

INDEPENDENT AUDITOR'S REPORT

To the Members of FSN E-Commerce Ventures Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of FSN E-Commerce Ventures Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, and statement of cash flows 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 standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules 2016 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standard on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexures to Board's report but does not include the consolidated financial statements, standalone 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 the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 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 statement 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.

The 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act,



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

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", to this report.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



A. N. Shah

A. N. Shah
Partner
Membership No. 42649

Place: Mumbai
Date: 4th June, 2019

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i)
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, periodicity of physical verification is reasonable having regards to the size of the company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us, as the Company owns no immovable properties, the requirement on reporting whether title deeds of immovable properties held in the name of the Company is not applicable.
- (ii) The inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has granted unsecured loans to its four subsidiaries covered in the register maintained under Section 189 of the Act for their principal business activities.
- (a) In our opinion, the terms and conditions of grant of such loans are not, *prima facie*, prejudicial to the Company's Interest.
 - (b) According to the information and explanation given to us, the loans are repayable as per the contractual terms and conditions. The loans have not fallen due for repayment. Accordingly, there has been no default.
 - (c) In respect of the said loans and interest thereon, there are no overdue amounts.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and security, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public during the year. Hence, clause (v) of paragraph 3 of the Order is not applicable.
- (vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (I) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities.



There were no undisputed amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods & Services Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes except as given below:

Particulars	Forum where the dispute is pending	Financial Year to which the amount relates	Total (Amount in Rs.)
Service Tax	Commissioner, GST (AUDIT-II), Mumbai.	2013-14, 2014-15, 2015-16, 2016-17	2,93,76,169/-

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

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

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

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

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

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

- (xiv) According to the information and explanation given to us, the Company has made private placement of shares during the year under review in compliance with the requirement of Section 42 of the companies Act, 2013. The amounts raised have been used for the purpose for which the fund was raised.

- (xv) In our opinion and according to the information and explanations given to us, during the year the



Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, clause (xvi) of paragraph 3 of the Order is not applicable.

Place: Mumbai
Date: 4th June, 2019



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

A. N. Shah

A. N. Shah
Partner
Membership No. 42649

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **FSN E-Commerce Ventures Private Limited** ('the Company') as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.


Place: Mumbai
Date: 4th June, 2019



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

A. N. Shah

A. N. Shah
Partner
Membership No. 42649

FSN E-Commerce Ventures Private Limited			
		Figures in Rs	
Balance Sheet	Note No.	As at March 31, 2019	As at March 31, 2018
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
a. Share capital	3.1	14,24,25,090	13,55,56,810
b. Reserves and surplus	3.2	2,58,72,75,375	95,08,75,887
2. Share application money pending allotment	3.3	-	34,75,06,809
3. Non-current liabilities			
a. Long-term borrowings	3.4	22,20,283	28,87,764
b. Long-term provisions	3.5	59,44,578	29,63,702
4. Current liabilities			
a. Short term borrowings	3.6	24,07,28,441	7,90,50,116
b. Trade payables			
i) Due to MSME and;	3.7	39,00,528	-
ii) Due to others	3.7	14,00,65,197	6,93,48,214
c. Other current liabilities	3.8	6,22,17,304	1,34,33,559
d. Short term provisions	3.9	7,09,60,402	4,77,05,965
TOTAL		3,25,57,37,198	1,64,93,28,826
II. ASSETS			
1. Non-current assets			
a. i Property, Plant & Equipment	3.10	3,03,55,477	1,94,63,651
ii. Intangible Assets		7,81,22,816	4,39,38,297
b. Non current investments	3.11	14,88,00,045	11,51,00,000
c. Deferred tax assets (net)	3.12	34,27,61,322	32,47,28,513
d. Long term loans and advances	3.13	74,15,85,344	48,40,67,138
2. Current assets			
a. Current investments	3.14	1,32,50,77,079	10,42,09,019
b. Inventories	3.15	22,75,00,501	8,47,21,328
c. Trade receivables	3.16	6,57,40,874	1,60,06,809
d. Cash and cash equivalents	3.17	4,41,07,911	35,49,04,833
e. Short-term loans and advances	3.18	7,88,84,590	4,70,72,536
f. Other current assets	3.19	17,28,01,239	5,51,16,702
TOTAL		3,25,57,37,198	1,64,93,28,826
Significant Accounting Policies	2		
Notes form an integral part of these financials statements	1-3.38		
<p>As per our report attached</p> <p>For V. C. Shah & Co. For and on behalf of Board of Directors</p> <p>Chartered Accountants</p> <p>Firm Registration No: 109818W</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 30%;"> <p><i>A. N. Shah</i></p> <p>A. N. Shah Partner Membership No: 42649</p> </div> <div style="width: 30%; text-align: center;">  <p><i>Falguni Nayar</i></p> <p>Falguni Nayar CEO & Director DIN No. 00003633</p> <p><i>Pratik Bhujade</i></p> <p>Pratik Bhujade Company Secretary ACS M.No. A38175</p> </div> <div style="width: 30%; text-align: center;"> <p><i>Alpana Parida Shah</i></p> <p>Alpana Parida Shah Director DIN No. 06796621</p> <p><i>Sachin Parikh</i></p> <p>Sachin Parikh Chief Financial Officer</p> </div> </div> <p>Place: Mumbai Date: 04 June 2019</p>			

