade Receivables and Advance to supplier	4,634.49	4,166.00	4,684.92	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.
Mar-21	Kotak Bank, HDFC Bank, RBL Bank	Trade Receivables and Advance to supplier	7,032.00	6,481.74	2,202.00	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days.
<b>Nykaa E-Retail Private Limited</b>						
Jun-21	Kotak Bank, ICICI Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	41,708.26	42,894.68	(1,186.42)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Also amount reported in the quarterly return include inventory greater than 9 months.
		Trade receivable and others*	16,266.87	12,905.55	3,361.32	Difference is due to unbilled receivable and receivable from COD / Prepaid which are not considered in the quarterly return.
Mar-21	Kotak Bank, HDFC Bank, RBL Bank	Inventory	35,524.79	35,524.79	-	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return includes inventory greater than 9 months.
		Trade receivable and others*	13,150.61	13,150.75	(0.14)	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days.

\*Others includes advance to supplier, unbilled receivable and receivable from COD/Prepaid.

20 Other financial liabilities

	As at 30 June 2021	As at 31 March 2021
Financial Liabilities at amortised cost		
Payable for lease liabilities* (Refer Note 35)	11,659.91	10,738.23
	<b>11,659.91</b>	<b>10,738.23</b>

\*The effective interest rate for lease liabilities is 9.50% for the quarter ended 30 June 2021 (9.50% for the year ended 31 March 2021)

21 Long-term provisions

	As at 30 June 2021	As at 31 March 2021
Provisions for Employee Benefits		
Provision for Gratuity (refer note 36)	722.31	734.52
	<b>722.31</b>	<b>734.52</b>

22 Trade payables

	As at 30 June 2021	As at 31 March 2021
(Unsecured, carried at amortized cost)		
Total outstanding dues of micro and small enterprises	963.37	907.49
Total outstanding dues of creditors other than micro and small enterprises	30,095.29	30,713.65
	<b>31,058.66</b>	<b>31,621.14</b>





**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**  
**Notes to the Consolidated financial statements for the three months ended 30 June 2021**  
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**23.1 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 is based on the information available with the Group regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	11.75	44.69
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 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 (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.53	1.92
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-
	<u>12.28</u>	<u>46.61</u>

**23 Other financial liabilities (current)**

**(Unsecured, carried at amortized cost)**

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
Employee related liabilities	729.10	532.11
Accrued expenses	9,918.32	5,945.76
Creditors for capital goods	829.13	211.80
Payable to market-place vendors	1,403.55	1,717.85
Interest accrued but not due	74.73	65.32
Payable towards purchase of business towards slump sale (refer note no. 44)	-	28.50
<b>Total other financial liabilities at amortised cost</b>	<b>12,954.83</b>	<b>8,501.34</b>

(For details of employee related liabilities with related parties refer note 37 on related party disclosures)

**23A Movement in interest accrued but not due and finance charge:**

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
Opening balance	65.32	57.55
Interest and Finance charge accrued during the period/ year	594.99	1,773.27
Payment of interest and Finance charge during the period/ year	(585.58)	(1,765.50)
<b>Closing balance</b>	<b>74.73</b>	<b>65.32</b>

**24 Short-term provisions**

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
<b>Provisions for Employee Benefits</b>		
Provision for Gratuity (refer note 36)	60.19	174.24
Provision for Compensated absences	1,095.15	910.50
<b>Total</b>	<b>1,155.34</b>	<b>1,084.74</b>

**25A Contract liabilities**

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
Deferred revenue (Provision for Reward points)	634.49	569.46
Advance from customers	1,319.17	1,121.98
	<u>1,953.66</u>	<u>1,691.44</u>

**25A.1 Movement in provision for reward points:**

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
Opening balance	569.46	497.71
Provision made during the period/ year	867.23	2,124.38
Provision utilised during the period/ year	(802.19)	(2,052.63)
<b>Closing balance</b>	<b>634.49</b>	<b>569.46</b>

**25B Other current liabilities**

	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>
Statutory dues payable	1,248.38	1,751.67
<b>Total</b>	<b>1,248.38</b>	<b>1,751.67</b>



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Trade payables ageing schedule:

22A Trade payables as at 30 June 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than one year	1-2 years	2-3 years	More than 3 years	
(i) Micro, small and medium enterprises ('MSME')	767.97	193.38	2.00	0.02	0.00	963.37
(ii) Others	22,582.48	7,266.71	219.06	19.12	7.93	30,095.29
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-
<b>Total</b>	<b>23,350.44</b>	<b>7,460.09</b>	<b>221.06</b>	<b>19.14</b>	<b>7.93</b>	<b>31,058.65</b>

Trade payables as at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than one year	1-2 years	2-3 years	More than 3 years	
(i) Micro, small and medium enterprises ('MSME')	594.82	312.09	0.58	0.00	0.00	907.49
(ii) Others	16,717.51	13,715.17	182.95	96.66	1.36	30,713.65
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-
<b>Total</b>	<b>17,312.34</b>	<b>14,027.26</b>	<b>183.53</b>	<b>96.66</b>	<b>1.36</b>	<b>31,621.14</b>





FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)  
Notes to the Consolidated financial statements for the three months ended 30 June 2021  
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26 Revenue from contracts with customers

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
<b>A. Sale of products</b>	69,163.78	27,267.25
<b>B. Sale of services</b>		
Marketing support revenue	8,402.96	1,249.02
Income from marketplace services	3,652.51	312.23
<b>C. Other Operating Revenue</b>		
Logistics services income (shipping and delivery charges)	423.90	35.38
Gift card expiration	55.91	-
	<b>81,699.07</b>	<b>28,863.88</b>
Within India	81,699.07	28,863.88
Outside India	-	-
	<b>81,699.07</b>	<b>28,863.88</b>

**A Disaggregation of revenue from contracts with customers**

The Group derives its major revenue from sale of products on its own platform, which is a single line of business.

