

Imperial Online Services Private Limited
Balance Sheet as at March 31, 2023

				₹ in lakhs		
		Notes	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021	
ASSETS						
I	Non-current assets					
	(a)	Property, plant and equipment	3	12.91	15.89	19.29
	(b)	Right-of-use assets	4	35.07	65.11	95.15
	(c)	Financial assets				
	(i)	Security deposits	5	5.43	6.94	6.52
	(d)	Deferred tax assets (net)	27	32.08	0.62	0.21
	(e)	Non-current tax assets		83.38	-	-
		Total - Non-current assets		168.87	88.56	121.17
II	Current assets					
	(a)	Inventories	6	1,580.04	1,008.61	526.89
	(b)	Financial assets				
	(i)	Trade receivables	7	361.25	288.63	131.63
	(ii)	Cash and cash equivalents	8	43.84	0.00	27.09
	(iii)	Other financial assets	9	0.04	0.64	2.00
	(c)	Other current assets	10	608.61	270.30	201.76
		Total - Current assets		2,593.78	1,568.18	889.37
		TOTAL - ASSETS		2,762.65	1,656.74	1,010.54
EQUITY AND LIABILITIES						
I	Equity					
	(a)	Equity share capital	11	1.00	1.00	1.00
	(b)	Other equity	12	405.83	446.90	201.63
		Total - Equity		406.83	447.90	202.63
II	Non-current liabilities					
	(a)	Financial liabilities				
	(i)	Borrowings	13	1.11	50.43	63.75
	(ii)	Lease liabilities	4b	6.57	43.43	74.27
	(b)	Provisions	14	48.95	53.28	-
		Total - Non-current liabilities		56.64	147.14	138.02
III	Current liabilities					
	(a)	Financial liabilities				
	(i)	Borrowings	15	1,352.84	372.15	251.89
	(ii)	Lease liabilities	4b	36.86	30.84	28.19
	(iii)	Trade payables				
		Total outstanding dues of micro enterprises and small enterprises	16	171.31	-	-
		Total outstanding dues of creditors other than micro enterprises and small enterprises	16	639.95	588.79	380.04
	(iv)	Other financial liabilities	17	28.31	8.06	4.86
	(b)	Provisions	14	12.64	-	-
	(c)	Current tax liabilities		-	47.96	1.93
	(d)	Other current liabilities	18	57.28	13.90	2.98
		Total - Current liabilities		2,299.18	1,061.70	669.89
		Total - Liabilities		2,355.82	1,208.84	807.91
		TOTAL - EQUITY AND LIABILITIES		2,762.65	1,656.74	1,010.54

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For T M S R and Associates

Chartered Accountants

ICAI Firm Registration No. 017279S

For and on behalf of the Board of Directors of

Imperial Online Services Private Limited

K Ramana

Partner

Membership No.: 518818

Place: Hyderabad

Date : May 11, 2023

Naheed Muqetulla

(Director)

(DIN: 05262039)

Place: Hyderabad

Date : May 11, 2023

Manish Singhai

(Director)

(DIN: 09657669)

Place: Bengaluru

Date : May 11, 2023

Imperial Online Services Private Limited
Statement of Profit and Loss for the year ended March 31, 2023

₹ in lakhs

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
I Revenue from operations	19	5,712.80	5,429.70
II Other income	20	0.46	1.81
III Total income (I + II)		5,713.26	5,431.51
IV Expenses			
(a) Purchase of stock-in-trade	21	3,512.26	3,139.40
(b) Changes in inventories of stock-in-trade	22	(571.43)	(481.72)
(c) Employee benefits expense	23	266.43	194.99
(d) Finance costs	24	70.62	45.51
(e) Depreciation and amortisation expense	25	36.05	34.64
(f) Other expenses	26	2,471.44	2,150.49
Total expenses		5,785.37	5,083.31
V Profit / (Loss) before tax (III - IV)		(72.11)	348.20
VI Income tax expense			
(a) Current tax	27	0.42	103.34
(b) Deferred tax	27	(31.46)	(0.41)
		(31.04)	102.93
VII Profit / (Loss) for the year (V - VI)		(41.07)	245.27
VIII Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss			
(a) Re-measurement gains/ (losses) on defined benefit plans		-	-
Income tax effect on above		-	-
Total other comprehensive income/ (loss) for the year		-	-
IX Total comprehensive income/ (loss) for the year (VII + VIII)		(41.07)	245.27
X Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2022 : ₹ 10)]			
Basic (₹)	28	(410.66)	2,452.70
Diluted (₹)		(410.66)	2,452.70
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **T M S R and Associates**
Chartered Accountants
ICAI Firm Registration No. 017279S

For and on behalf of the Board of Directors of
Imperial Online Services Private Limited

K Ramana
Partner
Membership No.: 518818
Place: Hyderabad
Date : May 11, 2023

Naheed Muqetulla
(Director)
(DIN: 05262039)
Place: Hyderabad
Date : May 11, 2023

Manish Singhai
(Director)
(DIN: 09657669)
Place: Bengaluru
Date : May 11, 2023

Imperial Online Services Private Limited
Statement of Changes in Equity for the year ended March 31, 2023

a. Equity share capital

	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Equity shares of ₹ 10 each issued						
As at the beginning of the year	10,000	1.00	10,000	1.00	10,000	1.00
Increased during the year	-	-	-	-	-	-
As at the end of the year	10,000	1.00	10,000	1.00	10,000	1.00

	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
Equity shares of ₹ 10 each subscribed and paid up						
As at the beginning of the year	10,000	1.00	10,000	1.00	10,000	1.00
Increased during the year	-	-	-	-	-	-
As at the end of the year	10,000	1.00	10,000	1.00	10,000	1.00

b. Other equity

	₹ in lakhs		
	Reserves and Surplus	Other comprehensive income	Total other equity
	Retained earnings (Refer Note - 12)	Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 12)	
As at April 01, 2022	446.90	-	446.90
Loss for the year	(41.07)	-	(41.07)
Other comprehensive income for the year	-	-	-
As at March 31, 2023	405.83	-	405.83
As at April 01, 2021	201.63	-	201.63
Profit for the year	245.27	-	245.27
Other comprehensive income for the year	-	-	-
As at March 31, 2022	446.90	-	446.90

For T M S R and Associates
Chartered Accountants
ICAI Firm Registration No. 0172795

For and on behalf of the Board of Directors of
Imperial Online Services Private Limited

K Ramana
Partner
Membership No.: 518818
Place: Hyderabad
Date : May 11, 2023

Naheed Muqetulla
(Director)
(DIN: 05262039)
Place: Hyderabad
Date : May 11, 2023

Manish Singhai
(Director)
(DIN: 9657669)
Place: Bengaluru
Date : May 11, 2023

Imperial Online Services Private Limited
Statement of Cash Flows for the year ended March 31, 2023

