NYKAA E-RETAIL PRIVATE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

S.R. Batliboi & Associates LLP
Chartered Accountants

12th Floor, The Ruby
29, Senapati Bapat Marg, Dadar (West)
Mumbai – 400028

V. C. Shah & Co.
Chartered Accountants

205-206 Regent Chambers, 2nd Floor
Jamnalal Bajaj Road,208 Nariman Point
Mumbai - 400021

INDEPENDENT AUDITORS' REPORT

To the Members of Nykaa E-Retail Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nykaa E-Retail Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the 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 financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The director's report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the financial statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41(B) to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.;

(iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(v) No dividend has been declared or paid during the year by the Company.

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

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJRCBH2435
Place of Signature: Mumbai
Date: May 26, 2022

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

per A. N. Shah
Partner
Membership Number:42649
UDIN: 22042649AJRVMY5242
Place of Signature: Mumbai
Date: May 26, 2022

Annexure 1 referred to in paragraph [1] under Report on Other Legal and Regulatory Requirements of our report of even date

Re: Nykaa E-Retail Private Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, except for quantitative and description details of additions made during the year. The Company is in the process of updating quantitative and description details of additions.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, some property, plant and equipment were physically verified during the year. No material discrepancies were noticed on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account.

(b) As disclosed in note 22 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are not in agreement with the books of accounts of the Company and the details are as follows:

(Rs. in million)

For each class of current asset as at quarter ended	Value as per books	Value as per quarterly return/ statement	Discrepancy
June 30, 2021:			
Trade receivable and other receivables			
Kotak, ICICI, RBL, HDFC, IDFC, Axis	1,626.69	1,290.56	336.13
Inventory			
Kotak, ICICI, RBL, HDFC, IDFC, Axis	4,170.83	4,289.47	(118.64)
September 30, 2021:			
Trade receivable, Advance to Supplier, Other Receivable			
IDFC, ICICI, Kotak	1,213.52	896.29	317.23
HDFC	1,213.52	1,087.44	126.08
Axis	1,213.52	805.25	408.27
Inventory			
IDFC, ICICI, Kotak, Axis	3,973.65	4,232.93	(259.28)
HDFC	3,973.65	4,309.91	(336.26)
December 31, 2021:			
Trade receivable, Advance to Supplier, Other Receivable			
IDFC, ICICI, Kotak, HDFC	1,309.76	1,255.04	54.72
Axis	1,309.76	1,187.44	122.32
Inventory			
IDFC, ICICI, Kotak, HDFC, Axis	4704.58	5,169.90	(465.32)
Advances to suppliers		.	
IDFC, ICICI, Kotak, HDFC, Axis	186.43	201.43	(15.00)
March 31, 2022:			
Trade receivable, Advance to Supplier, Other Receivable			
Axis, IDFC	1,042.29	1,051.37	(9.08)
HDFC	1,042.29	1,058.17	(15.88)
Inventory			
Axis, IDFC, ICICI, Kotak	5,808.15	6,657.90	(849.75)
HDFC	5,808.15	6,652.22	(844.07)

#Note : Kotak, CITI, HDFC, Axis, IDFC, ICICI, RBL referred in the above in the table are for Kotak Mahindra Bank Limited, Citibank N.A., HDFC Bank Limited, Axis Bank Limited, IDFC First Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advances in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to duty of excise, sales tax, service tax and value added tax are not applicable to the Company for the year ended March 31, 2022.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, sales-tax, service tax, customs duty, excise duty, cess, and other statutory dues which have not been deposited on account of any dispute. The dues of value added tax and income tax have not been deposited on account of any dispute, are as follows:

(Rs. in million)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum
Maharashtra Value Added Tax, 2002	MVAT	0.85	April 2017 to June 2017	Deputy Commissioner of Sales Tax (Appeals)
Income tax act - 1961	Income Tax	74.37	FY 2017-18	Additional / Joint / Deputy / Assistant Commissioner of Income Tax/ Income-tax Officer, National e-Assessment Centre

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act, 2013 has been filed by the secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaint received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) In our opinion, the Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 47 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 48 to the financial statements.

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

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJRCBH2435

Place of Signature: Mumbai
Date: May 26, 2022

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

per A. N. Shah
Partner
Membership Number:42649
UDIN: 22042649AJRVMY5242

Place of Signature: Mumbai
Date: May 26, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE

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

We have audited the internal financial controls with reference to financial statements of Nykaa E-Retail Private Limited ('the Company') as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJRCBH2435

Place of Signature: Mumbai
Date: May 26, 2022

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

per A. N. Shah
Partner
Membership Number:42649
UDIN: 22042649AJRVMY5242

Place of Signature: Mumbai
Date: May 26, 2022

(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Balance Sheet as at March 31, 2022

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	4	676.66	296.40
Right of use assets	5	733.41	277.15
Capital work-in-progress	6	31.87	14.98
Intangible assets	7	91.11	123.06
Intangible assets under development	8	110.37	3.88
Financial assets			
Other financial assets	9	94.02	35.90
Deferred tax assets (net)	10	201.50	116.13
Other non current assets	11	59.91	7.66
Total non-current assets (A)		**1,998.85**	**875.16**
Current assets			
Inventories	12	6,034.62	3,552.48
Financial assets			
Trade receivables	13	777.08	795.36
Cash and cash equivalents	14	2.39	282.59
Bank balance other than cash and cash equivalents	15	47.80	26.93
Other financial assets	16	555.72	384.26
Other current assets	17	986.30	323.48
Total current assets (B)		**8,403.91**	**5,365.10**
Total Assets (A+B)		**10,402.76**	**6,240.26**

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Nykaa E-Retail Private Limited
Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Balance Sheet as at March 31, 2022

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Equity and liabilities			
Equity			
Equity share capital	18	95.10	95.10
Other equity	19	2,045.47	1,081.91
Total equity (A)		**2,140.57**	**1,177.01**
Liabilities			
Non-current liabilities:			
Financial liabilities			
Lease Liabilities	20	555.57	198.07
Long-term provisions	21	44.40	44.67
Total non-current liabilities (B)		**599.97**	**242.74**
Current liabilities:			
Financial liabilities			
Borrowings	22	4,056.71	1,292.96
Lease liabilities	23	211.13	116.42
Trade payables	24		
-Total outstanding dues of Micro enterprise and small enterprises		398.02	60.87
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		2,059.15	2,536.98
Other financial liabilities	25	651.68	294.12
Short-term provisions	26	46.75	59.66
Contract liabilities	27	149.20	161.76
Current tax liabilities	10	20.08	246.93
Other current liabilities	28	69.50	50.81
Total current liabilities (C)		**7,662.22**	**4,820.51**
Total liabilities (B+C)		**8,262.19**	**5,063.25**
Total equity and liabilities (A+B+C)		**10,402.76**	**6,240.26**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date
For V. C. Shah & Co.
Chartered Accountants
ICAI 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
ICAI Firm Registration No: 101049W/E300004

sd/-
per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 26, 2022

For and on behalf of Board of Directors of
Nykaa E-Retail Private Limited

Anchit Nayar
Chief Executive Officer
DIN No.: 08351358

Falguni Nayar
Director
DIN No.: 00003633

Arvind Agarwal
Chief Financial Officer
DIN No.: 02175753

Sanjay Dubey
Company Secretary
ACS M.No. A13775

Place: Mumbai
Date: May 26, 2022

Nykaa E-Retail Private Limited
Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	29	31,906.29	22,036.03
Other income	30	35.95	14.04
Total Income		**31,942.24**	**22,050.07**
Expenses			
Purchase of traded goods	31	22,810.33	15,053.61
Changes in inventories of stock-in-trade	32	(2,442.52)	(523.36)
Employee benefits expense	33	1,686.44	1,341.62
Finance costs	34	301.78	249.76
Depreciation and amortisation expense	35	428.61	324.26
Other expenses	36	8,035.16	4,409.55
		30,819.80	**20,855.44**
Profit before tax		**1,122.44**	**1,194.63**
Tax expense:			
Current tax	10	367.01	382.58
Deferred tax	10	(90.41)	(100.57)
Total tax expense		**276.60**	**282.01**
Profit after tax		**845.84**	**912.62**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements gain of defined benefit liability		20.02	0.17
Income tax effect on above		(5.04)	0.04
Other comprehensive income for the year, net of tax		**14.98**	**0.21**
Total Comprehensive Income for the year		**860.82**	**912.83**
Earnings per share of face value Rs. 10/- each			
Basic	37	**88.94**	**95.96**
Diluted	37	**88.94**	**95.96**
The accompanying notes are an integral part of the Financial Statements			