FSN E-Commerce Ventures Private Limited

Figures in Rs

Statement of Profit and Loss		Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
I.	Revenue from operations	3.20	1,02,06,45,321	26,76,92,015
II.	Other income	3.21	7,20,86,379	6,44,05,595
III.	Total revenue		1,09,27,31,700	33,20,97,610
IV.	Expenses:			
	Purchases of Stock in Trade	3.22	45,06,36,992	26,93,69,763
	Changes in inventories of Stock in Trade	3.23	(14,27,79,173)	(8,47,21,328)
	Employee benefits expenses	3.24	17,90,86,469	7,57,43,111
	Finance costs	3.25	1,87,44,794	41,56,243
	Depreciation and amortization expense	3.10	2,77,69,845	1,02,33,439
	Other expenses	3.26	64,39,27,504	16,32,65,186
V.	Total expenses		1,17,73,86,431	43,80,46,414
VI.	Profit / (Loss) before tax		(8,46,54,731)	(10,59,48,804)
VII.	Tax expense:			
	Current tax		-	-
	Deferred tax - Charge/ (Credit)		1,80,32,810	2,74,98,656
VIII.	Net Profit / (Loss) for the year		(6,66,21,921)	(7,84,50,148)
	Earnings per equity share of Rs 10 each (in Rupees) :			
	Basic (see Note 3.34)		(4.81)	(5.79)
	Diluted		(4.71)	(5.63)

Significant Accounting Policies

2

Notes form an integral part of these financials statements

1-3.38

As per our report attached

For and on behalf of Board of Directors

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W

A. N. Shah



A. N. Shah

Partner

Membership No: 42649

Falguni Nayar

Falguni Nayar

CEO & Director

DIN No 00003633

Alpana Parida Shah

Alpana Parida Shah

Director

DIN No. 06796621

Pratik Bhujade

Pratik Bhujade

Company Secretary

ACS M.No. A38175

Sachin Parikh

Sachin Parikh

Chief Financial Officer

Place: Mumbai

Date: 04 June 2019

FSN E-Commerce Ventures Private Limited
Cash Flow Statement for the Year Ended 31st March, 2019

	For the year ended 31st March 2019	For the year ended 31st March 2018
	Rs.	Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES :	
	Net Profit / (Loss) before tax:	(8,46,54,731)
	Add: Depreciation and Amortisation Expense	1,02,33,439
	Add: Interest Expenses	41,56,243
	Less: Net gain / Loss from sale of investments	(3,13,55,551)
	Less: Interest received	(3,23,89,971)
	Add: Provision for Gratuity	15,42,152
	Add: Provision for Bonus	-
	Less: Sundry balance written back	-
	Less: (Gain)/Loss on Foreign Exchange fluctuations (net)	(13,874)
	Operating Profit(Loss) before working capital changes	(15,37,76,367)
	(Increase)/decrease in Trade receivables	(1,60,06,809)
	(Increase)/decrease in Inventories	(8,47,21,328)
	(Increase)/decrease in Short term loan & advances	(1,99,88,464)
	(Increase)/decrease in Long term loan & advances	(40,43,79,979)
	(Increase)/decrease in other current assets	(5,21,16,703)
	Increase / (decrease) in Trade payables	2,53,42,287
	Increase / (decrease) in long term provisions	2,68,998
	Increase / (decrease) in Other liabilities and provisions	3,30,13,306
	Increase / (decrease) in Short term provisions	4,77,05,963
	Net Cash Generated from/(Used in) Operating activities	(56,70,05,980)
B	CASH FLOW FROM INVESTING ACTIVITIES :	
	Purchases of Investments	-
	Investment in Subsidiaries	-
	Increase / (decrease) in Creditor for capital goods	72,721
	Purchases of fixed assets	(4,88,52,664)
	Purchase of Fixed Deposits	(7,49,028)
	Sale of Investments	56,99,79,037
	Interest Income	3,23,89,971
	Net cash Generated from/(Used in) Investing activities	(1,25,22,48,283)
C	CASH FLOW FROM FINANCING ACTIVITIES :	
	Increase / (decrease) in Share capital	43,240
	Increase / (decrease) in Share premium	7,33,265
	Increase / (decrease) in Share Application money pending allotment	34,75,06,809
	Increase / (decrease) in Short term borrowings	4,93,60,276
	Increase / (decrease) in Long term borrowings	28,87,764
	Interest Expenses	(41,56,243)
	Net cash from financing activities	1,50,83,51,161
	Net Increase/(decrease) in cash & cash equivalent	(31,09,03,102)
	Cash & Cash Equivalent at the beginning of the year	35,41,55,805
	Add: Gain/(Loss) on Foreign Exchange fluctuations (net)	(14,901)
	Cash & Cash Equivalent at the end of year	4,32,37,802

Notes:

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

Notes form an integral part of these financials statements

As per our report attached

For V. C. Shah & Co.