		₹ in lakhs	
	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from operating activities			
Profit before tax		(72.11)	348.20
<u>Adjustments to reconcile profit before tax to net cash flows:</u>			
Depreciation and amortisation expense	25	36.05	34.64
Interest income	20	(0.46)	(0.42)
Allowances for bad and doubtful debts	26	33.20	-
Finance costs	24	70.62	45.51
Operating profit before working capital changes		67.30	427.93
<u>Changes in working capital:</u>			
(Increase)/ decrease in trade and other receivables		(105.83)	(157.00)
(Increase)/ decrease in inventories		(571.43)	(481.72)
(Increase)/ decrease in other non current financial assets		1.97	0.00
(Increase)/ decrease in other non current assets		-	-
(Increase)/ decrease in other current assets		(337.71)	(67.18)
Increase/ (decrease) in trade and other payables		222.48	208.76
Increase/ (decrease) in provisions		8.31	53.28
Increase/ (decrease) in other financial liabilities		20.25	3.20
Increase/ (decrease) in other liabilities		43.38	10.92
Cash generated from/ (used in) operations		(651.28)	(1.81)
Direct taxes paid (Net of refunds)		(131.76)	(57.32)
Net cash flow from/ (used in) operating activities		(783.04)	(59.13)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3.03)	(1.20)
Net cash flow from/ (used in) investing activities		(3.03)	(1.20)
Cash flows from financing activities			
Proceeds / (Repayment) of non-current borrowings		(120.41)	10.08
Proceeds from current borrowings		1,051.78	96.86
Payments towards lease liabilities		(36.00)	(36.00)
Interest paid		(65.46)	(37.70)
Net cash flow from/ (used in) financing activities		829.91	33.24
Net increase/ (decrease) in cash and cash equivalents		43.84	(27.09)
Cash and cash equivalents at the beginning of the year		0.00	27.09
Cash and cash equivalents at the end of the year	8	43.84	0.00

Imperial Online Services Private Limited
Statement of Cash Flows for the year ended March 31, 2023

Components of Cash and cash equivalents		
Balances with banks - on current account	43.37	-
Cash on hand (Refer Note - 10)	0.47	0.00
Total Cash and cash equivalents	43.84	0.00
Non cash financing activities	-	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For T M S R and Associates
Chartered Accountants
ICAI Firm Registration No. 017279S

For and on behalf of Board of Directors

K Ramana
Partner
Membership No.: 518818
Place: Hyderabad
Date : May 11, 2023

Naheed Muqeetulla
(Director)
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Place: Hyderabad
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Place: Bengaluru
Date : May 11, 2023

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

1. Corporate information

Imperial Online Services Private Limited (“the Company”), a private limited company domiciled in India and was incorporated on July 10, 2012 (‘date of incorporation’) under the provisions of the Companies Act, 1956. The registered office of the Company is located at 8-2-293/82/NL/33, Plot no. 33, MP/MLA Colony Road no. 10C, Jubilee Hills, Hyderabad 500033, India.

The Company is a new-age digital venture fashion and lifestyle space focusing on direct to consumer operations in India. The Company currently operates as “Urbano”.

The financial statements have been approved by the Board of Directors in their meeting held on May 11, 2023.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), read with Section 133 of the Companies Act, 2013 (“the Act”) and presentation requirements of Division II of Schedule III of the Act and other relevant provisions of the Act as applicable. The financial statements have been prepared on accrual basis under the historical cost convention, except the following assets and liabilities, which have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities (refer accounting policy regarding financial instruments);

As these are the Company’s first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 35.

2.2 Functional and Presentation Currency:

The financial statements are presented in Indian Rupee (₹) which is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest Lakhs, unless otherwise stated.

2.3 Summary of significant accounting policies

(I) 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 realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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 treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

Imperial Online Services Private Limited

Notes to the financial statements for the year ended March 31, 2023

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified 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 realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(II) Segment information

The company operates in one reportable business segment i.e. "online apparel".

(III) Fair value measurements and hierarchy

The Company measures financial instruments, such as investments (other than equity investments in subsidiaries and joint ventures) and derivatives at fair value at each Balance Sheet date.

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:

- (a) In the principal market for the asset or liability; or
- (b) 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 best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on its nature, characteristics and risks:

- Level 1 - inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- 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 recognised 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 of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(IV) Revenue from contracts with customers

Revenue from contracts with customers is recognised upon transfer of control of promised goods/ services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/ services.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue from sale of products

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

Goods and Service Tax (GST) is not received by the Company in its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Interest income

Interest income on all debt instruments is measured at amortised cost. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest income is included in other income in the Statement of Profit and Loss.

(V) Taxes

Current tax

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised 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, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

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 utilised. Un recognised deferred tax assets are re-assessed at each reporting date and are recognised 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 liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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 taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax relating to items recognised outside the Statement of Profit and Loss are recognised outside the Statement of Profit and Loss (either in OCI or in equity). Current tax and deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(VI) Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the 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 the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss, during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight-line basis over the useful life of the asset estimated by the management. Depreciation on additions is provided on a pro rata basis from the month of installation or acquisition. Depreciation on deletions/ disposals is provided on a pro rata basis upto the month preceding the month of deletions/ disposals. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used. The Company has used the following rates to provide depreciation on its tangible fixed assets:

(a) Assets where useful life is same as Schedule II

Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013
Other office equipment	5 years

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

(b) Assets where useful life differ from Schedule II

Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013	Estimated useful life
Furniture and fittings (other than retail stores)	10 years	7 years
Computers	3 years	4 years

Useful life of assets different from that prescribed in Schedule II has been estimated by the management, supported by technical assessment.

Based on managements' assessment, items of property, plant and equipment individually costing less than five thousand rupees, are depreciated within one year from the date the asset is ready to use or useful life of class of asset to which these assets belong.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within other gains/ losses.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(VII) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life 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 and changes if any, made on prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

Amortisation methods and periods

A summary of amortisation policies applied to the Company's intangible assets is as below:

Intangible assets	Useful life	Amortisation method used
Computer software	3 years	Amortised on straight-line basis

(VIII) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment based on internal/ external factors. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGUs) fair value less costs

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates, that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. 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. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

Reversal of impairment losses is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

(IX) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset either the Company has the right to operate the asset; or the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Where the Company is the lessee

Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for short-term leases which are less than 12 months and leases of low value assets. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain remeasurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments. The lease liabilities are measured at amortised cost using the effective interest method.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification arising due to change in the lease term, change in the lease payments or a change in the assessment of an option to purchase the underlying asset. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property, and lease liabilities, separately in the Balance Sheet.

Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 that are 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.

(X) 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.

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the Statement of Profit and Loss are recognised immediately in the Statement of Profit and Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories:

(a) Non-derivative financial assets

(i) Financial assets at amortised cost

Financial asset is measured at amortised cost using Effective Interest Rate (EIR), if both the conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Notes to the financial statements for the year ended March 31, 2023

Effective Interest Rate (EIR) method:

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in the Statement of Profit and Loss and is included in the 'Other income' line item.

(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Financial assets included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss.

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (refer above) are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or financial assets that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets:

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Notes to the financial statements for the year ended March 31, 2023

The Company applies simplified approach of expected credit loss model for recognising impairment loss on trade receivables, trade receivables, other contractual rights to receive cash or other financial asset.

(iv) Equity investments

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in Subsidiaries and Joint Venture are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries and Joint Venture at cost. All other equity investments are measured at fair value as per Ind AS 109. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company has an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Impairment of financial assets:

The Company applies simplified approach of expected credit loss model for recognising impairment loss on lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected

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Notes to the financial statements for the year ended March 31, 2023

credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix, which takes into account historical credit loss experience and adjusted for forward looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Balance Sheet.

The Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries and joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries and joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and joint venture and its carrying value, and then recognises the impairment loss in the Statement of Profit and Loss.

(b) Non derivative financial liabilities

(i) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(1) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(2) Financial liabilities:

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading, if:

- It has been acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may, be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contracts to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss.

However, financial liabilities that are not held-for-trading and are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in other comprehensive income under other equity and are not subsequently reclassified to the Statement of Profit and Loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in the Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL 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. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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Notes to the financial statements for the year ended March 31, 2023

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 gross carrying amount on initial recognition.

(ii) Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as the transaction cost of the loan to the extent it is probable that some or all of the facility will be drawn down, the fees are deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity and amortised over the period of facility to which it relates.

(iii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Statement of Profit and Loss, except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the Statement of Profit and Loss, and other changes in the fair value of FVTOCI financial assets are recognised in OCI.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of Profit and Loss.

De-recognition of financial assets and financial liabilities

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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Notes to the financial statements for the year ended March 31, 2023

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

The Company de-recognises financial liabilities only when the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(XI) Inventories

Traded goods are valued at cost or net realisable value, whichever is lower. Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

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

(XII) Provisions and contingent liabilities

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

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Notes to the financial statements for the year ended March 31, 2023

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(XIII) Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are recognised as an expense on accrual basis.

(b) Defined contribution plan

The Company makes defined contribution to the Government Employee Provident Fund and Superannuation Fund, which are recognised in the Statement of Profit and Loss, on accrual basis. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

(c) Defined benefit plan

The Company operates a defined benefit gratuity plan in India. The Company's liabilities under The Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds, where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in the 'Employee benefits expense' in the Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net Interest on the net defined benefit liability) arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. These are presented as re-measurement gains or losses on defined benefit plans under other comprehensive income in other equity. Remeasurements gains or losses are not reclassified subsequently to the Statement of Profit and Loss.

(XIV) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Earnings, considered in ascertaining the Company's earnings per share, is the net profit for the period after deducting preference dividends. The weighted average number of equity shares outstanding during the period is adjusted for treasury shares and events such as bonus issue, bonus element in a rights issue 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 of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(XV) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet and for the purpose of the Statement of Cash Flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three

Imperial Online Services Private Limited

Notes to the financial statements for the year ended March 31, 2023

months and short-term highly liquid investments with an original maturity of three months or less net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3. Standards issues but not yet effective:

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended the following accounting standards. These amendments are effective from April 01, 2022 and early adoption is permitted in some cases.

- a) Ind AS 16, Property Plant and equipment
- b) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- c) Ind AS 101, First time adoption of Indian Accounting Standards
- d) Ind AS 116, Leases

The above amendments are not likely to have any material impact on the financial statements of the Company for the current or future reporting period.

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Notes to the financial statements for the year ended March 31, 2023

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

	₹ in lakhs			
	Computers	Furniture and fixtures	Office equipment	Total
Cost or deemed cost (Gross carrying amount)				
As at April 1, 2022	1.03	7.16	12.30	20.49
Additions	2.70		0.33	3.03
Disposals	-	-	-	-
As at March 31, 2023	3.73	7.16	12.63	23.52
As at April 1, 2021	0.86	7.16	11.27	19.29
Additions	0.17	-	1.03	1.20
Disposals				
As at March 31, 2022	1.03	7.16	12.30	20.49
Accumulated Depreciation				
As at April 1, 2022	0.36	0.80	3.44	4.60
Depreciation for the year	0.49	1.42	4.10	6.01
Disposals	-	-	-	-
As at March 31, 2023	0.85	2.22	7.54	10.61
As at April 1, 2021				-
Depreciation for the year	0.36	0.80	3.44	4.60
Disposals				
As at March 31, 2022	0.36	0.80	3.44	4.60
Net carrying value as at:				
March 31, 2023	2.88	4.94	5.09	12.91
March 31, 2022	0.67	6.36	8.86	15.89
April 1, 2021	0.86	7.16	11.27	19.29

During the year, the Company revised its estimated useful life. The changes in estimated useful life have been highlighted as below:

Class of assets	Useful life till	Revised useful life
	March 31, 2022	w.e.f April 1, 2022
Computers	3 years	4 years
Furniture and fixtures	10 years	7 years

Pursuant to this change in estimated useful life, the Company has accounted for additional depreciation amounting to INR 2.5 lakhs

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Notes to the financial statements for the year ended March 31, 2023

NOTE: 4
RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	₹ in lakhs
	Buildings
Cost	
As at April 01, 2022	95.15
Additions	-
Termination	-
As at March 31, 2023	95.15
As at April 01, 2021	95.15
Additions	-
Termination	-
As at March 31, 2022	95.15
Depreciation	
As at April 01, 2022	30.04
Depreciation for the year	30.04
As at March 31, 2023	60.08
As at April 01, 2021	-
Depreciation for the year	30.04
As at March 31, 2022	30.04
Net carrying value as at:	
March 31, 2023	35.07
March 31, 2022	65.11
April 1, 2021	95.15

(b) Lease liabilities

	₹ in lakhs		
	As at	As at	
	March 31, 2023	March 31, 2022	
Opening balance	74.27	102.46	
Additions	-	-	
Interest expense on lease liabilities	5.16	7.81	
Payments	(36.00)	(36.00)	
Closing balance	43.43	74.27	
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
Current	36.86	30.84	28.19
Non-current	6.57	43.43	74.27

For maturity analysis of lease liabilities, refer Note - 32.