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

per A N Shah
Partner
Membership No: 42649

For and on behalf of Board of Directors of
Nykaa E-Retail Private Limited

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Chief Executive Officer
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per Vineet Kedia
Partner
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Arvind Agarwal
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Place: Mumbai
Date: May 26, 2022

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Date: May 26, 2022

(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2022

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from Operating activities		
Net profit before tax as per Statement of profit & loss	**1,122.44**	**1,194.63**
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation of property, plant & equipment	352.15	253.03
Amortisation of intangible assets	76.46	71.23
Interest expense and other finance costs	301.78	249.76
Share based expense	71.43	35.60
Provision for gratuity expense	21.39	21.40
Provision for leave compensated expense	(3.03)	58.08
Expected credit loss	(18.34)	60.07
Unrealised loss/(gain) on foreign exchange fluctuation	0.29	(2.54)
Interest income	(10.70)	(8.95)
Rent waiver	-	(3.83)
Operating profit before working capital changes	**1,913.87**	**1,928.48**
Working capital adjustments:		
Decrease in trade receivables	36.62	44.45
(Increase) in inventories	(2,482.14)	(558.58)
(Increase) in other financial assets	(246.31)	(100.61)
(Increase)/Decrease in other current assets	(662.82)	212.07
Decrease in other non current assets	(35.00)	-
(Decrease) in trade payables	(142.23)	(63.83)
(Decrease) in provisions	(11.52)	(8.75)
Increase in other current and financial liabilities	289.30	104.71
Cash (used in)/ from operations	**(1,340.23)**	**1,557.94**
Payment of taxes (net)	(593.86)	(94.41)
Net cash flow (used in)/ from operating activities (A)	**(1,934.09)**	**1,463.54**
Cash flows from Investing activities		
Purchase of property, plant and equipment and other intangible assets	(631.04)	(168.37)
Investment in fixed deposits	(20.87)	(22.77)
Interest received	1.32	0.78
Net cash flows (used in) investing activities (B)	**(650.59)**	**(190.36)**

(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2022

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from Financing activities		
(Repayment) of Non-current borrowings (net)	-	(75.57)
Proceeds from / (Repayment) of current borrowings (net)	2,763.76	(610.97)
Payment of interest on borrowings	(208.34)	(154.18)
Rental income on sub lease	5.03	12.70
Principal payment of lease liabilities	(194.22)	(171.66)
Interest payment on lease liabilities	(61.75)	(43.10)
Net cash flows from/ (used in) financing activities (C)	**2,304.48**	**(1,042.78)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(280.20)**	**230.40**
Cash and cash equivalents at the beginning of the year	282.59	52.19
Cash and cash equivalents at the year end (Refer note 14)	**2.39**	**282.59**

Note:
Non cash transactions relating to investing and financing activities. (Refer Note: 16, 25, 38)
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.

The accompanying notes are an integral part of the Financial Statements

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

For and on behalf of Board of Directors of
Nykaa E-Retail Private Limited

per A N Shah
Partner
Membership No: 42649

Anchit Nayar
Chief Executive Officer
DIN No.: 08351358

Falguni Nayar
Director
DIN No.: 00003633

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

Arvind Agarwal
Chief Financial Officer
DIN No.: 02175753

Sanjay Dubey
Company Secretary
ACS M.No. A13775

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 26, 2022

Place: Mumbai
Date: May 26, 2022

(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No. of shares	Amount
As at April 01, 2020	95,10,000	95.10
Issue during the year	-	-
As at March 31, 2021	**95,10,000**	**95.10**
Issue during the year	-	-
As at March 31, 2022	**95,10,000**	**95.10**

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(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

B. Other equity

Particulars	Capital contribution from Parent	Reserves & Surplus		Other comprehensive income (OCI)	Total other equity
		Retained Earnings	Capital Reserve		
As at April 01, 2020	**204.50**	**(140.06)**	**17.37**	**(1.63)**	**80.18**
Net Profit for the year	-	912.62	-	-	912.62
Other comprehensive income	-	-	-	0.21	0.21
Total comprehensive income	**-**	**912.62**	**-**	**0.21**	**912.83**
Addition during the year	88.90	-	-	-	88.90
As at March 31, 2021	**293.40**	**772.56**	**17.37**	**(1.42)**	**1,081.91**
Net Profit for the year	-	845.84	-	-	845.84
Other comprehensive income	-	-	-	14.98	14.98
Total comprehensive income	**-**	**845.84**	**-**	**14.98**	**860.82**
Addition during the year	102.74	-	-	-	102.74
As at March 31, 2022	**396.14**	**1,618.40**	**17.37**	**13.56**	**2,045.47**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date
For V. C. Shah & Co.
Chartered Accountants
ICAI 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
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 26, 2022

For and on behalf of Board of Directors of
Nykaa E-Retail Private Limited

Anchit Nayar
Chief Executive Officer
DIN No.: 08351358

Falguni Nayar
Director
DIN No.: 00003633

Arvind Agarwal
Chief Financial Officer
DIN No.: 02175753

Sanjay Dubey
Company Secretary
ACS M.No. A13775

Place: Mumbai
Date: May 26, 2022

1. Corporate Information

Nykaa E-retail Private Limited (the 'Company') is a private limited company incorporated and domiciled in India. The Company is a wholly owned subsidiary of FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited). The registered office of the Company is located at 104, Vasan Udyog Bhavan Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

The Company is engaged in the business of selling beauty, hygiene and wellness products through online channels i.e. Company's online platforms or websites and other online applications as well as through offline channels i.e. stores, stalls etc.

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 26, 2022.

2A. Basis of preparation

i) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards 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 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. Summary of significant accounting policies:

a) Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be 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 Company classifies all other liabilities as non-current.

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

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

b) Property Plant & Equipment

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

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

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress 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 extended lease period, as applicable.

Estimated useful lives of the assets are as follows:

Description of asset	Useful lives (in years)
Computers & Hardware	3
Furniture & Fixtures	10
Office Equipments	5

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.

c) Intangible assets

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

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the 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 using straight line method over the useful lives as under:

Intangible asset	Useful lives (in years)
Business application development (Internally generated)	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 Company can demonstrate:

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

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

d) Impairment of non-financial assets

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

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

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Company'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 Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

e) Inventory

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

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

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, 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 inventory.

f) Leases

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

<u>Company as a lessee:</u>

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

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

- Right of use for warehouse/office 2 to 9 years

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

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

ii. Lease liabilities:

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

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

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

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

Sub-lease

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

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

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

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

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

g) Financial Instruments

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

I. Initial recognition and measurement:

All Financial assets and liabilities are 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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.

II. 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 though 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

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 Company'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 company may transfer 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 Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

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

III. 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 Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

IV. Impairment of financial assets:

In accordance with Ind AS 109, the Company applies 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) Investment;

c) Other financial assets such as deposits, advances etc.

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

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

V. Offsetting of financial instruments

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

h) Revenue recognition:

I. Revenue from contracts with customers

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

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

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

i. Sale of products:

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the Company 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 Company's obligation is to arrange for the provision of goods and services by another party, the Company recognizes revenue in the amount of the commission to which it expects to be entitled in exchange for arranging for the provision of goods and services.