The Group also earns revenue from sale of services primarily from advertisement services (marketing support) to its suppliers which is related to sale of product business and the revenue of the Group is recognised at point in time.

The Group further earns revenue from marketplace services by providing its platform to various marketplace vendors to sell their products.

**B Contract Balances**

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
<b>Trade Receivables (refer note 12)</b>	7,565.69	6,374.60	7,662.83
<b>Contract Liabilities (refer note 25A)</b>	1,953.66	1,431.08	1,691.44
<b>Contract Price</b>	81,436.85	28,919.77	243,885.02
<b>Revenue recognized in the period/ year from:</b>			
Revenue recognized in the current period from contract liability:			
Advance from Customers	1,121.98	989.26	989.26
Reward Points	569.46	497.71	497.71
Revenue deferred in the current period towards unsatisfied performance obligation:			
Advance from Customers	(1,319.17)	(953.41)	(1,121.98)
Reward Points	(634.49)	(477.67)	(569.46)
<b>Revenue from operations for the period/ year ended:</b>	<b>81,699.07</b>	<b>28,863.88</b>	<b>244,089.49</b>

Refer accounting policy 2(i) for satisfaction of performance obligation and when the revenue is recognised



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27 Other income

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
<b>Interest Income on:</b>		
Security deposit	55.56	49.73
Bank deposit	239.37	162.01
Miscellaneous income	127.71	8.63
Foreign exchange gain (net)	49.57	20.39
	<b>472.22</b>	<b>240.76</b>

28A Cost of material consumed

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Opening Stock	2,065.63	1,744.58
Add: Purchase	2,285.70	74.95
Closing Stock	2,057.59	1,468.66
<b>Cost of material consumed</b>	<b>2,293.75</b>	<b>350.86</b>

28B Purchase of traded goods

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Purchases of traded goods	55,094.24	10,425.55
	<b>55,094.24</b>	<b>10,425.55</b>

29 Changes in inventories of finished goods and Stock-in-Trade

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
<b>Finished goods</b>		
Opening balance	2,371.05	292.13
Closing balance	2,868.96	302.26
	(497.91)	(10.14)
<b>Stock in trade</b>		
Opening balance	44,649.47	42,601.32
Closing balance	53,006.22	31,361.48
	(8,356.75)	11,239.83
	<b>(8,854.66)</b>	<b>11,229.69</b>

30 Employee benefits expense

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Salaries, wages and bonus	8,230.08	4,886.03
Contribution to provident fund (refer note 36)	131.57	102.03
Gratuity expenses (refer note 36)	45.18	77.50
Compensated absences expenses	228.05	431.33
Share based expenses (refer note 43)	200.38	77.21
Staff welfare expenses	11.42	13.41
	<b>8,846.66</b>	<b>5,587.50</b>

31 Finance costs

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Interest expenses on borrowings	547.43	637.38
Interest expenses on lease liabilities (refer note 35)	306.35	215.17
Other finance charge	47.56	18.54
	<b>901.35</b>	<b>871.08</b>

\*Interest expenses on lease liabilities include impact of rent waiver of Rs. 102.53 lakhs (30 June 2020: Rs. 194.22 lakhs) received during the period)

32 Depreciation and amortization expense

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Depreciation of Property, plant and equipment (refer note 4A)	530.22	405.67
Depreciation of Right-of-use assets (refer note 4B)	1,121.81	875.44
Amortisation of Intangible assets (refer note 5)	297.66	265.98
	<b>1,949.69</b>	<b>1,547.09</b>

\*Depreciation on ROU assets include impact of rent waiver of Rs. 183.13 lakhs (30 June 2020: Rs. 293.88 lakhs) received during the period



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33 Other expenses

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Marketing & advertisement expense	9,074.41	715.95
Freight expenses	6,994.42	1,927.74
Consumption of packing materials	1,795.45	545.65
Web & technology expenses	1,318.41	733.63
Payment gateway charges	554.36	329.23
Legal and professional fees	307.38	102.03
Rent and maintenance expenses (refer note 35)	172.57	533.31
Rates & taxes	127.52	129.77
Allowance for expected credit loss	17.79	237.26
Selling expenses	213.53	170.93
Beauty advisor fees	93.94	136.80
Electricity charges	119.12	101.84
Insurance expenses	95.59	95.30
Travelling & conveyance expenses	26.17	3.70
Security expenses	135.59	117.14
Recruitment expenses	121.77	87.26
Printing and stationery expenses	77.14	22.89
Repairs & maintenance - others	24.64	25.43
Communication expenses	72.51	71.04
Royalty	58.16	2.90
Bank charges	24.19	55.36
Director sitting fees and commission (refer note 37)	43.10	0.80
Expenditure towards corporate social responsibility (CSR) activities (refer note 47)	75.02	-
<u>Payment to auditors*</u>		
- Audit fees	1.02	39.46
- Taxation matters	0.03	0.03
Miscellaneous expenses	81.58	94.66
	<u>21,625.40</u>	<u>6,280.09</u>