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Notes to the financial statements for the year ended March 31, 2023

NOTE: 5
NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Security deposits			
Unsecured, considered good	5.43	6.94	6.52
Total	5.43	6.94	6.52

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Notes to the financial statements for the year ended March 31, 2023

NOTE: 6
INVENTORIES

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<i>At lower of cost and net realisable value</i>			
Stock-in-trade	1,580.04	1,008.61	526.89
Total	1,580.04	1,008.61	526.89

During the year ended March 31, 2023, the Company has revised its valuation methodology from First in first out ('FIFO') to Weighted average. On account of this change in valuation methodology, this has resulted in increase in consumption amounting to INR 8.92 lakhs

NOTE: 7
TRADE RECEIVABLES

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Trade receivables	394.45	288.63	131.63
	394.45	288.63	131.63
Less: Loss Allowances	(33.20)	-	-
Total	361.25	288.63	131.63

Break-up for security details:

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Trade receivables			
Secured, considered good	-	-	-
Unsecured, considered good	394.45	288.63	131.63
Unsecured, considered doubtful	(33.20)	-	-
	361.25	288.63	131.63

Ageing of Trade Receivables:

Particulars	Outstanding as on March 31, 2023 (for following periods from due date of payment)						Total
	Not due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables – considered good	34.36	360.09	-	-	-	-	394.45
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Undisputed - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(viii) Trade Receivables assessed for credit risk on individual basis:*							
Disputed	-	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-	-
(ix) Provision on Trade Receivables assessed on individual basis		(33.20)					(33.20)
(x) Expected credit loss							-
Total	34.36	326.89	-	-	-	-	361.25

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Notes to the financial statements for the year ended March 31, 2023

Particulars	Outstanding as on March 31, 2022 (for following periods from due date of payment)						Total
	Not due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables – considered good	-	286.33	2.30	-	-	-	288.63
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Undisputed – Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(viii) Trade Receivables assessed for credit risk on individual basis:*	-	-	-	-	-	-	-
Disputed	-	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-	-
(ix) Provision on Trade Receivables assessed on individual basis	-	-	-	-	-	-	-
(x) Expected credit loss	-	-	-	-	-	-	-
Total	-	286.33	2.30	-	-	-	288.63

No trade or other receivables is due from directors or other officers of the Company either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer Note - 33.

Trade receivables are generally non-interest bearing and on terms of 30 to 180 days.

The Company has evaluated credit risk for e-commerce b2b, e-commerce b2c for receivables outstanding as at March 31, 2023. The Company follows the simplified approach method for computing the provision on trade receivables on an individual basis. The Company does not have an historical credit loss experience to adjust forward looking estimates and macro-economic factors and hence the Company has not computed an expected credit loss for the year ended March 31, 2023. The Company has assessed the recoverability on an individual basis and has identified all trade receivables to be good and secured, except those for which provision recorded as at March 31, 2023. Hence there has been no expected credit loss adjustment computed for the period ended March 31, 2023.

NOTE: 8
CASH AND CASH EQUIVALENTS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balances with banks			
Current accounts	43.37	-	2.67
Deposit accounts (original maturity less than 3 months)	-	-	24.00
Cash on hand	0.47	0.00	0.42
Total	43.84	0.00	27.09

NOTE: 9
CURRENT FINANCIAL ASSETS - OTHERS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Advances to employees			
Unsecured, considered good	0.04	0.64	2.00
Total	0.04	0.64	2.00

NOTE: 10
OTHER CURRENT ASSETS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Prepayments	4.10	-	-
Balances with government authorities (other than income tax)	586.01	270.30	200.66
Advance to suppliers	13.69	-	-
Right to return assets	4.81	-	-
Other receivables	-	-	1.10
Total	608.61	270.30	201.76

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 11

EQUITY SHARE CAPITAL

Authorised share capital

	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
As at the beginning of the year	10,000	1.00	10,000	1.00	10,000	1.00
Increase during the year	-	-	-	-	-	-
As at the end of the year	10,000	1.00	10,000	1.00	10,000	1.00

Issued equity share capital

	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
As at the beginning of the year	10,000	1.00	10,000	1.00	10,000	1.00
Increase during the year	-	-	-	-	-	-
As at the end of the year	10,000	1.00	10,000	1.00	10,000	1.00

Issued, Subscribed and paid-up equity share capital

	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
As at the beginning of the year	10,000	1.00	10,000	1.00	10,000	1.00
Increase during the year	-	-	-	-	-	-
As at the end of the year	10,000	1.00	10,000	1.00	10,000	1.00

(i) Shares held by Promoters :

Promoter name	As at March 31, 2023			% Change during the year (decrease)	As at March 31, 2022			% Change during the year	As at April 01, 2021	
	No. of Shares	% of total shares			No. of Shares	% of total shares			No. of Shares	% of total shares
Naheed Muqheetulla	1,215	12.15%	-15%	2,700	27.00%	-23%	5,000	50.00%		
Sameer Masarath	1,035	10.35%	-13%	2,300	23.00%	-27%	5,000	50.00%		
Mohammed Saadulla	1,350	13.50%	-17%	3,000	30.00%	-	-	-		
Mohammed Naveedulla	900	9.00%	-11%	2,000	20.00%	-	-	-		
Aditya Birla Digital Fashion Ventures Limited	5,500	55.00%	55%	-	-	-	-	-		
Total	10,000	100%		10,000	100%		10,000	100%		

(ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital
Aditya Birla Digital Fashion Ventures Limited	5,500	55.00%	-	-	-	-
Naheed Muqheetulla	1,215	12.15%	2,700	27.00%	5,000	50.00%
Sameer Masarath	1,035	10.35%	2,300	23.00%	5,000	50.00%
Mohammed Saadulla	1,350	13.50%	3,000	30.00%	-	-
Mohammed Naveedulla	900	9.00%	2,000	20.00%	-	-

During the year ended March 31, 2023, the Promoters transferred 5,500 shares to Aditya Birla Digital Fashion Ventures Limited pursuant to a Share Purchase Agreement dated August 28, 2022. The above table reflects change in share holding pattern pursuant to this share transfer.

NOTE: 12

Other equity

	As at March 31, 2023	As at March 31, 2022
Retained earnings		
As at the beginning of the year	446.90	201.63
(Loss) / Profit for the year	(41.07)	245.27
As at the end of the year	405.83	446.90

Other equity

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Reserves and surplus			
Retained earnings	405.83	446.90	201.63
Other comprehensive income			
Remeasurement gains/ (losses) on defined benefit plans	-	-	-
Total	405.83	446.90	201.63

The description of the nature and purpose of each reserve within other equity is as follows:

1. Retained earnings

Retained earnings comprise of the Company's accumulated undistributed profits/ (losses) after taxes.