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

ii.Rendering of services:

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

Marketing Support Revenue

- 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 Company applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice upon rendering of services.

iii. Reward points programme

The Company 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 Company considers the likelihood that the customer will redeem the points. The Company 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.

iv. Contract balances:

- **Contract assets**

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Company 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 Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

- **Contract liabilities**

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

II. Interest income:

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

i) Provisions

A provision is recognised when the Company has a present 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.

j) Foreign currency transactions

Functional and presentation currency

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

k) Share based payments

Certain employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments of FSN E-Commerce Ventures Limited (the Holding Company). These shares vest equally over a period of 3 – 4 years. The Company does not have an obligation to settle the transaction with its employees. Therefore, the Company accounts for the transaction with its employees as equity settled and recognizes a corresponding increase in equity as contribution from parent.

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 contribution by parent in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The 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.

l) 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 Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

ii. Defined Benefit Plans

Gratuity

The Company 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 Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, 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 Company 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.

m) Borrowing cost

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

n) Fair value measurement

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. 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.

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

o) Income taxes
Tax expense comprises current and deferred tax.

Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Deferred tax

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

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

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

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

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

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with 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 Company’s cash management.

q) Contingent Liabilities

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

r) Earnings per share

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

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

s) 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.

t) 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.

3A. Significant accounting judgements, estimates and assumptions

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

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

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

I. Judgements:

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

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

II. Estimates and assumptions:

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

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial 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 Company 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 Company 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 reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

g. Provision

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

h. Impairment of financial assets:

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

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

The Company 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 Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

j. Leases – Estimating the incremental borrowing rates:

The Company 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 Company 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 Company '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 Company 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 Company's credit rating).

k. Other estimates:

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

3B. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify 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 Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Nykaa E-Retail Private Limited
Financial Statements as at and for the year ended March 31, 2022
(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)
Notes to Financial Statements

Note 4
Property, plant and equipment

Particulars	Computers & Hardware	Furniture & Fixtures	Office equipments	Leasehold improvements	Total
Cost					
As at April 01, 2020	145.62	151.18	97.26	39.52	**433.58**
Additions	46.60	21.64	9.28	1.78	79.30
Disposals	-	-	-	-	-
As at March 31, 2021	**192.22**	**172.82**	**106.54**	**41.30**	**512.88**
Additions	195.98	147.47	165.40	12.31	521.16
Disposals	-	-	-	-	-
As at March 31, 2022	**388.20**	**320.29**	**271.94**	**53.61**	**1,034.04**
Accumulated depreciation					
As at April 01, 2020	66.05	23.03	29.53	16.66	135.27
Depreciation charge for the year	40.85	15.74	19.17	5.45	81.21
Disposals	-	-	-	-	-
As at March 31, 2021	**106.90**	**38.77**	**48.70**	**22.11**	**216.48**
Depreciation charge for the year	68.59	30.67	35.49	6.15	140.90
Disposals	-	-	-	-	-
As at March 31, 2022	**175.49**	**69.44**	**84.19**	**28.26**	**357.38**
Net Book Value					
As at March 31, 2022	**212.71**	**250.85**	**187.75**	**25.35**	**676.66**
As at March 31, 2021	**85.32**	**134.05**	**57.84**	**19.19**	**296.40**

Footnotes:
1. Movable assets have been pledged to secure borrowings of the Company (Refer Note – 22)

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 5
Right of Use Assets

Particulars	Right of Use Assets	Total
Cost		
As at April 01, 2020	**643.92**	**643.92**
Additions	69.15	69.15
Disposals	(26.68)	(26.68)
As at March 31, 2021	**686.39**	**686.39**
Additions	679.33	679.33
Disposals	(24.73)	(24.73)
As at March 31, 2022	**1,340.99**	**1,340.99**
Accumulated depreciation		
As at April 01, 2020	**248.55**	**248.55**
Depreciation charge for the year	171.82	171.82
Disposals	(11.13)	(11.13)
As at March 31, 2021	**409.24**	**409.24**
Depreciation charge for the year	211.25	211.25
Disposals	(12.91)	(12.91)
As at March 31, 2022	**607.58**	**607.58**
Net Book Value		
As at March 31, 2022	**733.41**	**733.41**
As at March 31, 2021	**277.15**	**277.15**

Note 6
Capital Work-in-progress

Particulars	Amount
As at April 1, 2020	-
Addition	14.98
Capitalisation	-
As at March 31, 2021	**14.98**
Addition	28.91
Capitalisation	(12.02)
As at March 31, 2022	**31.87**

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

Capital Work-in-progress ageing schedule:

Period in progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2022	28.91	2.96	-	-
As at March 31, 2021	14.98	-	-	-

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

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

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 7
Intangible assets

Particulars	Catalogue	Business application development cost	Computer Softwares	Total
Cost				
As at April 01, 2020	56.24	264.55	12.21	333.00
Additions	0.99	64.62	13.01	78.62
Disposals	-	-	-	-
As at March 31, 2021	**57.23**	**329.17**	**25.22**	**411.62**
Additions	-	39.21	5.30	44.51
Disposals	(57.23)	-	-	(57.23)
As at March 31, 2022	**-**	**368.38**	**30.52**	**398.90**
				-
Accumulated amortisation				
As at April 01, 2020	48.30	160.85	8.18	217.33
Amortisation charge for the year	8.93	58.35	3.95	71.23
Disposals	-	-	-	-
As at March 31, 2021	**57.23**	**219.20**	**12.13**	**288.56**
Amortisation charge for the year	-	70.29	6.17	76.46
Disposals	(57.23)	-	-	(57.23)
As at March 31, 2022	**-**	**289.49**	**18.30**	**307.79**
				-
Net Book Value				-
At March 31, 2022	**-**	**78.89**	**12.22**	**91.11**
At March 31, 2021	**-**	**109.97**	**13.09**	**123.06**

Note 8
Intangible assets under development

Particulars	Amount
As at April 01, 2020	5.69
Addition	3.88
Capitalisation	(5.69)
As at March 31, 2021	**3.88**
Addition	145.70
Capitalisation	(39.21)
As at March 31, 2022	**110.37**

Intangible assets under development includes cost incurred towards development of business application.

Intangible assets under development ageing schedule:

Period in progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2022	110.37	-	-	-
As at March 31, 2021	3.88	-	-	-

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 9

Other financial assets (non-current) (measured at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits (Unsecured, considered good)	86.92	24.99
Sublease net investments	7.10	10.91
Total	**94.02**	**35.90**

Note 10

Income tax

The major components of income tax expense / (credit) are:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax:		
In respect of current year	364.34	398.27
In respect of earlier year	2.67	(15.69)
	367.01	**382.58**
Deferred tax:		
In respect of current year	(88.77)	(100.57)
In respect of unrecognised business loss of earlier years	(1.64)	-
	(90.41)	**(100.57)**
Income tax expense/(income) reported in the statement of profit or loss	**276.60**	**282.01**
OCI section - Deferred tax related to items recognised in OCI during the year:		
Tax expenses / (income) on remeasurements of defined benefit plans	5.04	(0.04)
Income tax expense charged / (credited) to OCI	**5.04**	**(0.04)**

The reconciliation between the amount computed by applying the statutory income tax rate to the loss before tax and income tax expense / (credit) is summarised below:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	1,122.44	1,194.63
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	282.52	300.69
Tax effect of:		
Interest expense on loan to subsidiary	-	0.45
Commission on financial guarantee	9.22	13.42
Interest on late payment of taxes	(1.91)	7.85
Tax expense / (credit) pertaining to earlier years	1.03	(15.69)
Others	(14.26)	(24.69)
Total Tax	**(5.92)**	**(18.67)**
Current tax expense	367.01	382.58
Deferred tax expense	(90.41)	(100.57)
Tax expense recognized in the statement of profit and loss	**276.60**	**282.01**
Effective tax rate	24.64%	23.61%

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Gross movement in the current income tax assets/(liabilities) for the years ended March 31, 2022 and March 31, 2021:

Particulars	As at March 31, 2022	As at March 31, 2021
Net income tax asset at the beginning	(246.93)	41.24
Income tax paid	593.86	94.41
Current income tax expense	(367.01)	(382.58)
Net income tax asset at the end	**(20.08)**	**(246.93)**
Income tax assets as per balance sheet	(20.08)	(246.93)