\*Audit fees for the three months ended 30 June 21 and 30 June 2020 of Rs.35 lakhs and Rs 25 lakhs respectively has not been recognised as it pertains to IPO expenses which will be recovered from the selling shareholders/ adjusted from securities premium



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FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)

Notes to the Consolidated financial statements for the three months ended 30 June 2021

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

34 Earnings per share (EPS)

	For the three months ended 30 June 2021	For the three months ended 30 June 2020
<b>Basic and Diluted EPS</b>		
Profit/(Loss) after tax as per statement of profit and loss (A)	341.51	(5,176.63)
Calculation of weighted average number of equity shares of Rs 10 each:		
Total number of shares outstanding during the period	15,475,710	14,699,689
Weighted average number of equity shares outstanding during the period	15,063,440	14,645,048
Weighted average number of equity shares outstanding during the period after split of shares into Re. 1 each (refer note 46)	150,634,396	146,450,481
Bonus shares issued subsequent to 30 June 2021 (refer note 46)	301,268,792	292,900,962
<b>Weighted average number of equity shares outstanding during the period (post share split and bonus issue) (B)</b>	<b>451,903,188</b>	<b>439,351,442</b>
Add: Dilution impact of employee stock options and Optionally Convertible Redeemable Preference Shares	16,612,673	18,695,172
<b>Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share (C)</b>	<b>468,515,862</b>	<b>458,046,614</b>
Basic earnings per share (D= A/B)	0.08	(1.18)
Diluted earnings per share (E = A/C)*	0.07	(1.18)

\*Since there is a loss for the three months ended 30 June 2020, potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS





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**35 Leases**

**The Group as lessee**

The Group has lease contracts for premises obtained for stores, offices, warehouse etc. Leases of premises generally have lease terms between 2 to 6 years

The Group'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 4B for carrying value of right of use assets)

Leases for which the lease term ends within 12 months of the date of initial application are accounted in the same way as short term leases.

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

	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
<b>Opening balance as on 1 April</b>	14,519.81	14,500.40	14,500.40
<b>Add</b> Addition	2,820.92	163.21	4,165.74
<b>Add</b> Accretion of interest	426.66	402.74	1,609.29
<b>Less</b> Deletion due to closure	127.65	40.96	347.47
<b>Less</b> Rent waiver	268.21	476.57	1,116.28
<b>Less</b> Payments	1,232.88	880.73	4,291.88
<b>Closing balance as on 30 June/ 31 March</b>	<b>16,138.65</b>	<b>13,668.09</b>	<b>14,519.81</b>
Current	4,478.74	3,903.88	3,781.56
Non-current	11,659.91	9,764.21	10,738.23
	<b>16,138.65</b>	<b>13,668.09</b>	<b>14,519.80</b>

The maturity analysis of lease liability is disclosed in note 42

The effective interest rate for lease liabilities is 9.50% as on 30 June 2021 (9.50% as on 30 June 2020 and 9.50% for the year ended 31 March 2021)

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the year ended 31 March 2021
The following amount are recognised in profit and loss			
Amortisation expenses of right of use assets	1,121.81	875.44	4,083.58
Interest expenses on lease liabilities	306.35	215.17	1,296.87
Expenses relating to short term leases	9.84	-	44.18
Variable lease payments	224.20	-	660.69
	<b>1,662.20</b>	<b>1,090.60</b>	<b>6,085.32</b>

The Group had total cash outflow for leases of Rs. 1,232.88 lakhs (June 20 : Rs. 880.73 lakhs and Rs. 4,291.88 lakhs for the year ended 31 March 2021)



**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**

Notes to the Consolidated financial statements for the three months ended 30 June 2021

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**36 Defined Benefit Plan and Other Long Term Employee Benefit Plan:**

**I) Defined Contribution Plan**

During the three months ended 30 June 2021, the Group has made contribution to provident fund stated under defined contribution plan amounting to Rs. 131.57 lakhs (30 June 2020: Rs. 102.03 lakhs) and the same has been recognized as an expense in the statement of profit and loss.

**II) Defined Benefit Plans**

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

The Group 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 Group's financial statements as at 30 June 2021 and June 30 2020:**

**i. Amount to be recognised in balance sheet**

Particulars	At 30 June 2021	At 30 June 2020	At 31 March 2021
Present value of defined benefit obligation	782.25	616.09	908.50
Less: Fair value of plan assets	-	-	-
Funded status – deficit / (surplus)	782.25	616.09	908.50
Net liability recognised in balance sheet	782.25	616.09	908.50

**ii. Changes in the present value of defined benefit obligation**

Particulars	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the year ended 31 March 2021
Opening defined benefit obligation	908.50	532.80	532.79
Current service cost	84.51	68.84	345.54
Interest cost	12.84	8.66	34.63
Past service cost	(52.16)	-	-
Actuarial (Gains)/Losses in obligation for year ended due to changes in demographic/financial assumptions	13.43	18.19	57.54
Actuarial (Gains)/Losses in obligation for year ended due to changes in Experience adjustments	(170.68)	-	(13.47)
Benefit paid	(14.19)	(12.39)	(48.53)
Closing defined benefit obligations	782.25	616.09	908.50

**iii. Net defined benefit liability/ (asset) reconciliation**

Particulars	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the year ended 31 March 2021
Opening net defined benefit liability/ (asset)	908.50	532.80	532.79
Defined benefit cost included in P&L	33.52	77.50	380.17
Total re-measurements included in OCI	(157.25)	18.19	44.07
Employer contributions	11.66	-	-
Employer direct benefit payments	(14.18)	(12.39)	(48.53)
Closing net defined benefit liability/ (asset)	782.25	616.09	908.50