2. Remeasurement gains/ (losses) on defined benefit plans

The cumulative balances of gains/ (losses) arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in remeasurement gains/ (losses) reserve will not be reclassified subsequently to Standalone Statement of Profit and Loss.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 13

NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Term loan from			
Bank	-	22.64	26.26
Financial institutions	1.11	7.79	17.49
Loan from related parties	-	20.00	20.00
Total	1.11	50.43	63.75

Details of effective interest rate and terms of repayment

Particulars	Effective interest rate	Terms of repayment
Loan from Yes bank	15.50%	Loan of INR 30 lakhs is repayable in 36 structured monthly instalments from February 2022 to January 2025. The Company has repaid the loan fully in current year before scheduled repayment term.
Loan from Kotak Mahindra Bank	17.50%	Loan of INR 20 lakhs is repayable in 24 structured monthly instalments from July 2019 to August 2021.
Working capital term loan from HDFC Bank	8.25%	Loan of INR 17.33 lakhs is repayable in 31 structured monthly instalments from December 2021 to June 2024. The Company has repaid the loan fully in current year before scheduled repayment term.
Business loan from HDFC Bank	14%	Loan of INR 25 lakhs is repayable in 36 structured monthly instalments from January 2022 to December 2024. The Company has repaid the loan fully in current year before scheduled repayment term.
Loan from Neo Growth Credit Private Limited	18.75%	Loan of INR 50 lakhs is repayable in 36 structured monthly instalments from May 2021 to April 2024
Loan from Lending Kart Finance Limited	15%	Loan of INR 35.43 lakhs is repayable in 36 structured monthly instalments from February 2020 to January 2023

Details of security

Loan from HDFC bank is secured by a first pari-passu charge on all current assets of the Company.

Current maturities of long-term borrowings

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current maturities of long-term borrowings (included in current borrowings)			
Term loan from bank	-	54.05	29.11
Term loan from financial institution	19.54	36.59	38.12
Total (included in Current Borrowings)	19.54	90.63	67.23

Aggregate secured borrowings	-	38.59	-
Aggregate unsecured borrowings	20.65	102.47	130.98

The Company has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings.

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

The Company has registered all the charges with Registrar of Companies within the statutory period.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 14

NON-CURRENT PROVISIONS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Employee benefit obligation			
Provision for gratuity (Refer Note - 31)	48.95	53.28	-
Total	48.95	53.28	-

CURRENT PROVISIONS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Employee benefit obligation			
Provision for gratuity (Refer Note - 31)	12.64	-	-
Total	12.64	-	-

NOTE: 15

CURRENT FINANCIAL LIABILITIES - BORROWINGS

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Loans repayable on demand from banks			
Bank overdraft*	1,333.30	281.52	184.66
Current maturities of long term debt (Refer Note - 13)	19.54	90.63	67.23
Total current borrowings	1,352.84	372.15	251.89

* Bank overdraft is repayable on demand, carries interest in the range of 7.8 to 8.05%. It is secured by a first pari-passu charge on all current assets and second pari passu charge on movable fixed assets.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 17

CURRENT FINANCIAL LIABILITIES - OTHERS

	₹ in lakhs		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Employee Payable	28.31	8.06	4.86
Total	28.31	8.06	4.86

NOTE: 18

OTHER CURRENT LIABILITIES

	₹ in lakhs		
	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Statutory dues (other than income tax)	12.69	13.90	2.98
Refund liabilities	10.23	-	-
Deferred revenue	34.36	-	-
Total	57.28	13.90	2.98

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 19
REVENUE FROM OPERATIONS

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from sale of products		
Sale of traded goods	5,712.80	5,429.70
Total	5,712.80	5,429.70

(a) Contract balances:

	As at	
	March 31, 2023	March 31, 2022
Contract assets		
Trade receivables	361.25	288.63
Total	361.25	288.63

(b) Reconciliation of revenue as recognised in the Statement of Profit and Loss with the contracted price:

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue as per contracted price	8,652.89	8,251.83
Less: Sales return	2,940.09	2,822.13
Revenue as per the Statement of Profit and Loss	5,712.80	5,429.70

(d) Disclosure of disaggregated revenue recognised in the Statement of Profit and Loss based on geographical segment:

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from customers outside India	-	-
Revenue from customers within India	5,712.80	5,429.70
Revenue as per the Statement of Profit and Loss	5,712.80	5,429.70

NOTE: 20
OTHER INCOME

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on security deposit	0.46	0.42
Other Interest income	-	1.39
Total	0.46	1.81

NOTE: 21
Purchase of stock-in-trade

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Purchase of stock-in-trade	3,512.26	3,139.40
Total	3,512.26	3,139.40

NOTE: 22
Changes in inventories of stock-in-trade

Opening inventories		
Stock-in-trade	1,008.61	526.89
	1,008.61	526.89
Less:		
Closing inventories		
Stock-in-trade	1,580.04	1,008.61
	1,580.04	1,008.61
(Increase)/Decrease in inventories	(571.43)	(481.72)

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 23
EMPLOYEE BENEFITS EXPENSE

	₹ in lakhs	
	Year ended	Year ended
	March 31, 2023	March 31, 2022
Salaries, wages and bonus	250.82	138.04
Contribution to provident and other funds	2.51	-
Gratuity expense (Refer Note - 31)	8.31	53.28
Staff welfare expenses	4.79	3.67
Total	266.43	194.99

NOTE: 24
FINANCE COSTS

	₹ in lakhs	
	Year ended	Year ended
	March 31, 2023	March 31, 2022
Interest expense on borrowings	65.46	37.70
Interest expense on lease liabilities	5.16	7.81
Total	70.62	45.51

NOTE: 25
DEPRECIATION AND AMORTISATION EXPENSE

	₹ in lakhs	
	Year ended	Year ended
	March 31, 2023	March 31, 2022
Depreciation on property, plant and equipment (Refer Note - 3)	6.01	4.60
Depreciation on right-of-use assets (Refer Note - 4)	30.04	30.04
Total	36.05	34.64