Chartered Accountants

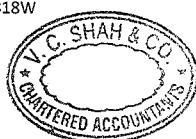
Firm Registration No: 109818W

A. N. Shah

A. N. Shah

Partner

Membership No: 42649



Place: Mumbai

Date: 04 June 2019

For and on behalf of the Board of Directors

Falguni Nayar

Falguni Nayar
CEO & Director
DIN No. 00003633

Pratik Bhujade

Pratik Bhujade
Company Secretary
ACS M.No. A38175

Alpana Parida Shah

Alpana Parida Shah
Director
DIN No. 06796621

S. T. Parikh

Sachin Parikh
Chief Financial Officer

FSN E-Commerce Ventures Private Limited

Significant accounting policies and notes to accounts:

1 Background:

FSN E-Commerce Ventures Private Limited ('the Company') was incorporated on 24th April 2012 having CIN:-U52600MH2012PTC230136 to carry on the business of selling, distributing of beauty, wellness, fitness, personal health care, skin care, hair care products and equipment's on the Company's online portals or websites as well as through e-commerce, m-commerce, internet, intranet, stores, stalls, etc.

2 Significant accounting policies:

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and as per further amendments and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

2.3 Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost less depreciation. Cost of Property, Plant and Equipment arrived after including therein attributable expenses for bringing the respective assets to working condition and reducing there from sales tax received / receivable, if any. Property, Plant and Equipment acquired upto Rs. 5,000 is directly debited to statement of Profit & Loss.

Depreciation on Property, Plant and Equipment has been provided on straight line method (SLM) as per the useful life prescribed in Schedule II to the Companies Act, 2013

Property, Plant and Equipment are inclusive of Leasehold improvements. Such Leasehold Improvements though included in Property, Plant and Equipment are depreciated over

lower of the lease period or useful life prescribed in schedule II to the Companies Act 2013.

2.4 **Intangible Assets-**

Intangible assets acquired separately are measured on initial recognition cost. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development cost, are not capitalized and expenditure is reflected in the statement of profit and loss account in the period in which the expenditure is incurred. Assets acquired upto Rs. 5,000 is directly debited to statement of Profit & Loss.

Intangible assets are amortized over their estimated useful life. Software is amortized on straight line method over the useful life of 3 years.

2.5 **Impairment of assets**

The carrying amounts of assets are reviewed at each Balance Sheet date, for indication of impairment based on internal /external factors. An impairment loss is recognised 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. In assessing value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of funds.

2.6 **Inventories**

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprise all costs of purchase incurred in bringing the inventories to their present condition and location. Cost is determined by the FIFO basis method.

2.7 **Revenue recognition**

Sales are recorded net of trade discounts & rebates. Revenue from sale of products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Other operating Income consists of commission income from market place is accounted on accrual basis based on the arrangement/agreement with vendors.

Commission Income: The Company provides listing services to various customer to list their products for sale directly on the platform (Nykaa website) owned by the Company. Commission received from providing listing services is recognised when orders are received and fulfilled on the platform.

Other Income: It is recognised on accrual basis. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

2.8 **Investments**

Non-current Investments carried Individually at cost less provision for diminution, other than temporary, in the value of such investments. Current Investments are carried at lower of cost and fair value. Cost of Investment include acquisition charges such as brokerage, fees and duties.

2.9 **Foreign currency transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

2.10 **Employment benefits:**

a) Defined contribution Plan - The Company makes defined contribution to the statutory provident fund at the prescribed rate which is recognized in the statement of profit and loss on accrual basis.

b) Defined Benefit Plan - Employee Benefits under Defined Benefit Plans in respect of gratuity are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as Income or Expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and the terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Provision for gratuity as per actuarial valuation is non-funded.

The employees of the company & its subsidiaries are entitled for grant of stock options (Equity Shares), based on the eligibility criteria set in ESOP Scheme of the company. The employee compensation expenses are accounted on the basis of "Intrinsic Value Method" as prescribed by Guidance note on Employee Share based payments issued by The Institute of Chartered Accountants of India. The company recognizes compensation cost on the basis of estimated number of stock options expected to vest.

2.11 **Borrowing Cost:**

General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred.