**B. Amount for the period/year ended 30 June 2021, 30 June 2020 and 31 March 2021 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income**

Particulars	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the year ended 31 March 2021
Current service cost	84.51	68.84	345.54
Net Interest expenses	12.84	8.66	34.63
Past service cost	(52.16)	-	-
The total amount recognised in profit and loss account	45.18	77.50	380.17
Actuarial (Gains)/Losses in obligation for period/ year ended due to changes in demographic/financial assumptions	13.43	7.11	57.54
Actuarial (Gains)/Losses in obligation for period/ year ended due to changes in Experience adjustments	(170.68)	11.08	(13.47)
The total amount recognised in other comprehensive income (OCI)	(157.25)	18.19	44.07

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

Particulars	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the year ended 31 March 2021
Mortality Table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Discount rate:	6.00%	6.50%	6.25%
Future salary increases*	6.50%	6.50%	6.50%
Withdrawal rates	15.00%	15.00%	15.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	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.





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

Within the next 12 months (next annual reporting period)  
 Between 2 and 5 years  
 Between 5 and 10 years  
 Beyond 10 years  
 Total expected payments

At 30 June 2021	At 30 June 2020	At 31 March 2021
Amount	Amount	Amount
60.19	40.79	45.35
275.66	-	14.82
426.64	535.86	397.55
514.45	56,042.37	62,544.70
<b>1,276.95</b>	<b>56,619.02</b>	<b>63,002.42</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.18 - 7.45 years (30 June 2020: 5 - 6 years ; 31 March 2021: 5 - 8 years).

**E** Sensitivity analysis

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

Due to below mentioned changes in significant assumption, the outstanding balance of gratuity as at respective period ends will be as follows :-

Particulars	At 30 June 2021	At 30 June 2020	At 31 March 2021
<b>Discount rate (-/+ 1%)</b>			
Decrease by 100 basis points	840.41	651.24	958.93
Increase by 100 basis points	731.02	584.70	862.29
<b>Future salary increase (-/+ 1%)</b>			
Decrease by 100 basis points	734.82	584.49	861.64
Increase by 100 basis points	834.39	650.80	958.09

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 Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

(A) Investment risk – As the Group does not have plan assets, it is not exposed to investment risk.

(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.



37 Related party transactions

A. Names of the related parties

Name of entity	Nature of relationship	% of Holding as on 30 June 2021	% of Holding as on 30 June 2020	% of Holding as on 31 March 2021
FSN Brands Marketing Private Limited	Subsidiary	100%	100%	100%
Nvkaa E-Retail Private Limited	Subsidiary	100%	100%	100%
Nvkaa-KK Beauty Private Limited	Subsidiary	51%	51%	51%
Nvkaa Fashion Private Limited	Subsidiary	100%	100%	100%
FSN Distribution Private Limited	Subsidiary (w.e.f. July 30, 2021)	100%	0%	0%
FSN International Private Limited	Subsidiary	100%	100%	100%
Nykaa International UK Limited	Subsidiary of FSN International Private limited (w.e.f. January 29, 2021)	100%	-	100%
FSN Global FZE	Subsidiary of FSN International Private limited (w.e.f. June 21, 2020)	100%	-	100%

Directors and Key Management Personnel (KMP)

Mrs. Falguni Nayar	Executive Chairperson, CEO and Managing Director
Mr. Anchit Nayar	Director
Ms. Adwaita Nayar	Director
Mr. Sanjay Nayar	Director (w.e.f. 9 April 2021)
Ms. Anita Ramachandran	Director
Ms. Alpana Parida Shah	Director
Ms. Shefali Munjal	Director (Upto 15 July 2021)
Ms. Padmini Somani	Director (Upto 15 July 2021)
Mr. Yogeshkumar Mahansaria	Director (Upto 30 July 2021)
Mr. Milan Khakhar	Director
Mr. William Sean Sovak	Director (Upto 15 July 2021)
Mr. Akshay Tanna	Director (Upto 15 July 2021)
Mr. Milind Sarvate	Director (w.e.f. 15 July 2021)
Mr. Pradeep Parameswaran	Director (w.e.f. 15 July 2021)
Mr. Seshashayee Sridhara	Director (w.e.f. 26 July 2021)
Mr. Vikram Sud	Director (Upto 9 April 2021)
Mr. Sachin Parikh	Chief Financial Officer (Upto 22 May 2020)
Mr. Arvind Agarwal	Chief Financial Officer (w.e.f. 1 June 2020)
Mr. Pratik Bhujade	Company Secretary (Upto 5 November 2020)
Mr. Rajendra Punde	Company Secretary (w.e.f. 5 November 2020)
Ms. Rashmi Mehta	Director in subsidiary Company (Upto 17 May 2021)
Mr. Kingshuk Basu	Director in subsidiary Company (w.e.f. 17 May 2021)
Mr. Tarun Pathria	Chief Financial Officer in subsidiary company (w.e.f. 31 August 2021)
Mr. Sanjay Dubey	Company Secretary in subsidiary company (w.e.f. 25 September 2021)
Mr. Pratik Bhujade	Company Secretary in subsidiary company (w.e.f. 25 September 2021)
Mr. Rishi Seth	Director in subsidiary Company
Mr. Hemanshu Mehta	Director in subsidiary Company (w.e.f. 17 May 2021)
Mr. Shreekanth Sawant	Director in subsidiary Company (w.e.f. 17 May 2021)
Mr. Pranab Barua	Director in subsidiary Company (w.e.f. 22 May 2021)
Mr. Surendra Mehta	Director in subsidiary Company (w.e.f. 17 May 2021)
Mr. Sanjay Suri	Director in subsidiary Company (w.e.f. 7 June 2021)
Ms. Neha Salia	Company Secretary in subsidiary company (w.e.f. 17 May 2021)
Mr. Gopal Asthana	Director in subsidiary Company (w.e.f. 17 May 2021)
Ms. Neha Kanoria	Director in subsidiary Company (Upto 22 July 2021)
Ms. Reena Chhabra	Director in subsidiary Company
Ms. Shalini Raghavan	Director in subsidiary Company (w.e.f. 22 July 2021)
Mr. Jagdish Dargar	Director in subsidiary Company (w.e.f. 17 May 2021)
Mr. Vikas Gupta	Director in subsidiary Company (w.e.f. 30 July 2021)