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 26
OTHER EXPENSES

	Year ended March 31, 2023	Year ended March 31, 2022
Transportation and handling charges	1,047.27	740.61
Commission to selling agents	913.76	1,150.17
Advertisement and sales promotion	373.90	43.67
Power and fuel	1.71	1.25
Electricity charges	2.23	1.63
Rent	4.35	0.87
Repairs and maintenance		
Others	2.10	-
Insurance	3.99	-
Rates and taxes	12.21	179.69
Legal and professional expenses	32.32	4.24
Allowances for bad and doubtful debts	33.20	-
Printing and stationery	12.83	8.73
Travelling and conveyance	2.68	1.01
Communication expenses	0.49	0.26
Payment to auditors (Refer details below)	1.50	0.60
Information technology expenses	14.80	8.94
Outsourcing, housekeeping and security expenses	4.61	0.90
Miscellaneous expenses	7.49	7.92
Total	2,471.44	2,150.49

Payment to auditors:

	Year ended March 31, 2023	Year ended March 31, 2022
For audit fees	1.20	0.50
For tax audit fees	0.30	0.10
Total	1.50	0.60

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 27

INCOME TAX EXPENSE

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

Statement of Profit and Loss:

		₹ in lakhs	
		Year ended March 31, 2023	Year ended March 31, 2022
Current income tax			
Current income tax charge		0.42	103.34
	(A)	<u>0.42</u>	<u>103.34</u>
Deferred tax			
Relating to origination and reversal of temporary differences		(31.46)	(0.41)
	(B)	<u>(31.46)</u>	<u>(0.41)</u>
Total	(A+B)	<u>(31.04)</u>	<u>102.93</u>

OCI section

Deferred tax related to items recognised in OCI during the year

		₹ in lakhs	
		Year ended March 31, 2023	Year ended March 31, 2022
Net (gains)/ losses on re-measurement of defined benefit plans		-	-
Total		<u>-</u>	<u>-</u>

Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate

		₹ in lakhs	
		Year ended March 31, 2023	Year ended March 31, 2022
Accounting Profit / (loss) before income tax		(72.11)	348.20
Tax expense/ (income) at India's statutory income tax rate of 25.17% (March 31, 2022: 25.17%)		(18.15)	87.64
Expenses disallowed for tax purposes		2.40	-
Others		(15.29)	15.29
Income tax expenses/ (income) as per Statement of Profit and Loss Account		<u>(31.04)</u>	<u>102.93</u>

Deferred tax movement

Particulars	Opening balance	(Charge) / credit to profit or loss	Charge / credit to OCI	March 31, 2023
				Closing balance
Property, plant and equipment	0.62	0.70	-	1.32
Provision for gratuity	-	15.50	-	15.50
Provision for bonus	-	3.44	-	3.44
Provision for sales return	-	1.36	-	1.36
Provision for doubtful debts	-	8.36	-	8.36
ROU assets and lease liabilities	-	2.10	-	2.10
	<u>0.62</u>	<u>31.46</u>	<u>-</u>	<u>32.08</u>

Particulars	Opening balance	(Charge) / credit to profit or loss	Charge / credit to OCI	March 31, 2022
				Closing balance
Property, plant and equipment	0.21	0.41	-	0.62
	<u>0.21</u>	<u>0.41</u>	<u>-</u>	<u>0.62</u>

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE: 28
EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

		₹ in lakhs	
		Year ended	Year ended
		March 31, 2023	March 31, 2022
Profit / (Loss) as per the Statement of Profit and Loss		(41.07)	245.27
Loss for calculation of EPS	(A)	(41.07)	245.27
Weighted average number of equity shares for calculation of Basic EPS	(B)	10,000	10,000
Basic and Diluted EPS (₹)	(A/B)	(410.66)	2,452.70
Nominal value of shares (₹)		10.00	10.00

NOTE - 30

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. 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. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are described below. The Company's assumptions and estimates are based on parameters available at the time of preparation of financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1. Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan 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.

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

Further details about gratuity obligations are given in Note - 31.

2. Provision for sales return

The Company provides for sales return based on market place wise trend of previous years and expectation of future returns. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario, and based on the management's assessment of market conditions.

3. Leases

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.

The Company has one lease contract that include extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

4. Going concern

The management has performed an assessment of the Company's ability to continue as a going concern. Based on the assessment, the management believes that there is no material uncertainty with respect to any events or conditions that may cast a significant doubt on the entity to continue as a going concern, hence the financial statements have been prepared on a going concern basis.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE - 31
GRATUITY

The employees of the Company are entitled to the benefit as per the Payment of Gratuity Act, 1972 which is equivalent to fifteen days salary last drawn for each completed year of service. The benefit vests after five years of continuous service. Gratuity plan is unfunded and managed within the Company.

The Company contributes to the Fund based on the actuarial valuation report.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and Balance Sheet:

Unfunded defined benefit plan

Net benefit expense recognised through the Statement of Profit and Loss

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	8.31	53.28
Interest cost on defined benefit obligation	-	-
Total	8.31	53.28

Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

	₹ in lakhs	
	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	53.28	-
Current service cost	8.31	53.28
Past service cost	-	-
Interest cost on defined benefit obligation	-	-
Actuarial (gain)/ loss on account of:		
Changes in financial assumptions	-	-
Experience adjustments	-	-
Actuarial (gain)/ loss recognised in OCI	-	-
Benefits paid	-	-
Liabilities assumed/ (settled)*	-	-
Closing defined benefit obligation	61.59	53.28

Net liability is classified as follows:

Current	12.64	-
Non-current	48.95	53.28
	61.59	53.28

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

The principal assumptions used in determining gratuity (unfunded) defined benefit obligations for the Company are shown below:

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.45%	7.45%
Salary escalation rate	8.00%	8.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Attrition / Withdrawal rates based on age:		
Upto 30 years	40%	40%
31 to 44 years	15%	15%
Above 44 years	10%	10%

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

A quantitative sensitivity analysis for significant assumptions is as follows:

	As at March 31, 2023	
	Increase / Decrease in DBO (₹ in lakhs)	
	% Decrease in assumption	% Increase in assumption
Sensitivity level		
Discount rate (- / + 1%)	4.03	(3.55)
Salary escalation rate (- / + 1%)	(3.56)	3.97
Attrition Rate (- / + 50% of attrition rates)	1.80	(0.88)
Mortality Rate (- / + 10% of mortality rates)	0.01	0.00

The above sensitivity analysis have 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.

There has been no change from the previous year in the method and assumptions used in preparing the sensitivity

The maturity profile of the defined benefit obligation are as follows:

	March 31, 2023
Within the next 12 months (next annual reporting period)	12.64
Between 2 and 5 years	30.28
Between 6 and 10 years	21.65
Beyond 10 years	46.93

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE - 32
COMMITMENTS AND CONTINGENCIES

a) Leases

Lease commitments as lessee

The Company has entered into agreement for taking on lease warehouse. The lease term is for five years, with escalation clauses in the lease agreements.