Deferred tax:

Deferred tax assets and liabilities are attributable to the following:

Particulars	As at March 31, 2022	As at March 31, 2021
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	150.71	40.63
Provision of doubtful receivables	11.08	48.57
Impact of difference in liabilities as per books and tax	13.94	5.65
Impact of difference between tax depreciation / amortisation and depreciation / amortisation as per books	25.77	21.28
Deferred tax assets (A)	**201.50**	**116.13**
Deferred tax liabilities (B)	**-**	**-**
Deferred tax assets (net) (C=A-B)	201.50	116.13

Reconciliation of deferred tax assets (net):

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	116.13	15.52
Tax income recognised in statement of profit and loss for the year	90.41	100.57
Tax (expense)/income recognised in OCI for the year	(5.04)	0.04
Closing balance	**201.50**	**116.13**

Note 11

Other non current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance for capital goods	24.91	7.66
Balance with statutory / government authorities	35.00	-
Total	**59.91**	**7.66**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 12

Inventories (valued at lower of cost or net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Stock in trade	5,922.71	3,480.19
Packing material	111.91	72.29
Total	**6,034.62**	**3,552.48**

As at March 31, 2022 Rs. 212.87 Mn (March 31, 2021: Rs. 223.45 Mn) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

Note 13

Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables - Unsecured, considered good	777.08	795.36
Trade receivables which have significant increase in credit risk	44.03	62.37
Less: Allowances for expected credit loss (Refer note 44)	(44.03)	(62.37)
Total	**777.08**	**795.36**

For details of trade receivable with related party refer note 40 related party disclosures.

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 0-90 days.

Trade receivables Ageing Schedule:

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – Unsecured, considered good	577.08	200.00	-	-	-	-	777.08
Undisputed Trade Receivables – which have significant increase in credit risk	1.16	2.81	4.92	14.25	20.89	-	44.03
Total	**578.24**	**202.81**	**4.92**	**14.25**	**20.89**	**-**	**821.11**

As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – Unsecured, considered good	483.22	188.47	123.67	-	-	-	**795.36**
Undisputed Trade Receivables – which have significant increase in credit risk	-	6.28	28.88	24.68	2.53	-	**62.37**
Total	**483.22**	**194.75**	**152.55**	**24.68**	**2.53**	**-**	**857.73**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 14

Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts	0.83	281.80
Cheques on hand	-	0.32
Cash on hand	1.56	0.47
Total	**2.39**	**282.59**

Note 15

Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Margin money deposits with bank (held as lien by bank against guarantees)	47.80	26.93
Total	**47.80**	**26.93**

Note 16

Other financial assets (current) (measured at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Sublease net investments	4.39	4.03
Security deposits (Unsecured, considered good)	4.92	29.63
Unbilled receivable	344.68	116.09
Receivable from payment gateway / cash collection vendors	201.05	234.02
Interest accrued on deposit but not due	0.68	0.49
Total	**555.72**	**384.26**

Movement in interest accrued on deposit but not due

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	0.49	0.23
Interest accrued during the year	1.51	1.04
Receipt of interest during the year	(1.32)	(0.78)
Closing Balance	**0.68**	**0.49**

Note 17

Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to suppliers (Unsecured, considered good)	115.98	169.60
Advance against expenses (Unsecured, considered good)	38.96	33.89
Prepaid expenses	73.91	49.17
Balance with statutory / government authorities	757.45	70.82
Total	**986.30**	**323.48**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 18
Equity Share Capital

Particulars	Equity Shares	
	Numbers	Amount
i) Authorised Share Capital		
As at April 01, 2020	12,000,000	1,200.00
Increase / (decrease) during the year	-	-
As at March 31, 2021	**12,000,000**	**1,200.00**
Increase / (decrease) during the year	-	-
As at March 31, 2022	**12,000,000**	**1,200.00**

i) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

During the year ended March 31, 2022, the amount of per share dividend recognised as distribution to equity share-holders was Rs. Nil (March 31, 2021: Rs. Nil).

ii) Issued share capital
Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	Equity shares	
	Numbers	Amount
As at April 01, 2020	95,10,000	95.10
Changes during the year	-	-
As at March 31, 2021	**95,10,000**	**95.10**
Changes during the year	-	-
As at March 31, 2022	**95,10,000**	**95.10**

iii) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates:

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	As at March 31, 2022	As at March 31, 2021
FSN E-Commerce Ventures Limited (Holding Company)	95.10	95.10
9,510,000 (March 31, 2021: 9,510,000) equity shares of Rs. 10/- each		

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
FSN E-Commerce Ventures Limited	95,10,000	100.00%	95,10,000	100.00%

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

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

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 19
Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Retained earnings		
Opening balance	772.56	(140.06)
Add : Profit during the year	845.84	912.62
Closing balance (A)	**1,618.40**	**772.56**
(ii) Other comprehensive income		
Opening balance	(1.42)	(1.63)
Add: Other comprehensive income for the year	14.98	0.21
Closing balance (B)	**13.56**	**(1.42)**
(iii) Capital reserve		
Opening balance	17.37	17.37
Add: Addition during the year	-	-
Closing balance (C)	**17.37**	**17.37**
(iv) Capital Contribution from Parent		
Opening balance	293.40	204.50
Add: Addition during the year	102.74	88.90
Closing balance (D)	**396.14**	**293.40**
Total (A+B+C+D)	**2,045.47**	**1,081.91**

Nature and purpose of reserves

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

(ii) **Other Comprehensive Income:** This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

(iii) **Capital Reserve:** On March 31, 2017, the company had entered into a business transfer agreement (BTA) with its Holding Company “FSN E-Commerce Ventures Limited” to acquire the E-Commerce business on slump sale basis. The difference between the value of net assets transferred and the aggregate purchase consideration was accounted as capital reserve.

(iv) **Contribution from parent company consists of:**

Share Based Payment: FSN E-Commerce Ventures Limited, the Holding company has extended its stock options program to selected employees of subsidiaries including the Company. The fair-value of equity-settled transactions; calculated at the date when the grant is made using an appropriate valuation model and recognized over the period in which the performance and/or service conditions are fulfilled.

Loan from Holding Company: fair valuation of loans taken from parent.

Guarantee from Holding Company: fair value of guarantee given by Holding Company for loans taken from bank.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 20
Lease liabilities (Non Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for lease liabilities (Refer note 38)	555.57	198.07
Total	**555.57**	**198.07**

Note 21
Long-term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (Refer note 39)	44.40	44.67
Total	**44.40**	**44.67**

Note 22
Borrowings (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured - Carried at amortised cost		
Working capital loan from Banks	2,134.84	1,292.96
Unsecured		
Loan from holding Company	1,921.87	-
Total	**4,056.71**	**1,292.96**

(i) 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.

(ii) Loan is payable on demand. Interest payable on working capital loan is MCLR adjusted with the risk spread mutually agreed between the parties.

(iii) Maximum amount of loan outstanding from holding Company during the year was Rs. 1,928.57 Mn and for working capital loan from banks was Rs. 2,138.52 Mn (March 31, 2021 – Rs. 2,161.93 Mn).

(iv) Bank loan contain certain financial covenants and the Company has satisfied all covenants as per the terms of bank loan.

(v) As at March 31, 2022, the Company had undrawn committed funded and non-funded borrowing facilities of Rs. 208.40 Mn (March 31, 2022: Rs. 1,291.60 Mn).