Group in which key management personnel have significant influence

Sealink View Probuild Private Limited  
Golfand Developers Private Limited

B. Transactions with Related party

Particulars	Nature of transactions	Transactions during the year ended 30 June 2021	Outstanding balances as on 30 June 2021	Transactions during the year ended 30 June 2020	Outstanding balances as on 31 March 2021
<b>Directors and Key Management Personnel (KMP)*</b>					
Mrs. Falguni Nayar	(i) Remuneration	124.22	(6.30)	57.93	-
Ms. Adwaita Nayar	(i) Remuneration	46.84	-	22.45	(10.87)
Mr. Anchit Nayar	(i) Remuneration	46.84	-	57.45	(14.86)
Mr. Sachin Parikh	(i) Remuneration (ii) Share Application money received pursuant to ESOP (iii) Issuance of OCRPS (iv) Share based payments	- - - -	- - - -	9.00 - - -	- - - -
Mr. Arvind Agarwal	(i) Remuneration (ii) Call money @ 2.5 of OCRPS (iii) Security premium of OCRPS	39.63 0.24 574.47	- - -	12.48 - -	- - -
Mr. Kingshuk Basu	(i) Remuneration	14.96	-	-	-
Mr. Gopal Asthana	(i) Remuneration	26.95	-	-	-
Mr. Pratik Bhujade	(i) Remuneration	-	-	2.46	-
Mr. Rajendra Punde	(i) Remuneration	28.12	-	-	-
Ms. Rashmi Mehta	(i) Rent and maintenance expenses (ii) Security deposit (iii) Notional interest income on security deposit (iv) Lease liability (v) Interest cost on lease liability	6.88 - (0.11) - 0.99	(0.30) 4.20 - (33.62) -	7.00 - (0.09) - 1.56	(0.51) 4.09 - (39.56) -
Ms. Anita Ramachandran	(i) Sitting Fees (ii) Commission	11.00 4.03	- -	0.40 -	- -
Ms. Alpana Parida Shah	(i) Sitting Fees (ii) Commission	9.00 4.03	- -	0.40 -	- -
Mr. Yogeshkumar Mahansaria	(i) Sitting Fees (ii) Commission	11.00 4.03	- -	- -	- -



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Particulars	Nature of transactions	Transactions during the year ended 30 June 2021	Outstanding balances as on 30 June 2021	Transactions during the year ended 30 June 2020	Outstanding balances as on 31 March 2021
<b>- Relative of Key Management Personnel (KMP)</b>					
Mr. Anshu Nayar (through family trust)	(i) Issuance of OCRPS (ii) Call money @ 2.5 of OCRPS (iii) Security premium of OCRPS	0.30 1.60 3,643.58	- - -	- - -	- - -
Ms. Adwaita Nayar (through family trust)	(i) Issuance of OCRPS (ii) Call money @ 2.5 of OCRPS (iii) Security premium of OCRPS	0.30 1.60 3,643.58	- - -	- - -	- - -
Mrs. Falguni Nayar (through family trust)	(i) Issuance of OCRPS (ii) Call money @ 2.5 of OCRPS (iii) Security premium of OCRPS	0.80 3.59 7,344.13	- - -	- - -	- - -
<b>Company in which key management personnel have significant influence</b>					
Sealink View Probuilt Private Limited	(i) Rent, maintenance, electricity & other expenses (ii) Notional interest income on security deposit (iii) Security deposit (iv) Interest cost on lease liability (v) Lease liability	86.21 (1.31) - 33.82 -	- - 56.07 - (1,396.55)	86.21 (1.34) - 4.29 -	- - 54.76 - (1,448.95)
Golfand Developers Private Limited	(i) Rent & maintenance expenses (ii) Security Deposit - given (iii) Notional Interest income- Security Deposit (iv) Lease Liability (v) Notional Interest Expense- Lease	58.56 - (3.00) - 1.65	(0.01) 105.18 - (19.33) -	58.56 - (2.67) - 7.72	- 102.19 - (76.24) -

Figures in brackets indicates payables and income

For OCRPS, refer note 17A

The Group has incurred IPO related expenses of Rs.78.51 lakhs till 30 June 2021 and a portion of this is recoverable from related party selling shareholders. The recoverable will be determined on the completion of IPO.

**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 Group do not have any other transaction with key managerial person than those disclosed above.

# Amount paid to KMP does not include the provisions made for gratuity as it is determined on an actuarial basis for the Group as a whole and Group's contribution to provident fund. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Group as a whole.