Expenses/ Income recognised in the Standalone Statement of Profit and Loss

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Rent		
Expense relating to short-term leases	4.35	0.87
Finance cost		
Interest expense on lease liabilities	5.16	7.81
Depreciation and amortisation expenses		
Depreciation on right-of-use assets	30.04	30.04

Contractual maturities of lease liabilities

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Within one year	36.86	30.84	28.19
After one year but not more than five years	6.57	43.43	74.27
More than five years	-	-	-
Total	43.43	74.27	102.46

Total cash outflow for leases for the year ended March 31, 2023 is ₹ 36 lakhs.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE - 33

RELATED PARTY TRANSACTIONS

Names of related parties and related party relationship with whom transactions have taken place:

Name of related parties

Ultimate Parent

Aditya Birla Fashion and Retail Limited

Parent

Aditya Birla Digital Fashion Ventures Limited

Key Management Personnel (“KMP”)

Mr. Prashant Aluru - Director with effect from August 12, 2022

Mr. Manish Singhai - Director with effect from August 12, 2022

Ms. Naheed Muqetulla - Director

Mr. Sameer Masarath - Director (resigned with effect from August 12, 2022)

Mr. Saadulla Mohammad - Director (resigned with effect from August 12, 2022)

Mr. Naveedulla Mohammed - Director (resigned with effect from August 12, 2022)

Relative of Key Management Personnel (“KMP”)

Mr. Sameer Masarath

Mr. Saadulla Mohammad

Mr. Naveedulla Mohammed

Mohd Muqetulla

Khatija Hussain

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

	₹ in lakhs		
	Year ended March 31, 2023		
	Ultimate Parent	KMP	Relative of KMP
Purchase of goods	74.52	-	-
Loan taken	-	145.00	-
Loan repaid	-	145.00	20.00
Interest paid on loan taken	-	2.09	-
Remuneration paid	-	65.91	67.79

	₹ in lakhs		
	Year ended March 31, 2022		
	Parent	KMP	Relative of KMP
Loan taken	-	19.12	20.00
Loan repaid	-	19.12	-
Remuneration paid to KMP	-	51.48	-

Balances outstanding

	₹ in lakhs		
	As at March 31, 2023		
	Ultimate Parent	KMP	Relative of KMP
Trade payable	1.07	-	-

₹ in lakhs

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

	As at March 31, 2022		
	Ultimate Parent	KMP	Relative of KMP
Loan payable	-	-	20.00

	As at April 1, 2021			₹ in lakhs
	Ultimate Parent	KMP	Relative of KMP	
Loan payable	-	-	20.00	

Terms and conditions of transactions with related parties

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Amount owed to related parties are unsecured and interest free and settlement occurs in cash.

Compensation of Key Managerial Personnel (KMP) of the Company

	₹ in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits	65.91	51.48
Post-employment benefits*	-	-
Total	65.91	51.48

*As the liabilities for defined benefit plans are provided as per actuarial valuation on an overall basis for the Company and separate amounts are not available for the managerial personnel.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE - 34
FINANCIAL INSTRUMENTS: FAIR VALUE, RISK MANAGEMENT OBJECTIVES AND POLICIES

A. Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at March 31, 2023 are as follows:

As at March 31, 2023

	Amortised cost*	Total carrying value	Level 1	Fair value Level 2	Level 3
₹ in lakhs					
Financial assets					
Loans	0.04	0.04	-	-	-
Security deposits	5.43	5.43	-	-	-
Trade receivables	361.25	361.25	-	-	-
Cash and cash equivalents	43.84	43.84	-	-	-
Total	410.56	410.56	-	-	-
Financial liabilities					
Non-current borrowings	1.11	1.11	-	-	-
Current borrowings	1,352.84	1,352.84	-	-	-
Lease liabilities	43.43	43.43	-	-	-
Deposits	-	-	-	-	-
Trade payables	811.26	811.26	-	-	-
Other financial liabilities	28.31	28.31	-	-	-
Total	2,236.95	2,236.95	-	-	-

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

As at March 31, 2022

	₹ in lakhs				
	Amortised cost*	Total carrying value	Level 1	Fair value Level 2	Level 3
Financial assets					
Loans	0.64	0.64	-	-	-
Security deposits	6.94	6.94	-	-	-
Trade receivables	288.63	288.63	-	-	-
Total	296.21	296.21	-	0.00	-
Financial liabilities					
Non-current borrowings	50.43	50.43	-	-	-
Current borrowings	372.15	372.15	-	-	-
Lease liabilities	74.27	74.27	-	-	-
Trade payables	588.79	588.79	-	-	-
Other financial liabilities	8.06	8.06	-	-	-
Total	1,093.70	1,093.70	-	-	-

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

As at April 1, 2021

	₹ in lakhs				
	Amortised cost*	Total carrying value	Level 1	Fair value Level 2	Level 3
Financial assets					
Loans	2.00	2.00	-	-	-
Security deposits	6.52	6.52	-	-	-
Trade receivables	131.63	131.63	-	-	-
Cash and cash equivalents	27.09	27.09	-	-	-
Total	167.23	167.23	-	-	-
Financial liabilities					
Non-current borrowings	63.75	63.75	-	-	-
Current borrowings	251.89	251.89	-	-	-
Lease liabilities	102.46	102.46	-	-	-
Trade payables	380.04	380.04	-	-	-
Other financial liabilities	4.86	4.86	-	-	-
Total	803.00	803.00	-	-	-

* Carrying value of financial instruments measured at amortised cost equals to the fair value.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

B. Risk management objectives and policies

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

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

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

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

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company does not have an exposure to the risk of changes in market interest rates for debt obligations which are fixed interest rates.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings taken at floating rates. With all other variables held constant, the Company's profit/ (loss) before tax is affected through the impact on floating rate borrowings, as follows:

Basis points (%) Increase/ (decrease) on Profit / (loss) before tax ₹ in lakhs	As at March 31, 2023		As at March 31, 2022	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
	(6.67)	6.67	(1.41)	1.41

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in the prior years.

ii) 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 does not have exposure to the risk of changes in foreign exchange rates since Company's operating activities are denominated in domestic currency.

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company only deals with parties which has good credit rating given by external rating agencies or based on the Company's internal assessment. Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable dues where recoveries are made, these are recognised as income in the Statement of Profit and Loss.

The Company is exposed to credit risk from its operating activities (primarily trade receivables and security deposits).

The Company's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2023, March 31, 2022 and April 1, 2021, is the carrying amount as provided in Note - 7.