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Reconciliation of stock statements submitted with banks:

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-20	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	2,275.44	2,628.78	(353.34)	Amount as per books represents total inventory balance as per trial balance.The difference is primarily on account of Goods in transit included and provision for inventory not considered in the quarterly return. The amount reported in the quarterly return includes inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date.
		Trade receivable and others	1,323.65	837.89	485.76	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. The difference is primarily on account of Unbilled receivable and Receivable from COD/Prepaid not considered in the quarterly return. Detailed backup information for the difference is not readily retrievable as on date.
Sep-20	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	2,914.36	2,914.36	-	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return includes inventory greater than 9 months as detailed backup information for inventory aged greater than 9 months is not readily retrievable as on date.
		Trade receivable and others	1,470.24	1,370.04	100.20	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed backup information for difference is not readily retrievable as on date.
Dec-20	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	2,713.62	2,844.24	(130.62)	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return include inventory greater than 9 months as detailed reconciliation for difference is not readily retrievable as on date.
		Trade receivable and others	1,193.20	1,126.08	67.12	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed backup information for difference is not readily retrievable as on date.
Mar-21	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	3,552.48	3,552.48	-	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	1,315.06	1,315.08	(0.02)	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days

[1] Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	4,170.83	4,289.47	(118.64)	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	1,626.69	1,290.56	336.13	Difference is due to unbilled receivable and receivable from COD / Prepaid which are not considered in the quarterly return.
Sep-21[2]	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank	Inventory	3,973.65	4,232.93	(259.28)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		3,973.65	4,309.91	(336.26)	
	Kotak Bank, IDFC Bank, ICICI Bank	Trade receivables, Advance to Suppliers, Other Receivables	1,213.52	896.29	317.23	The difference is primarily on account of advance to suppliers which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	HDFC Bank		1,213.52	1,087.44	126.09	The difference is primarily on account of advance to suppliers and trade receivables greater than 90 days which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Axis Bank		1,213.52	805.25	408.28	The difference is primarily on account of advance to suppliers which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

[1] Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Dec-21[2]	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank, HDFC Bank	Inventory	4,704.58	5,169.90	(465.32)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Kotak Bank, IDFC Bank, ICICI Bank, HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	1,309.76	1,255.04	54.72	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Axis Bank		1,309.76	1,187.44	122.32	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank, HDFC Bank	Advances to suppliers	186.43	201.43	(15.00)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Mar-22[3]	Axis Bank, IDFC Bank, ICICI Bank, Kotak Bank	Inventory	5,808.15	6,657.90	(849.75)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		5,808.15	6,652.22	(844.07)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Axis Bank, IDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	1,042.29	1,051.37	-9.08	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	HDFC Bank		1,042.29	1,058.17	-15.88	

[1] Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

[3] For quarter ended March 31, 2022, the Company is in process of submitting revised statement with bank post balance sheet date.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 23
Lease liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for lease liabilities (Refer note 38)	211.13	116.42
Total	**211.13**	**116.42**

Note 24
Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	398.02	60.87
Total outstanding dues of trade payables other than micro enterprises and small enterprises	2,059.15	2,536.98
Total	**2,457.17**	**2,597.85**

Refer note 40 for payables to related parties.

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 Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

Particulars	March 31, 2022	March 31, 2021
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	398.02	60.87
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	1.50	0.09
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	-	-

Trade payables ageing schedule

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	230.61	166.19	0.41	0.81	0.00	398.02
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,557.43	475.38	22.35	3.07	0.92	2,059.15
Total	**1,788.04**	**641.57**	**22.76**	**3.88**	**0.92**	**2,457.17**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	47.28	13.59	-	-	-	60.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,905.55	619.77	8.89	2.71	0.06	2,536.98
Total	**1,952.83**	**633.36**	**8.89**	**2.71**	**0.06**	**2,597.85**

Note 25
Other financial liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Employee related liabilities	148.74	3.20
Accrued expenses	406.81	268.93
Creditors for capital goods	92.30	17.05
Interest accrued but not due	3.83	4.94
Total	**651.68**	**294.12**

For details of employee related liabilities pertaining KMP's refer note 40 on related party disclosures.

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	4.94	5.76
Interest cost on borrowings and finance charge accrued during the year	201.88	153.36
Payment of interest and finance charge during the year	(202.99)	(154.18)
Closing balance	**3.83**	**4.94**

Note 26
Short-term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Gratuity (Refer note 39)	7.96	7.83
Provision for Compensated absences (Refer note 39)	38.79	51.83
Total	**46.75**	**59.66**

Note 27
Contract liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue (Provision for reward points)	76.90	56.95
Advance from customers	72.30	104.81
Total	**149.20**	**161.76**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Movement in provision for reward points

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	**56.95**	**49.77**
Provision made during the year	321.52	212.44
Provision utilised during the year	(301.57)	(205.26)
Closing balance	**76.90**	**56.95**

Note 28

Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	69.50	50.81
Total	**69.50**	**50.81**

Note 29

Revenue from operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Sale of products	28,048.04	19,789.55
B. Sale of services		
Marketing support revenue	3,691.89	2,126.61
Income from marketplace services	160.77	110.40
C. Other Operating Revenue		
Gift card expiration	5.59	9.47
Total	**31,906.29**	**22,036.03**

Geography	For the year ended March 31, 2022	For the year ended March 31, 2021
Within India	31,906.29	22,036.03
Outside India	-	-
	31,906.29	**22,036.03**

(A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and sale of products by selected platforms (income for marketplace services), which is a single line of business. The company also derives revenue by providing advertisement services to its suppliers which is related to sale of product business.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

(B) Contract Balances

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Trade Receivables	777.08	795.36
Contract Assets	-	-
Contract Liabilities	149.20	161.76
Contract Price	31,918.85	22,011.94
Revenue recognized in the period from:		
Revenue recognized in the current year from contract liability:		
Advance from Customer	104.81	87.89
Reward Point	56.95	49.77
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(72.30)	(104.81)
Reward Point	(76.90)	(56.95)
Revenue from operations	**31,906.29**	**22,036.03**

Note 30
Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on:		
Net investment (sublease)	1.58	2.18
Security Deposit	7.61	5.73
Fixed deposit	1.51	1.04
Miscellaneous income	22.05	2.55
Foreign exchange gain (net)	3.20	2.54
Total	**35.95**	**14.04**

Note 31
Purchase of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases of traded goods	22,810.33	15,053.61
Total	**22,810.33**	**15,053.61**

Note 32
Changes in inventories of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Stock-in-trade		
Opening balance	3,480.19	2,956.83
Closing balance	5,922.71	3,480.19
Total	**(2,442.52)**	**(523.36)**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 33
Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Bonus (Refer note 53)	1,531.20	1,192.58
Contribution to provident fund	27.10	21.94
Gratuity expenses (Refer note 39)	21.39	21.40
Compensated expenses (Refer note 39)	(3.03)	58.08
Share based expenses (Refer note 46)	71.43	35.60
Staff welfare expenses	38.35	12.02
Total	**1,686.44**	**1,341.62**

Note 34
Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses on borrowings	145.81	128.10
Interest expenses on lease liabilities	61.75	43.10
Interest expenses on inter company loan	45.44	16.10
Other interest cost	1.50	-
Commission on financial guarantee	36.65	53.30
Other finance charge	10.63	9.16
Total	**301.78**	**249.76**

Note 35
Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 4)	140.90	81.21
Depreciation of Right-of-use assets (Refer note 5)	211.25	171.82
Amortisation of Intangible assets (Refer note 7)	76.46	71.23
Total	**428.61**	**324.26**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 36
Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Marketing & Advertisement Expense	2,924.86	1,223.07
Consumption of Packing Materials	760.98	410.38
Legal and Professional Fees	51.87	36.77
Web & Technology Expenses	485.74	317.71
Brand Usages Fees	313.15	212.95
Outsource warehouse manpower Expenses (Refer note 53)	695.31	439.92
Payment Gateway Charges	166.48	136.84
Freight Expenses	2,198.31	1,268.24
Selling Expenses	105.07	52.24
Other Administrative expense	18.30	27.11
Recruitment Expenses	39.80	16.32
Travelling & Conveyance Expenses	31.97	10.78
Expected credit loss/credit impaired	(18.34)	60.07
Printing & Stationery	24.07	23.44
Communication Expenses	26.88	16.69
Rates & Taxes	60.20	57.09
Insurance Expenses	20.91	19.75
Rent and Maintenance Expenses	8.19	8.13
Director Sitting Fees	0.23	-
Repairs & Maintenance - Others	9.86	11.81
Security Expenses	62.48	26.80
Electricity Charges	29.82	22.05
Bank Charges	4.85	6.66
Auditors remuneration :		
- Audit fees	4.30	3.60
- Taxation Matters	0.50	0.70
Expenditure towards corporate social responsibility (CSR) activities (Refer note 48)	9.37	0.43
Total	**8,035.16**	**4,409.55**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 37

Basic & diluted earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Nominal value of per equity share	10/-	10/-
Profit after tax (A)	845.84	912.62
Profit attributable to equity shareholders	845.84	912.62
Total number of shares outstanding during the year	9,510,000	9,510,000
Weighted average number of equity shares outstanding during the year (B)	9,510,000	9,510,000
Basic earnings per share (A/B)	**88.94**	**95.96**
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	-	-
Weighted average number of diluted equity shares (D=B+C)	9,510,000	9,510,000
Diluted earnings per share (A/D)	**88.94**	**95.96**

Note 38

Leases

The Company as lessee

The Company has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 2 to 9 years.