2.11 **Taxation**

Tax expense comprises of current and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profit.

2.12 **Lease**

Where the Company is Lessee:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis, over the lease term.

Where the Company is Lessor:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease Income under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis, over the lease term.

2.13 **Contingent Liabilities & Provisions**

Contingent Liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognized when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.14 **Earnings Per Share**

Basic and Diluted Earning per Share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted-average number of the equity shares outstanding during the period.

2.15 **Cash & Cash Equivalents**

In the Cash Flow statement, cash & cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments, if any, with original maturities of three months or less.

FSN E-Commerce Ventures Private Limited

3 Notes to financial statements

3.1 Share Capital

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

i) Reconciliation of the number of shares outstanding and the amount of share capital

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

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

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

iii) Terms/rights attached to the equity shares

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

- iv)** The Company has reserved issuance of 11,00,000 (Previous year 11,00,000) Equity Shares of 10 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year the Company has granted 73,125 options at a price of 2,213 per option, plus all applicable taxes, as may be levied in this regard on the Company (Previous year 99,450 options which includes at a price of 1,382 per option, plus all applicable taxes, as may be levied in this regard on the Company) to the Eligible Employees

3.2 Reserve & Surplus

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Securities Premium account		
Balance at the beginning of the year	1,78,89,96,785	1,78,82,63,520
Add: Premium on issue of equity shares	1,70,30,21,409	7,33,265
Balance at the end of the year	3,49,20,18,194	1,78,89,96,785
Surplus / (Deficit) in the statement of profit and loss		
Balance at the beginning of the year	(83,81,20,898)	(75,96,70,750)
Net Profit/(Loss) for the year	(6,66,21,921)	(7,84,50,148)
Closing Balance	(90,47,42,819)	(83,81,20,898)
Total	2,58,72,75,375	95,08,75,887

3.3 Share application money pending allotment

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Share application money pending allotment	-	34,75,06,809
Total	-	34,75,06,809

3.4 Long-term borrowings			
Particulars	As at Mar 31, 2019	As at Mar 31, 2018	
<u>i) Secured Loan</u>			
Term Loan from bank	22,20,283	28,87,764	
Total	22,20,283	28,87,764	

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

3.5 Long-term provisions			
Particulars	As at Mar 31, 2019	As at Mar 31, 2018	
Provision for Employee Benefits (Gratuity)	59,44,578	29,63,702	
Total	59,44,578	29,63,702	

3.6 Short Term Borrowings			
Particulars	As at Mar 31, 2019	As at Mar 31, 2018	
<u>Secured</u>			
Working capital loans From Banks*	24,07,28,441	7,90,50,116	
Total	24,07,28,441	7,90,50,116	

*Note: Working capital loan from Banks are secured by hypotheciation of Book debts, Current Assets and movable Property, Plant and Equipment both present and future and repayable on demand

3.7 Trade payables			
Particulars	As at Mar 31, 2019	As at Mar 31, 2018	
Trade payables			
i) Due to MSME and;	39,00,528	-	
ii) Due to others	14,00,65,197	6,93,48,214	
Total	14,39,65,725	6,93,48,214	

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

Particulars	As at March 31, 2019	As at March 31, 2018
1. Principal amount due	39,00,528	-
2. Interest due on above	-	-
3. Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
4. Amount of interest due and payable for the period of delay	-	-
5. Amount of interest accrued and remaining unpaid as at the year end	-	-
6. Amount of further remaining due and payable in the succeeding year	-	-

3.8 Other current liabilities			
Particulars	As at Mar 31, 2019	As at Mar 31, 2018	
Current Maturities of Secured borrowings	6,67,481	6,38,736	
Creditors for Capital Goods	35,93,106	72,721	
Statutory dues	4,67,47,798	54,48,760	
Salary payable	1,12,08,919	72,73,342	
Total	6,22,17,304	1,34,33,559	

3.9 Short term provisions			
Particulars	As at Mar 31, 2019	As at Mar 31, 2018	
<u>a) Provision for Employee Benefits</u>			
Provision for Gratuity	93,424	46,526	
Provision for Bonus	27,20,000	-	
<u>b) Others</u>			
Provision for Expenses	6,81,46,978	4,76,59,439	
Total	7,09,60,402	4,77,05,965	

FSN E-Commerce Ventures Private Limited

Note 3.10 : Property Plant & Equipment

figures in Rs.