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38 Commitments and contingent liabilities

A Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - INR 98.31 lakhs as at 30 June 2021 (March 31, 2021 - INR 198.98 lakhs)

The Group has various lease contracts that have not yet commenced as at 30 June 2021. The future lease payments for these non-cancellable lease contracts are INR 97.19 lakhs within one year, INR 437.97 lakhs within next five years and INR 464.77 lakhs thereafter.

B Contingent liabilities (not provided for)

	As at 30 June 2021	As at 31 March 2021
i Claims against the Group, not acknowledged as debts		
Disputed Direct tax matters (including interest up to the date of demand, if any) [Refer note (i)]	743.66	743.66
Disputed Indirect tax matters (including interest up to the date of demand, if any) [Refer note (ii)]	222.52	149.88
ii. Bank guarantees [Refer note (iii)]	355.76	115.04

Notes:

- The Group has received income tax assessments order pertaining to subsidiary Nykaa E-Retail Private Limited for financial years 2017-18 with demands amounting to Rs.743.66 lakhs on account of certain disallowances/ adjustments made by income tax department subsequent to year ended 31 March 2021. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group is in the process of filing the appeal with the appropriate authority.
- The Group has received VAT assessments order for (FSN E-Commerce Ventures Limited and Nykaa E-Retail Private Limited) FY 2016-17 and FY 2017-18 with demands amounting to Rs 357.07 lakhs (31 March 2021: Rs. 284.43 lakhs) on account of certain input disallowances/adjustment made by VAT department. The Group has deposited Rs. 99.64 lakhs and provided Rs. 34.91 lakhs in FY 2020-21. Management believes that the position taken on the matter is tenable and hence, no adjustment has been made to the financial statements.
- Nature of bank guarantee is towards vendor liabilities.

39 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 and other borrowings and other financial liabilities are reasonable approximations of their fair values due to the short maturities of these instruments.
- The Group 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 Group's financial assets and liabilities measured at FVTPL and financial assets and liabilities measured at FVTOCI.

Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at 30 June 2021, 30 June 2020 and 31 March 2021 is as under:

	Level of inputs used	Carrying value / fair value as at	
		30 June 2021	31 March 2021
<b>Financial Assets:</b>			
<b>At Fair Value through other comprehensive income (FVTOCI)</b>			
Non-current investments	Level 2	2.71	131.91
<b>At amortised cost</b>			
Loans and advances		1,662.47	1,617.14
Trade receivables		7,565.69	7,663.46
Cash and cash equivalents		28,183.61	8,358.20
Bank balance other than cash and cash equivalents		10,387.23	16,408.73
<b>Financial Liabilities:</b>			
<b>At amortised cost</b>			
Borrowings		26,813.41	18,746.53
Other financial liabilities		12,954.83	8,501.34
Trade payables		31,058.66	31,621.14

Valuation Methodology

- The Group has measured fair value for Level 2 investment using the third-party pricing information without adjustment
- During the period ended 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

40 Segment information:

Considering Group's aggressive expansion plan for driving synergy across fulfilment models, sales channels and product categories, it required change in current review mechanism effective from financial year ended 31 March 2021. The Group has identified Board of directors and Group CEO as its CODM who reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

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

(a) Revenue from operations

Geography	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the year ended 31 March 2021
Within India	81,699.07	28,863.88	244,014.64
Outside India	-	-	74.86

(b) Non-current operating assets

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

(c) The Group 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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#### 41 Capital management

The Group 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.

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The capital structure of the Group 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 Group considers the amount of capital in proportion to risk and manages 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group'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 Group 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 period ended 30 June 2021 and year ended 31 March 2021.

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

		As at 30 June 2021	As at 31 March 2021
Gross debt		26,813.41	18,746.53
Less: Cash and cash equivalents		(28,183.61)	(8,358.20)
Net debt	(A)	(1,370.20)	10,388.33
Equity	(B)	69,882.19	48,956.91
Preference share capital	(C)	2.70	32.74
Total Equity	B+C	69,884.89	48,989.65
Net gearing ratio	(A)/(B+C)	(0.02)	0.21

#### 42 Financial risk management objectives and policies

The Group'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 Group's operations. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group'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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables. Since the Group's overall foreign currency exposure is not significant, the Group does not hedge its foreign currency payables.

##### Foreign currency sensitivity

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

##### A.2 Product price risk

In a potentially inflationary economy, the Group 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 Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the customers. This helps the Group 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 Group is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Group uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Group 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 Group's profit/(loss) before tax by approximately INR 133.24 lakhs (30 June 2020: 97.98 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 Group is exposed to credit risk from its operating activities (primarily trade receivables).

##### Trade receivables

The Group's retail business is predominantly on cash on delivery and prepaid, accordingly the credit risk on such collections is minimal. The Group 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 Group by credit worthiness checks. The Group's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies, hence, the Group is not exposed to concentration risks. Also the Group has a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly the credit risk is covered by the Group.

(Refer accounting policy 2(h) for expected credit loss on trade receivable).