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

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the carrying amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	314.49	437.32
Addition	659.39	69.29
Accretion of interest	61.75	43.10
Deletion due to closure	(12.96)	(16.63)
Rent waiver	-	(3.83)
Payments	(255.97)	(214.76)
Closing balance	**766.70**	**314.49**
Non-current	555.57	198.07
Current	211.13	116.42
	766.70	**314.49**

The maturity analysis of lease liabilities are disclosed in note 44.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

The following are the amounts recognized in statement of profit and loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expenses of right of use assets	211.25	171.82
Interest expenses on lease liabilities	61.75	43.10
Total amount recognised in statement of profit and loss	**273.00**	**214.92**

The Company had total cash outflow for leases of Rs 255.97 Mn (March 31, 2021: Rs 214.76 Mn)
The Company earned total rental income from sublease of Rs 4.85 Mn (March 31, 2021: Rs. 12.70 Mn)

Note 39

I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to Rs. 27.10 Mn (FY 2020-21 Rs. 21.94 Mn) and the same has been recognized as an expense in the statement of profit and loss.

II) Defined Benefit Plans

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

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

A. The following tables set out the amounts recognised in the Company's financial statements as at March 31, 2022 and March 31, 2021:

i. Amount recognised in the balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	52.36	52.50
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	52.36	52.50
Net liability recognised in balance sheet	**52.36**	**52.50**

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	52.50	33.60
Current service cost	19.58	19.21
Past service cost	(1.23)	-
Interest cost	3.04	2.19
Actuarial (Gain)/Loss in obligation for year ended due to changes in demographic / financial assumptions	(3.92)	3.18
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	(16.10)	(3.35)
Benefit paid	(1.51)	(2.33)
Closing defined benefit obligations	**52.36**	**52.50**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

iii. Net defined benefit liability/ (asset) reconciliation

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening net defined benefit liability/ (asset)	52.50	33.60
Defined benefit cost included in P&L	21.39	21.40
Total re-measurements included in OCI	(20.02)	(0.17)
Employer direct benefit payments	(1.51)	(2.33)
Closing net defined benefit liability/ (asset)	**52.36**	**52.50**

B. Amount for the year ended March 31, 2022 and March 31, 2021 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	19.58	19.21
Past service cost	(1.23)	-
Interest expenses	3.04	2.19
Amount recognised in Statement of Profit and Loss	**21.39**	**21.40**
Actuarial (Gain)/Loss in obligation for year ended due to changes in demographic / financial assumptions	(3.92)	3.18
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	(16.10)	(3.35)
Amount recognised in Other Comprehensive Income (OCI)	**(20.02)**	**(0.17)**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	5.95%	6.25%
Future salary increases*	8% until year 1 then 6.5%	6.50%
Withdrawal rates	20.64% - 30.54% across levels	15.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

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

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

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

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	7.96	-
Between 2 and 5 years	32.68	-
Between 6 and 10 years	17.67	9.31
10 & Above following years	13.98	39.77
Total expected payments	**72.29**	**49.08**

The weighted average duration of the defined benefit plan obligation at the end of reporting period is 4.79 years (March 31, 2021: 6 years).

E. Sensitivity analysis

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (-/+ 1%)		
Decrease by 100 basis points	2.62	10.43
Increase by 100 basis points	(2.41)	(8.20)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(2.24)	(7.40)
Increase by 100 basis points	2.37	9.29

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

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

a) **Interest risk** - A decrease in the discount rate will increase the plan liability.

b) **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.

c) **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.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

III) Compensated absences:

The Company has a policy on compensated absences for its employees. In the current year, the Company has changed the policy allowing employees to accumulate leaves subject to certain limits and carry forward into subsequent years for availment/encashment. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at the Balance sheet date using the project unit credit method.

Note 40

Related party transactions

A. Names of the related parties

Relationship	Name of entity
Holding Company	FSN E-Commerce Ventures Limited
Subsidiary Company	FSN Brands Marketing Private Limited
	Nykaa-KK Beauty Private Limited
	Nykaa Fashion Private Limited
	FSN Distribution Private Limited
	FSN International Private Limited
	Dot & Key Wellness Private Limited w.e.f. September 28, 2021
Step down Subsidiary of Holding Company	Nykaa International UK Limited (Subsidiary of FSN International Private Limited w.e.f. January 29, 2021)
	FSN Global FZE (subsidiary of FSN International Private Limited w.e.f. June 21, 2020)
Directors and Key Management Personnel (KMP)	Ms. Falguni Nayar -- Chief Executive Officer till July 22, 2021 and appointed as Executive Director w.e.f. July 22, 2021
	Mr. Arvind Agarwal -- Director w.e.f. May 17, 2021 and Chief Financial Officer w.e.f. August 31, 2021
	Ms. Adwaita Nayar -- Director till May 17, 2021
	Mr. Anchit Nayar -- Director and appointed as Chief Executive Officer w.e.f July 22, 2021
	Mr. Pranab Barua -- Director
	Mr. Pratik Bhujade -- Company Secretary till September 24 2021
	Mr. Pradeep Parameswaran -- Independent Director
	Mr. Sanjay Dubey -- Company Secretary w.e.f. September 25, 2021
Company in which key management personnel have significant influence	Golf land Developers Private Limited

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

B. Transactions with related party

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Holding company					
FSN E-Commerce Ventures Private Limited	Discount Income	(286.42)	-	(264.69)	-
	Banner Advertisement Income	(186.76)	-	(193.68)	-
	Purchases	1,577.53	(71.09)	1,382.25	(161.05)
	Reimbursement of Expenses	409.44	-	399.30	-
	Rent Expenses	-	-	18.10	-
	Purchase of Property ,Plant and Equipment	-	-	0.18	-
	Rent Income	(0.41)	-	(0.61)	-
	Brand Usage Fees	314.28	-	212.95	-
	Interest Expenses	45.44	-	10.55	-
	Lease Liability	-	(0.35)	-	-
	Notional Interest Expense- Lease	0.03	-	0.81	-
	Net Investment- Sublease	-	-	-	0.03
	Notional Interest Income - Sublease	-	-	(0.02)	-
	Commission on Financial Guarantee	36.65	-	53.30	-
	Interest Expenses on loan - Notional	-	-	5.56	-
	Loan taken (net)	(1,921.87)	(1,921.87)	77.40	-
	ESOP cost	71.43	-	35.60	-
	Other Equity Contribution	(102.04)	(395.44)	(88.90)	(293.40)
Fellow subsidiary					
FSN Brands Marketing Private Limited	Sales	(334.44)	-	(341.97)	-
	Marketing expense	176.36	-	91.02	-
	Banner Advertisement Income	(110.17)	-	(45.46)	-
	Commission Expense (Endless Aisle)	3.39	-	2.67	-
	Hyperlocal commission income	(12.76)	-	(19.85)	-
	Rent Income	(5.81)	-	(6.04)	-
	Discount Income	(179.25)	-	(71.69)	-
	Discount Expenses	23.71	-	14.97	-
	Purchases	3,325.75	(279.10)	794.18	(314.67)
	Recovery of Reimbursement of Expenses	(23.25)	-	(20.72)	-
	Net Investment- Sublease	-	10.80	-	14.73
	Notional Interest Income- Sublease	(1.50)	-	(1.93)	-
Nykaa-KK Beauty Private Limited	Purchases	230.73	3.00	186.43	(25.80)
	Discount Income	(39.09)	-	(24.33)	-
	Recovery of Reimbursement of Expenses	(1.28)	-	-	-
Nykaa Fashion Private Limited	Recovery of Reimbursement of Expenses	(133.50)	89.55	(214.32)	127.39
	Welness Marketplace Commission	(94.45)	-	(56.21)	-
	Listing fees	(52.80)	-	(34.15)	-
	Sales	(0.03)	-	-	-
	Rent Expense	-	-	-	-
	Rent Income	(0.22)	-	(9.76)	-
	Net Investment- Sublease	-	0.68	-	0.18
	Notional Interest Income- Sublease	(0.07)	-	(0.23)	-
FSN International Private Limited	Listing fees	(0.28)	-	(0.01)	-
	Rent Income	(0.19)	-	-	-
	Recovery of Reimbursement of Expenses	(0.43)	0.03	-	-
FSN Distribution Private Limited	Rent Income	(1.18)	1.27	-	-
Dot and Key Wellness Private Limited	Purchases	68.38	(14.45)	-	-
	Discount Income	(10.87)	-	-	-
	Banner Advertisement Income	(23.96)	6.10	-	-