Particulars	Cost as at April 1, 2018	Additions/ Adjustments	Deductions/ Adjustments	Cost as at March 31, 2019	Accumulated depreciation as at April 1, 2018	Depreciation for the year	Deductions for the year	Accumulated depreciation up to March 31, 2019	Net block value as at March 31, 2019
A) Tangible Assets									
(i) Computers	34,09,581	10,88,400	-	44,97,981	20,33,398	9,11,447	-	29,44,845	15,53,136
	32,39,298	1,70,283	-	34,09,581	10,68,968	9,64,430	-	20,33,398	13,76,183
(ii) Furniture & fixtures	24,63,122	1,26,05,024	-	1,50,68,146	2,94,533	5,01,931	-	7,96,464	1,42,71,682
	13,67,658	10,95,464	-	24,63,122	1,36,766	1,57,767	-	2,94,533	21,68,589
(iii) Office equipment	9,60,107	7,10,677	-	16,70,784	1,17,797	2,28,087	-	3,45,884	13,24,900
	58,000	9,02,107	-	9,60,107	11,600	1,06,197	-	1,17,797	8,42,310
(iv) Vehicles	43,97,809	-	-	43,97,809	4,292	5,22,240	-	5,26,532	38,71,277
	-	43,97,809	-	43,97,809	-	4,292	-	4,292	43,93,517
(v) Leasehold Improvements	1,74,40,862	-	-	1,74,40,862	67,57,810	32,69,638	-	1,00,27,448	74,13,414
	1,74,40,862	-	-	1,74,40,862	34,88,172	32,69,638	-	67,57,810	1,06,83,052
(vi) Plant & Machinery	-	20,48,590	-	20,48,590	-	1,27,522	-	1,27,522	19,21,068
	-	-	-	-	-	-	-	-	-
Total Tangible Assets	2,86,71,481	1,64,52,691	-	4,51,24,172	92,07,830	55,60,865	-	1,47,68,695	3,03,55,477
	2,21,05,818	65,65,663	-	2,86,71,481	47,05,506	45,02,324	-	92,07,830	1,94,63,651
B) Intangible Assets									
(i) Catalogue	4,47,65,547	5,24,08,935	-	9,71,74,482	48,66,537	2,00,00,149	-	2,48,66,686	7,23,07,796
	63,10,995	3,84,54,552	-	4,47,65,547	-	48,66,537	-	48,66,537	3,98,99,010
(ii) Web Portal Development	45,86,265	28,19,564	-	74,05,829	8,48,026	20,20,867	-	28,68,893	45,36,936
	10,71,416	35,14,849	-	45,86,265	-	8,48,026	-	8,48,026	37,38,239
(iii) Softwares	3,17,600	11,65,000	-	14,82,600	16,552	1,87,964	-	2,04,516	12,78,084
	-	3,17,600	-	3,17,600	-	16,552	-	16,552	3,01,048
Total Intangible Assets	4,96,69,412	5,63,93,499	-	10,60,62,911	57,31,115	2,22,08,980	-	2,79,40,095	7,81,22,816
	73,82,411	4,22,87,001	-	4,96,69,412	-	57,31,115	-	57,31,115	4,39,38,297
Grand Total	7,83,40,893	7,28,46,190	-	15,11,87,083	1,49,38,945	2,77,69,845	-	4,27,08,790	10,84,78,293
Previous Year	2,94,88,229	4,88,52,664	-	7,83,40,893	47,05,506	1,02,33,439	-	1,49,38,945	6,34,01,948

Note:

1) Figures in italics denote previous year figures

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

3.11 Non Current Investments

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Investment (at cost) fully paid up except otherwise stated		
Others:		
In Equity Shares of Subsidiary company - Unquoted, Fully Paid		
A) FSN Brands Marketing Private Limited (20,00,000 shares @ Rs. 10 each) (Previous Year: 20,00,000 shares @ Rs. 10 each)	2,00,00,000	2,00,00,000
B) Nykaa E Retail Private Limited (95,10,000 shares @ Rs. 10 each) (Previous Year: 95,10,000 shares @ Rs. 10 each)	9,51,00,000	9,51,00,000
C) Nykaa Fashion Private Limited (10000 shares of Rs. 10 Each) (Previous Year -Nil)	1,00,000	-
D) Nykaa-KK Beauty Private Limited (5,10,000 shares of Rs. 10 Each) (Previous Year -Nil)	51,00,000	-
In Series A1 Compulsory Convertible Cumulative Preference Shares, unquoted, Fully paid		
E) JMS Logistics and Express Private Limited (2,71,429 shares of Rs 1 Each) (Previous Year -Nil)	2,85,00,045	-
Total	14,88,00,045	11,51,00,000
(a) Aggregate amount of quoted investments and market value thereof	-	-
(b) Aggregate amount of unquoted investments	14,88,00,045	11,51,00,000
(c) Aggregate provision for diminution in value of investments	-	-

3.12 Deferred tax asset (net)

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Deferred tax asset		
Preliminary expenses	(31,092)	(31,092)
Disallowances	28,21,564	10,28,258
Unabsorbed business losses	34,61,40,835	33,14,72,700
	34,89,31,307	33,24,69,866
Deferred tax liability		
On difference between book depreciation and tax depreciation	61,69,985	77,41,353
	61,69,985	77,41,353
Deferred tax Assets (net)	34,27,61,322	32,47,28,513