Trade Receivables (Ageing)	As at 30 June 2021			As at 31 March 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	3,943.57	-	3,943.57	4,151.22	-	4,151.22
Less than 6 months	3,374.00	59.80	3,314.20	2,334.77	73.34	2,261.42
6 months-1 year	612.91	318.50	294.42	1,568.24	321.62	1,246.61
1-2 years	292.39	277.68	14.70	260.17	260.17	-
2-3 years	57.70	57.70	-	40.62	40.62	-
Total	8,280.57	713.69	7,566.88	8,355.01	695.75	7,659.26

##### Movement in allowances for expected credit loss:

Particulars	As at 30 June 2021	As at 31 March 2021
Opening balance	695.75	29.02
Provision made during the year	17.94	666.73
Closing balance	713.69	695.75

##### Security Deposits

The Group 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 Group's treasury department in accordance with the Group'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 Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group'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 Group 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 Group's financial liabilities based on contractual undiscounted payments.

Particulars	As at 30 June 2021			As at 31 March 2021		
	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total
Borrowings	26,647.41	166.00	26,813.41	18,580.53	199.79	18,780.32
Trade payables	31,058.66	-	31,058.66	31,621.14	-	31,621.14
Other financial liabilities	12,954.83	-	12,954.83	8,501.34	-	8,501.34
Lease liabilities	5,496.09	14,685.86	20,181.95	5,152.20	12,830.52	17,982.72
Total	76,156.99	14,851.86	91,008.85	63,855.21	13,030.31	76,885.52



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#### 43 Employee Share Based Payment

The Group 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 Group, to the eligible employees of the Group 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 Group and the employee of the Group or its subsidiaries. The maximum period for exercise of options is 4 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 Group. 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 Group has recognised an expense of INR 200.38 lakhs (30 June 2020: INR 77.21 lakhs ; 31 March 2021: INR 526.03 lakhs) arising from equity settled share based payment transactions for employee services received during the period/year. The carrying amount of Share Options Outstanding Account as at 30 June 2021 is INR 1,075.92 lakhs (30 June 2020: INR 1,147.60 lakhs ; 31 March 2021: INR 893.69 lakhs).

As at the end of the given period, details and movements of the outstanding options are as follows:

##### a Options granted under ESOS 2012

	June 30, 2021	June 30, 2020	March 31, 2021
Options outstanding at the beginning of the period/ year	17,531	335,846	335,846
Options granted during the period/ year	-	-	-
Options forfeited during the period/ year	-	-	(1,000)
Options expired/lapsed during the period/ year	-	(1,000)	(1,000)
Options exercised during the period/ year	(925)	(4,551)	(316,315)
<b>Options outstanding at the end of the period/ year</b>	<b>16,606</b>	<b>330,295</b>	<b>17,531</b>
Exercisable at the end of the period/ year	16,606	277,982	17,531
<i>For options outstanding at the end of the period:</i>			
Exercise price range	INR 100 - 650	INR 100 - 650	INR 100 - 650
Weighted average remaining contractual life (in years)	2.28	1.74	2.45

##### b Options granted under ESOS 2017

	June 30, 2021	June 30, 2020	March 31, 2021
Options outstanding at the beginning of the period/ year	188,576	173,240	173,240
Options granted during the period/ year	14,900	3,500	84,700
Options forfeited during the period/ year	(7,500)	(6,820)	(17,745)
Options expired/lapsed during the period/ year	-	-	(2,110)
Options exercised during the period/ year	(3,020)	(3,725)	(49,509)
<b>Options outstanding at the end of the period/ year</b>	<b>192,956</b>	<b>166,195</b>	<b>188,576</b>
Exercisable at the end of the period/ year	54,856	34,619	56,451
<i>For options outstanding at the end of the period/ year:</i>			
Exercise price range	INR 650 - 10,766.75	INR 650 - 6,059.56	INR 650 - 6,059.56
Weighted average remaining contractual life (in years)	4.68	3.54	4.81

##### 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	3.50	4.50
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 - 149.89	22.05 - 187.26	28.49 - 219.11	37.45 - 396.31
	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.26 - 3.22	2.73 - 3.80	3.23 - 4.26	4.23 - 5.09
Risk free interest rate (%)	4.37% to 7.96%	4.76% to 7.96%	4.76% to 8.01%	5.05% to 8.04%
Volatility (%)	22.76% to 30.67%	22.76% to 30.86 %	24.42% to 30.86%	24.59% to 29.38%
Market price on date of grant	650.21 - 10766.75			
Fair Value	155.42 - 2621.87	175.88 - 2816.40	203.44 - 3105.28	233.56 - 3600.08

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 Group has determined the market price on grant date based on latest equity valuation report available with the Group preceeding the grant date.

The weighted average share price at the date of exercise of options exercised during the period was INR 10,766.75 (30 June 2020: INR 6,059.56 ; 31 March 2021: INR 6,844.09)





**d Modification during the year**

On 21 April 2020, the Group increased the exercise period of stock options under the employee stock option scheme- ESOS 2012 and ESOS 2017 from 3 years to 4 years. The incremental fair value together with the original grant date fair value of the options will be recognised as an expense over the remaining vesting period. The fair value of the modified options was determined using the same models and principles as described above, with the following model inputs:

	ESOS 2012			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.45 - 3.00	2.19 - 4.00	2.13 - 2.42	2.05 - 2.70
Risk free interest rate (%)	4.70% to 4.88%	4.70% to 5.21%	4.70%	4.70% to 4.88%
Volatility (%)	28.94% to 30.53%	27.90% to 30.53%	30.53%	28.94% to 30.53%
Market price on date of modification			6,059.56	
Incremental Fair Value	86.21 - 109.93	48.59 - 133.16	7.59 - 13.98	7.63 - 16.34