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Company in which key management personnel have significant influence					
Golf land Developers Private Limited	Rent & maintenance expenses	26.20	-	26.02	-
	Security deposit	-	9.10	-	10.22
	Notional Interest income- Security Deposit	(1.08)	-	(1.12)	-
	Lease liability	-	(31.84)	-	(7.62)
	Notional interest expense- Lease	2.49	-	2.21	-
Key Management Personnel*					
Ms. Falguni Nayar	Remuneration	33.92	-	13.70	-
Mr. Anchit Nayar	Remuneration	12.49	-	-	-
Mr. Sanjay Dubey	Remuneration	5.16	-	-	-
Mr. Pratik Bhujade	Remuneration	0.65	-	-	-
Mr Pranab Barua	Sitting fees	0.20	-	-	-
Mr. Pradeep Parameshwara	Sitting fees	0.03	-	-	-

Figures in brackets indicates payables and income

Terms and conditions of transactions with related parties

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

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

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

Note 41

Commitments and contingent liabilities

A. Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – Rs 54.99 Mn as at March 31, 2022 (March 31, 2021 – Rs 14.63 Mn)

- The Company has various lease contracts that have not yet commenced as at March 31, 2022. The future lease payments for these non-cancellable lease contracts are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	124.03	31.71
After one year but not more than five years	221.40	32.74
More than five years	-	-
Total	**345.43**	**64.45**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

B. Contingent liabilities (not provided for)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Claims against the Company, not acknowledged as debts		
Disputed Income tax matters (including interest up to the date of demand, if any) [Refer note (i) below]	74.37	74.37
Disputed Indirect tax matters (including interest up to the date of demand, if any) [Refer note (ii) below]	0.89	0.89
ii) Bank guarantee [Refer note (iii) below]	163.50	10.50
Total	**238.76**	**85.76**

Notes:

i. The Company has received income tax assessments order for financial years 2017-18 with demands amounting to Rs.74.37 Mn on account of certain disallowances/ adjustments made by income tax department. 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 Company is in the process of filling the appeal with the appropriate authority.

ii. The Company has received VAT assessments order for financial years 2016-17 and with demands amounting to Rs. 5.02 Mn on account of certain input disallowances/adjustment made by VAT department out of which the Company has paid Rs. 4.13 Mn to tax authorities in the current year and for the balance Rs. 0.89 Mn, the management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements.

iii. Bank guarantees are provided against vendor liabilities.

Note 42

Segment information

The Company has identified Board of directors and Group CEO as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on Omni business and Omni channel strategy, which in terms of Ind AS 108 on "Operating Segments" constitutes a single reporting segment.

i) The company operates in a single geographical environment i.e. in India.
ii) No single external customer (other than related party) contributed 10% or more to Company's revenue.

a) Non-current operating assets:
All non-current assets of the Company are located in India.

Note 43

Fair value of financial assets and financial liabilities

The fair values of 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:

The carrying values of financial assets i.e. cash and cash equivalents, trade receivables, other financial assets and of financial liabilities i.e. trade and other payables, working capital loan borrowing and other financial liabilities are reasonable approximation of their fair values due to the short maturities of these instruments.

The Company does not have material financial assets and financial liabilities carried at fair value through profit and loss ('FVTPL') and fair value through other comprehensive income. There are no material financial assets and liabilities that are required to be disclosed in level 1 and level 2.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Particulars	Carrying value as of		Fair value as of	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial Assets:				
Amortised cost				
Trade receivables	777.08	795.36	777.08	795.36
Cash and cash equivalents	2.39	282.59	2.39	282.59
Bank balance other than cash and cash equivalents	47.80	26.93	47.80	26.93
Other financial assets	649.74	420.16	649.74	420.16
	1,477.01	**1,525.04**	**1,477.01**	**1,525.04**
Financial Liabilities:				
Amortised cost				
Borrowings	4,056.71	1,292.96	4,056.71	1,292.96
Lease liabilities	766.70	314.49	766.70	314.49
Trade payables	2,457.17	2,597.85	2,457.17	2,597.85
Other financial liabilities	651.68	294.12	651.68	294.12
	7,932.26	**4,499.42**	**7,932.26**	**4,499.42**

Note 44

Financial Instruments:

The Company's principal financial liabilities comprise borrowings from banks, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance, trade and other receivables that derive directly from its operations.

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

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 risk.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022 and March 31, 2021.

a) Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2022	+50	(20.28)
	-50	20.28
March 31, 2021	+50	(6.47)
	-50	6.47

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables.

The year end foreign currency forward contracts and unhedged foreign currency exposures are given below:

a) Derivatives (forward contracts) outstanding as at the reporting date (in respective currency):

Amount as at March 31, 2022:

		As at March 31, 2022		As at March 31, 2021	
Particulars of transactions	**Currency**	**Foreign Currency**	**Rs***	**Foreign Currency**	**Rs**
Forward contracts to Purchases USD - Trade Payable	USD	0.94	71.29	-	-

*Amount in INR represents conversion at hedged rate.

b) Particulars of unhedged foreign currency exposure as at the reporting date (in respective currency):

Particulars	Currency	As at March 31, 2022		As at March 31, 2021	
		Foreign Currency	**Rs**	**Foreign Currency**	**Rs**
Payables:					
Trade payables	USD	0.08	6.44	0.47	34.33
	Euro	-*	0.38	-	-
Advances:					
Advance to vendors against purchases / expense	USD	0.23	17.51	0.36	26.20

*Numbers are below million under the rounding off convention adopted by the Company and accordingly not reported.

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

c) Product price risk

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

Credit risk

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

a) Trade receivables

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

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

The Company's experience of delinquencies and customer disputes have been minimal. Also the Company have 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 cover by the company. (Refer accounting policy 2(g)(iv) for expected credit loss on trade receivable).