3.13 Long term loans and advances

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Unsecured, considered good		
Loans and advances to Related Parties:		
Loan to FSN Brands Marketing Private Limited	64,16,23,642	13,69,04,079
Loan to Nykaa Fashion Private Limited	77,50,511	-
Loan to Nykaa KK Beauty Private Limited	2,55,011	-
Loan to Nykaa E Retail Private Limited	9,19,56,180	34,71,63,059
Total	74,15,85,344	48,40,67,138

3.14 Current Investments

Particulars	No. of Units as at		Amount as at	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Investment in Mutual Fund - Unquoted				
ICICI Prudential Mutual Fund	20,61,536	3,44,519	62,50,77,079	10,42,09,019
Axis Liquid Mutual Fund - Direct Growth	1,44,856	-	30,00,00,000	-
Kotak Savings Mutual Fund - Liquid Fund	1,30,97,663	-	40,00,00,000	-
Total	1,53,04,055	3,44,519	1,32,50,77,079	10,42,09,019
(a) Aggregate amount of quoted investments and market value thereof			-	-
(b) Aggregate amount of unquoted investments			1,32,50,77,079	10,42,09,019
(c) Aggregate provision for diminution in value of investments			-	-

3.15 Inventories

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
Stock in Trade		
Beauty & Hygiene	17,39,73,558	8,47,21,328
Goods in Transit	64,98,951	-
Others		
Packaging Material	4,70,27,992	-
Note: Stock in trade are carried at the lower of cost and net realisable value. Packing material are carried at cost		
Total	22,75,00,501	8,47,21,328

3.16	Trade receivables		
	Particulars	As at Mar 31, 2019	As at Mar 31, 2018
	<u>Unsecured, considered good</u>		
	a) Over 6 months from the date they were due for payment	69,35,873	-
	b) Others	5,88,05,001	1,60,06,809
	Total	6,57,40,874	1,60,06,809
3.17	Cash and cash equivalents		
	Particulars	As at Mar 31, 2019	As at Mar 31, 2018
	Balance with Banks:		
	(i) On Current Accounts	18,94,122	34,85,84,821
	(ii) Balances in Fixed deposit	57,72,310	54,40,330
	Cheques, Drafts in Hand	3,53,12,472	-
	Cash on hand	2,58,898	1,30,654
	Other bank Balances		
	(i) Balances with Bank		
	Fixed Deposits with original maturity greater than 3 months	8,70,109	7,49,028
	Total	4,41,07,911	35,49,04,833
3.18	Short-term loans and advances		
	Particulars	As at Mar 31, 2019	As at Mar 31, 2018
	<u>Unsecured, Considered Good</u>		
	Security Deposits	1,70,08,972	1,58,71,722
	Balance with statutory / government authorities	3,96,96,529	2,87,41,101
	Prepaid Expenses	2,21,79,089	24,59,713
	Total	7,88,84,590	4,70,72,536
3.19	Other current assets		
	Particulars	As at Mar 31, 2019	As at Mar 31, 2018
	Advance to suppliers	17,16,01,239	4,34,96,619
	Advance against expenses	12,00,000	1,16,20,083
	Total	17,28,01,239	5,51,16,702
3.20	Revenue from operation		
	Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
	Sale of Products - Beauty & Hygiene	97,89,98,574	25,16,81,645
	Other Operating Revenue		
	- Commission Income	4,16,46,747	1,60,10,370
	Total	1,02,06,45,321	26,76,92,015
3.21	Other Income		
	Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
	Shipping & COD Charges	-	1,28,379
	Interest income	5,28,98,648	3,29,21,665
	Net gain /Loss from sale of investments	1,88,68,060	3,13,55,551
	Net Sundry balance written back	3,19,671	-
	Total	7,20,86,379	6,44,05,595
3.22	Purchases of Stock in Trade		
	Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
	Purchases of Stock in Trade (Beauty & Hygiene)	45,06,36,992	26,93,69,763
	Total	(45,06,36,992)	(26,93,69,763)
3.23	Changes in inventories of stock in trade		
	Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
	Opening stock in trade (Beauty & Hygiene)	8,47,21,328	-
	Less: Closing stock (Beauty & Hygiene)	22,75,00,501	8,47,21,328
	Total	(14,27,79,173)	(8,47,21,328)

3.24 Employee benefits expense

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
Salaries and benefits (Net of Salary Capitalisation of Rs. 58,67,564 (PY Rs. 66,18,475/-)	16,56,79,051	7,10,00,126
Contribution to Provident Fund & other funds	68,71,620	33,27,696
Staff welfare expenses	65,35,798	14,15,289
Total	17,90,86,469	7,57,43,111