	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.45 - 3.00	2.19 - 4.00	2.19 - 5.00	3.30 - 6.00
Risk free interest rate (%)	4.70% to 4.88%	4.70% to 5.21%	4.70% to 5.82%	4.88% to 5.91%
Volatility (%)	28.94% to 30.53%	27.90% to 30.53%	27.66% to 30.53%	27.36% to 28.94%
Market price on date of modification			6,059.56	
Incremental Fair Value	86.21 - 109.93	48.59 - 133.16	13.75 - 157.31	13.54 - 121.59

**e Expenses arising from share-based payment transactions**

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

Particulars	For the three months ended 30 June 2021	For the three months ended 30 June 2020
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	200.38	77.21



**FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited)**

**Notes to the Consolidated financial statements for the three months ended 30 June 2021**

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

**44 Purchase of business**

On 28 February 2021, Nykaa Fashions Private Limited (a subsidiary of the Group) has entered into a business transfer agreement (BTA) with "Pipa Bella Accessories Private Limited" to acquire the jewellery business 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. 190 lakhs.

Pursuant to the above agreements and the necessary resolutions passed by the Board of Directors of Nykaa Fashions Private Limited, the business stood transferred to it on 28 February 2021 and the following assets and liabilities acquired by it 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 external registered valuer and the difference between the value of net assets transferred and the aggregate purchase consideration is accounted as Goodwill as under:

<u>Particulars</u>	<u>Amount</u>
<b>Assets:</b>	
Property, Plant and Equipments	6.75
Intangible Assets (Karma Bangle)	150.00
Debtors	13.61
Inventories	62.50
<b>Total assets transferred</b>	<b>232.86</b>
<b>Liabilities:</b>	
Trade payables	82.86
<b>Total liabilities transferred</b>	<b>82.86</b>
Consideration pursuant to BTA	190.00
Goodwill on Purchases of Jewellery business	40.00

Out of the outstanding of Rs. 190 lakhs as on 31 March 2021, Nykaa Fashions Private Limited has paid Rs. 28.50 lakhs during the three months ended 30 June 2021. There is no outstanding balance as on 30 June 2021.

Further, Nykaa Fashions Private Limited has purchased interest in the Trademarks, Domain Name, Copyrights and Design of "Pipa Bella" for the consideration of Rs. 344.40 lakhs from Holding Group of Pipa Bella which has been shown under 'Trademark' in Note 6 of intangible assets.





**46 Events after reporting date**

- a. Subsequent to the period ended 30 June 2021, the Board of Directors and shareholders in their meeting dated 15 July 2021 and 16 July 2021 respectively approved sub-division of each equity shares of Rs. 10 into ten equity shares of face value of Rs. 1 each, issue of two bonus shares for every one existing fully paid up equity share of face value of Rs. 1 each and issue of 56,185 equity shares on exercise of employee stock options under ESOP Scheme.
- b. Pursuant to the resolution passed by Board of Directors on 15 July 2021, the company has converted remaining 36,000 fully paid-up OCRPS into fully paid-up equity shares which were held by exited employees and were forfeited due to non-payment of call money and re-issued to promoters on 9 July 2021 after receiving full issue price of face value of ₹ 10 and premium of ₹ 10,756.65 each.
- c. On 19 September 2021, the Company had entered into a Share Purchase Agreement to acquire 51% stake in Dot & Key Wellness Private Limited (Dot & Key) and has committed to invest Rs. 9,690 lakhs for acquisition of 51% holding. In Tranche 2, a consideration of upto Rs. 15,300 lakhs will be made to acquire upto 49% stake of the promoters during FY 2025 depending on performance and valuation.

**47 Expenditure towards corporate social responsibility (CSR) activities**

The Group spent on a consolidated basis Rs. 75.02 lakhs for the period ended 30 June 2021 (Rs. 22.79 lakhs for the FY 20-21), towards various schemes of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013. No amount has been spent on construction / acquisition of an asset of the Group. The prescribed CSR expenditure required to be spent in the FY 2021-22 as per the Companies Act, 2013 is Rs. 138.60 lakhs (Rs. 7.64 lakhs for the FY 20-21).

**48 Social Security Code**

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**49 Impact of Covid 19**

- a. The Group has taken into account all the possible impacts of COVID-19 in preparation of these consolidated financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on leases. And impact of investment in subsidiaries and other entities. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these consolidated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19 and the Group will continue to closely monitor any material changes to future economic conditions.
- b. Previous period figures for the three months ended June 30, 2020 ('June 20') are not comparable with those of the three months ended June 30, 2021 ('June 21'), due to difference in magnitude of COVID-19 impact on both the periods.

50 Previous years figures have been regrouped and reclassified wherever required to conform those of current period.

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

*Arshad*



per A N Shah  
Partner  
Membership No: 42649

For and on behalf of Board of Directors of  
FSN E-Commerce Ventures Private Limited  
(formerly known as FSN E-Commerce Ventures  
Private Limited)

*Falguni Nayar Milan & Khakhar*

Falguni Nayar  
Managing Director & CEO  
DIN No. 00003633

Milan Khakhar  
Director  
DIN No. 00394065



As per our report of even date  
For S. R. Batliboi & Associates LLP  
Chartered Accountants  
Firm Registration No: 101049W/E300004

*Vineet*

per Vineet Kedia  
Partner  
Membership No: 212230



Place: Mumbai  
Date: 27 September 2021

*Arvind Agarwal*

Arvind Agarwal  
Chief Financial Officer

*Rajendra Punde*

Rajendra Punde  
Company Secretary  
ACS M.No.A9785

*Arshad*