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	62.37	2.30
Provision (reversed) / made during the year	(18.34)	60.07
Provision written off during the year	-	-
Closing balance	**44.03**	**62.37**

b) Security deposit

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

c) Financial instruments and cash deposits

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

Liquidity risk

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

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2022					
Borrowings	4,056.71	4,056.71	-	-	4,056.71
Trade payables	2,457.17	2,457.17	-	-	2,457.17
Lease liabilities	766.70	277.68	609.95	43.91	931.54
Other financial liabilities	651.68	651.68	-	-	651.68
Total	**7,932.26**	**7,443.24**	**609.95**	**43.91**	**8,097.10**
As at March 31, 2021					
Borrowings	1,292.96	1,292.96	-	-	1,292.96
Trade payables	2,597.85	2,597.85	-	-	2,597.85
Lease liabilities	314.49	144.40	230.90	-	375.30
Other financial liabilities	294.12	294.12	-	-	294.12
Total	**4,499.42**	**4,329.33**	**230.90**	**-**	**4,560.23**

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 45

Capital management:

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. For the purpose of the Company'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 Company. The primary objective of the Company's capital management is to maximise the shareholder value. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Gross debt	4,056.71	1,292.96
Less: Cash and cash equivalents	(2.39)	(282.59)
Net debt (A)	**4,054.32**	**1,010.37**
Equity	2,140.57	1,177.01
Total Equity (B)	**2,140.57**	**1,177.01**
Net gearing ratio (A)/(B)	**1.89**	**0.86**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

Note 46

Employee Share Based Payment:

Under the Employees Stock Option Scheme – 2012 ("2012 Scheme") and 2017 ("2017 Scheme), the stock options of the holding company were granted to certain employees of the Company. In most cases, the exercise price of the share options is equal to the market price of the underlying shares on the date of grant. Vesting period of options are 3 to 4 years and options are vested equally over the vesting period. Vested options are exercisable as per the terms of the option plan, provided the employee is in employment of the Company on the date of the vesting of the stock options and should not be serving his notice period. The fair value of the share options is estimated at the grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of Rs 71.43 Mn (March 31, 2021: Rs 35.60 Mn) arising from equity settled share-based payment transactions for employee services received during the year.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

As at the end of the financial year, details and movements of the outstanding options are as follows:

a **Options granted under ESOS 2012**

Particulars	As at March 31, 2022	As at March 31, 2021**
Options outstanding at the beginning of the year	3,48,180	46,16,580
Options granted during the year	1,55,500	-
Options forfeited during the year	-	-
Options expired/lapsed during the year	-	-
Options exercised during the year	(3,48,180)	(42,68,400)
Options outstanding at the end of the year	1,55,500	3,48,180
Excersisable at the end of the year	1,55,500	3,48,180
For options outstanding at the end of the year:		
Exercise price range	INR 594 - 1125	INR 100 - 650
Weighted average remaining contractual life (in years)	5.98	2.45

b **Options granted under ESOS 2017**

Particulars	As at March 31, 2022	As at March 31, 2021**
Options outstanding at the beginning of the year	27,46,530	26,17,950
Options granted during the year	10,49,200	10,95,300
Options forfeited during the year	(2,59,500)	(2,07,750)
Options expired/lapsed during the year	-	(3,600)
Options transferred during the year	(29,000)	30,000
Options exercised during the year	(12,48,330)	(7,85,370)
Options outstanding at the end of the year	22,58,900	27,46,530
Excersisable at the end of the year	22,58,900	7,97,130
For options outstanding at the end of the year:		
Exercise price range	INR 594 - 10,766.75	INR 650 - 6,059.56
Weighted average remaining contractual life (in years)	4.92	4.81

c **Fair value of options granted -- FY 2021-22**

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

Particulars	ESOS 2012			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.23 - 2.33	2.93 - 2.96	3.47 - 3.54	4.47 - 4.54
Risk free interest rate (%)	4.08% to 4.43%	4.81% to 5.14%	5.14% to 5.34%	5.40% to 5.66%
Volatility (%)	32.57% to 32.83%	30.04% to 30.29%	28.64% to 30.04%	28.02% to 28.48%
Share price on date of grant	594 - 1125.00			
Fair Value	140.59 - 263.37	157.56 - 299.82	172.61 - 330.68	200.74 - 376.44

Particulars	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.23 - 2.33	2.73 - 2.96	3.23 - 3.54	4.23 - 4.54
Risk free interest rate (%)	4.08% to 4.77%	4.76% to 5.24%	4.76% to 5.55%	5.39% to 5.70%
Volatility (%)	32.60% to 33.45%	30.04% to 30.86 %	28.80% to 30.86%	28.02% to 29.38%
Share price on date of grant	358.89-1125			
Fair Value	85.74 - 263.37	91.37 - 299.82	100.65 - 330.68	118.23 - 376.44

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

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

The weighted average share price at the date of exercise of options exercised during the year was Rs 920 (March 31, 2021: Rs 486.21).

**The movement of options & the fair value assumptions for FY 2020-2021 have been restated to give effect of the bonus shares alloted and share split undertaken by the company wide shareholder's approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held and equity shares of face value of INR 10 each of the Company were sub-divided into equity shares of face value of INR 1 each.

d Expenses arising from share-based payment transactions

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	71.43	35.60

Note 47
Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Change	Reason for variation
1	Current ratio	Current assets	Current liabilities	1.10	1.11	(1.45%)	
2	Debt equity ratio	Total debt	Shareholder's equity	1.90	1.10	72.5%	Increase is on account of increase in borrowings during the year
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	2.90	1.34	117.1%	Decrease on account of decrease in net repayment of borrowings during the year.
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.51	1.35	(62.22%)	Decrease is on account of increase in shareholder's equity during the year.
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	4.25	4.44	(4.28%)	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	40.58	26.00	56.1%	Increase is on account of increase in sales during current year vis-à-vis decrease in average trade receivable in current year.
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	9.02	5.72	57.7%	Increase is on account of increase in purchase during current year vis-à-vis decrease in average trade payable in current year.
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	43.02	40.46	6.3%	
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	0.03	0.04	(35.99%)	Decrease is on account of reduction in net profit vis-à-vis increase in sales in current year.
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	0.24	0.62	(61.47%)	Decrease is on account of increase in capital employed in current year.
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	0.04	0.07	(39.68%)	Decrease is on account of decrease in fixed deposit rates and lower funds depoisted during the year.

(All amounts are in Rs millions (Mn), except per share data and unless stated otherwise)

Note 48
Expenditure towards Corporate Social Responsibility (CSR) activities

SN	Particulars	As at March 31, 2022	As at March 31, 2021
a	Gross amount required to be spent by the Company during the year	9.37	-
b	Amount spent during the year on the following in cash		
	i. Construction/ acquisition of any asset	-	-
	ii. On purpose other than (i) above	5.90	0.43
c	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	3.47	-
d	The total of previous years' shortfall amounts;	-	-
e	Related party transactions in relation to corporate social responsibility	-	-
f	Provision movement during the year	3.47	-

Unspent amount as at March 31, 2022 has been subsequently transferred to CSR Account as per the requirements of Section 135(6), of the Companies Act, 2013 post balance-sheet date.

The amount during the year has been spent towards promoting education, sustainability and environmental responsibility and health care including preventive health care.

Note 49

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.

Note 50
Impact of Covid 19

The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone 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 recognition and impact on leases. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19. The Company will continue to closely monitor any material changes to future economic conditions.

Note 51
Other Statutory Information

I. The Company does not have any transactions with companies struck off.

II. The Company does not have any charge or satisfaction which is yet to be registered with ROC beyond the statutory period.

III. The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

IV. The Company did not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 52
Subsequent events

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

Note 53
During the year, outsourced warehouse manpower expenses has been reclassified from employee benefit expenses and disclosed separately under other expenses for the year ended March 31, 2022 and March 31, 2021. The reclassification does not have any impact on the profit of the group for the respective years.

Note 54
Previous year figures have been regrouped and reclassed wherever required to conform the same with current year figures.

As per our report of even date
For V. C. Shah & Co.
Chartered Accountants
ICAI 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
ICAI Firm Registration No: 101049W/E300004

sd/-
per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 26, 2022

For and on behalf of Board of Directors of
Nykaa E-Retail Private Limited

Anchit Nayar
Chief Executive Officer
DIN No.: 08351358

Falguni Nayar
Director
DIN No.: 00003633

Arvind Agarwal
Chief Financial Officer
DIN No.: 02175753

Sanjay Dubey
Company Secretary
ACS M.No. A13775

Place: Mumbai
Date: May 26, 2022