3.25 Financial Cost

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
Interest expense	1,50,42,565	30,73,350
Bank charges	37,02,229	10,82,893
Total	1,87,44,794	41,56,243

3.26 Other Expenses

Particulars	For the year ended 31st Mar 2019	For the year ended 31 March 2018
Freight Expenses	23,66,025	24,86,843
Packing Expenses	28,50,854	6,15,445
Payment Gateway Charges	54,511	-
Product Testing & Development Charges	11,39,027	-
Marketing & Advertisement Expense (Recovery of Rs 1,15,80,591/-) (Previous Year Recovery of Rs. 13,62,00,434/-)	51,53,82,098	6,98,21,240
Web & Technology Expenses	1,33,41,008	1,17,06,895
Administrative & Other Expenses	3,04,38,061	1,58,76,369
Selling Expenses (Recovery of Rs 52,12,861) (Previous Year Recovery Nil)	-	34,78,501
Rates & Taxes	70,46,887	41,96,497
Rent (Recovery of Rs. 2,79,43,314/-) (Previous Year Recovery of Rs. 1,16,64,200/-)	68,85,155	3,78,89,830
Repairs & Maintenance - Others	7,75,567	3,97,156
Electricity Charges	13,58,240	7,26,127
Travelling & Conveyance Expenses	2,15,27,748	65,66,885
Communication Expenses	62,99,547	46,41,599
Recruitment Expenses	11,89,335	5,18,463
Legal and Professional Fees	3,24,23,441	38,43,337
Auditors remuneration :		
Audit fees	3,00,000	2,50,000
Taxation Matters	-	1,50,000
Other Matters	5,50,000	1,00,000
Total	64,39,27,504	16,32,65,187

3.27 Operating Lease

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

The Company has entered into operating lease for office and warehouse. Future obligation for the non cancellable term are as under:

Particulars	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018
a) Lease Rent in respect of premises taken on leave and license basis		
Not Later than One Year	15,90,435	59,46,060
Later than One Year and not Later than Five Years	-	-
Later than Five Years	-	-
(b) Lease Rent recognized in the Statement of Profit & Loss for the year	68,85,155	3,78,89,830

Premises given on operating lease other than investment property:

Particulars	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018
a) Lease Rent in respect of premises taken on leave and license basis		
Not Later than One Year	42,56,000	1,08,96,000
Later than One Year and not Later than Five Years	-	44,06,000
Later than Five Years	-	-
(b) Lease Rent recognized in the Statement of Profit & Loss for the year	1,08,96,000	1,16,64,200

3.28 Related party disclosure

I. Key management personnel

a) Mrs Falguni Nayar Chief Executive Officer
b) Mr Sachin Parikh Chief Financial Officer
c) Mr Pratik Bhujade Company Secretary

II. Relatives of Key Management Personnel

a) Mrs Rashmi Mehta - Relative of Director

III. Subsidiary

a) FSN Brands Marketing Private Limited
b) Nykaa E Retail Private Limited
c) Nykaa Fashion Private Limited
d) Nykaa-KK Beauty Private Limited

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

Sealink View Probuild Private Limited

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

Sr. No.	Name of the related party	Nature of relationship	Nature of transactions	Volume of transactions during the year	Outstanding balance debit / (credit)	Volume of transactions during the year	Outstanding balance debit / (credit)
				As at Mar 31, 2019		As at March 31, 2018	
1	Mrs Falguni Nayar	Chief Executive Officer	(i) Employee Cost	89,69,043	(2,50,357)	55,96,341	5,07,334
2	Mrs Rashmi Mehta	Relative of Director	Rent expenses	20,16,000	(18,681)	19,68,000	
3	FSN Brands Marketing Private Limited	Subsidiary	(i) Loan given (ii) Interest Income (iii) Sales (iv) Purchases (v) Rent Income (vi) Discount Expense (vii) SOH/SKU Commercialisation	50,47,19,561 2,70,12,184 11,66,78,086 - 18,84,000 80,18,292 3,23,38,086	64,16,23,639 - - - - - -	6,35,88,216 1,22,07,112 10,11,24,824 13,65,29,166 19,46,400 44,25,889 1,81,418	13,69,04,079 - - - - - -
4	Nykaa E Retail Private Limited	Subsidiary	(i) Loan given (ii) Interest Income (iii) Purchases (iv) Sales (v) Discount Expenses (vi) Banner Advertisement Expenses (vii) Recovery (Reimbursement) of Expenses (viii) Rent Income (ix) Rent Expenses	(25,52,06,880) 2,48,59,216 6,21,724 60,79,78,842 6,73,03,001 7,83,07,520 4,47,36,766 90,12,000 6,11,400	9,19,56,180 - - - - - - - -	34,07,91,764 1,97,98,082 4,82,468 10,63,88,971 62,31,589 1,21,70,065 12,38,95,681 1,01,68,800 2,19,000	34,71,63,059 - - - - - - -
5	Nykaa Fashion Private Limited	Subsidiary	(ii) Loan given (iii) Interest Income	76,97,822 58,543	76,97,822 -	- -	- -
6	Nykaa-KK Beauty Private Limited	Subsidiary	(ii) Loan given (iii) Interest Income	2,49,660 5,944	2,49,660 -	- -	- -
7	Sealink View Probuild Private Limited	Company in which key management personnel have significant influence	(i) Rent & CAM Expenses	2,49,19,314	(8,95,384)	2,51,21,477	(1,76,701)
8	Mr Sachin Parikh	Chief Financial Officer	(i) Employee Cost & reimbursements (ii) Share Application money received pursuant to ESOP	1,20,53,412 64,96,793	(42,405) -	1,00,00,011 -	6,25,001 -
9	Mr Pratik Bhujade	Company Secretary	(i) Employee Cost & reimbursements	7,61,521	(64,882)	6,67,509	56,300

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

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

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

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

Summary of stock options

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

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

3.30 Disclosure of employee benefits

Defined Benefit Plan:

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

i. Gratuity (included as part of Note 3.24 Employee benefits expense)

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

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

Particulars	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018
1) Present value of Defined Benefit Obligation as on beginning	30,10,228	44,92,353
Less: Liability transferred to Nyakka E-Retail Pvt. Ltd	-	30,24,277
	30,10,228	14,68,076
2) Interest Cost	2,33,293	1,10,106
3) Current Service Cost	24,69,299	15,39,145
4) Benefits Paid	-	-
5) Actuarial (Gain)/Loss on Defined Benefit Obligation	3,25,182	-1,07,099
6) Present value of Defined Benefit Obligation as on end	60,38,002	30,10,228

2) Amounts to be recognised in Balance sheet:

Particulars	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018
1) Present value of Defined Benefit Obligation	60,38,002	30,10,228
2) Fair value of Plan Assets	-	-
3) Liability recognised in Balance Sheet	60,38,002	30,10,228

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1) Current service costs	24,69,299	15,39,145
2) Net interest expenses	2,33,293	1,10,106
3) Actuarial (Gain)/ loss on Defined Benefit Obligation	3,25,182	-1,07,099
Expenses recognised in the statement of profit and loss:	30,27,774	15,42,152

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

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

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

3.31 Foreign Currency Transactions	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018
A) C.I.F. Value of imports (Rs.)	12,29,84,242	1,61,54,601
B) Expenditure in Foreign Currency (Rs.) - Other matters	10,21,05,250	13,26,71,272
C) Earning in Foreign Currency (Rs.)	-	-

3.32 Unhedged Foreign Currency Reserves

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

Particulars	31st March 2019		31st March 2018	
	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.
a) Trade Payables (in Euro)	8,763	6,80,669	-	-
b) Advances				
In CNY	1,65,246	16,99,969	-	-
In EURO	72,790	56,53,820	-	-
In USD	6,63,283	4,58,69,369	-	-

3.33 Contingent Liability

Particulars	Current Year	Previous Year
Service Tax Demand	2,93,76,169	Nil
Corporate Guarantee	2,48,50,00,000	76,50,00,000

3.34 Earnings per share

The computation of earnings per share is set out below

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Shareholders (loss) / earnings as per statement of profit and loss	(6,66,21,921)	(7,84,50,149)
b) Calculation of weighted average number of equity shares of Rs 10 each		
- Number of shares issued during the year	6,86,828	4,324
Total number of equity shares outstanding at the end of the year	1,42,42,509	1,35,55,681
Weighted average number of equity shares outstanding during the year	1,38,53,497	1,35,52,796
Add: Dilutive impact of employee stock options	2,81,309	3,82,373
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	1,41,34,806	1,39,35,169
c) Basic EPS of face value of Rs 10 each (Rs) (a/b)	(4.81)	(5.79)
d) Diluted EPS of face value of Rs 10 each (Rs) (a/b)	(4.71)	(5.63)

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

3.36 Debtors and Creditors are subject to confirmation and reconciliation

3.37 In the opinion of Board of directors, Current Assets have a value on realisation on the ordinary course of business atleast equal to the amount at which they are stated in the balance sheet and provisions for all the known /Expected liabilities have been made.

3.38 Micro, Small and Medium Enterprises

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

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

A. N. Shah
Partner
Membership No: 42649



Place: Mumbai
Date: 04 June 2019

For and on behalf of Board of Directors

Falguni Nayar

Falguni Nayar
Chief Executive Officer
DIN No 00003633

Pratik Bhujade
Company Secretary
ACS M.No. A38175

Alpana Parida Shah
Director
DIN No. 06796621

Sachin Parikh
Chief Financial Officer