Imperial Online Services Private Limited**Notes to the financial statements for the year ended March 31, 2023****c) Liquidity risk**

The Company monitors its risk of shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, term loans from bank and financial institution. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to various sources of funding.

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

As at March 31, 2023

₹ in lakhs

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	1,352.84	1.11	-	1,353.95
Lease liabilities	39.00	6.60	-	45.60
Other financial liabilities	28.31	-	-	28.31
Trade payables	811.26	-	-	811.26
Total	2,231.41	7.71	-	2,239.12

As at March 31, 2022

₹ in lakhs

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	372.15	50.43	-	422.58
Lease liabilities	36.00	45.60	-	81.60
Other financial liabilities	8.06	-	-	8.06
Trade payables	588.79	-	-	588.79
Total	1,005.01	96.03	-	1,101.03

As at April 1, 2021

₹ in lakhs

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	251.89	63.75	-	315.64
Lease liabilities	36.00	81.60	-	117.60
Other financial liabilities	4.86	-	-	4.86
Trade payables	380.04	-	-	380.04
Total	672.79	145.35	-	818.14

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE - 35

First time adoption of Ind AS

Transition to Ind AS

As stated in Note 2(A), these financial statements, for the year ended 31 March 2023, are the first financial statements that the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2022, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (to the extent notified and applicable) and the Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014, and in accordance with generally accepted accounting principles in India ('Indian GAAP' or 'previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 March 2023 including the comparative information for the year ended 31 March 2022 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2021.

In preparing its Ind AS balance sheet as at 1 April 2021 and in presenting the comparative information for the year ended 31 March 2022, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cashflows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Ind AS optional exemptions availed

1. Property, plant and equipment & Intangible assets

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.
- (iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

B. Ind AS mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL/ FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortized cost.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

3 Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirement in Ind AS 109, Financial Instrument, prospectively for transition occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirement retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions

Accordingly, the Company has opted to apply derecognition requirement prospectively for transaction occurring on or after the date of transition.

Imperial Online Services Private Limited

Notes to the financial statements for the year ended March 31, 2023

NOTE - 35

First time adoption of Ind AS (Continued)

(i) IGAAP to Ind AS

Particulars	As at 31 March 2022			As at 1 April 2021		
	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	15.89	-	15.89	19.29	-	19.29
Right-of-use-assets	-	65.11	65.11	-	95.15	95.15
Financial assets						
Security deposits	8.00	(1.06)	6.94	8.00	(1.48)	6.52
Deferred tax assets (net)	0.62	-	0.62	0.21	-	0.21
Total non-current assets	24.51	64.05	88.56	27.50	93.67	121.17
Current assets						
Inventories	1,008.61	-	1,008.61	526.89	-	526.89
Financial assets						
Trade receivables	288.63	-	288.63	131.63	-	131.63
Cash and cash equivalents	0.00	-	0.00	27.09	-	27.09
Other financial assets	0.64	-	0.64	2.00	-	2.00
Other current assets	270.30	-	270.30	201.76	-	201.76
Total current assets	1,568.18	-	1,568.18	889.37	-	889.37
Total assets	1,592.69	64.05	1,656.74	916.87	93.67	1,010.54

Imperial Online Services Private Limited

Notes to the financial statements for the year ended March 31, 2023

EQUITY AND LIABILITIES

Equity

Equity share capital	1.00		1.00	1.00	-	1.00
Other equity *	510.39	(63.49)	446.90	210.42	(8.79)	201.63
	511.39	(63.49)	447.90	211.42	(8.79)	202.63

LIABILITIES

Non-current liabilities

Financial liabilities

Borrowings	50.43	-	50.43	63.75	-	63.75
Lease liabilities	-	43.43	43.43	-	74.27	74.27
Provisions*	-	53.28	53.28	-	-	-
Total non-current liabilities	50.43	96.71	147.14	63.75	74.27	138.02

Current liabilities

Financial liabilities

Borrowings	372.15	-	372.15	251.89	-	251.89
Lease liabilities	-	30.84	30.84	-	28.19	28.19
Trade payables						
-Total outstanding dues of micro enterprisesand	-	-	-	-	-	-
-Total outstanding dues of creditors other thann	588.79	-	588.79	380.04	-	380.04
iii. Other financial liabilities	8.06	-	8.06	4.86	-	4.86
Other current liabilities	13.90	-	13.90	2.98	-	2.98
Current tax liabilities (net)	47.96	-	47.96	1.93	-	1.93
Total current liabilities	1,030.87	30.84	1,061.70	641.70	28.19	669.89
Total liabilities	1,081.29	127.55	1,208.84	705.45	102.46	807.91
Total equity and liabilities	1,592.68	64.06	1,656.74	916.87	93.67	1,010.54

Imperial Online Services Private Limited

Notes to the financial statements for the year ended March 31, 2023

(ii) Reconciliation of Equity:

	As at 31 March 2022	As at 1 April 2021
Equity under previous GAAP	511.39	211.42
Security deposits given at amortized cost - Unwinding of interest	(1.06)	1.48
Provision for gratuity expense*	(53.28)	-
Impact of IND AS 116 Leases	(9.15)	(10.27)
Equity as per Ind AS	447.90	202.63

(iii) Total comprehensive income reconciliation

Particulars	For the year ended 31 March 2022
Net income under previous GAAP	299.95
Security deposits given at amortized cost - Unwinding of interest	0.42
Impact of IND AS 116 Leases	(1.82)
Provision for gratuity expense*	(53.28)
Profit for the year under Ind AS	245.27
Other comprehensive income	
Remeasurement gains (losses) on defined benefit plans	-
Other comprehensive income for the year under Ind AS	-
Net income under Ind AS	245.27

Imperial Online Services Private Limited**Notes to the financial statements for the year ended March 31, 2023****Notes to the reconciliations****a. Discounting of security deposit**

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial liabilities and assets are required to be recognized at fair value. The Company has fair valued these security deposits under Ind AS.

Accordingly, for security deposits given, difference between the fair value and transaction value has been deducted from right of use asset. The discounted value of the security deposits is increased over the lease term by recognizing notional interest income.

b. Lease liability

Under previous GAAP, lease rentals were required to expenses in the year of accrual. On transition, the Company has applied modified retrospective method and has taken the cumulative adjustment to retained earnings as at date of transition. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

*** Gratuity expense**

The Company has carried out actuarial valuation and determined the provision for gratuity expenses pertaining to the previous year amounting to INR 53.28 lakhs. On account of this actuarial valuation, the retained earnings of the previous year has reduced by INR 53.28 lakhs

Imperial Online Services Private Limited
Notes to the financial statements for the year ended March 31, 2023

NOTE - 36
CAPITAL MANAGEMENT

The Company's objective, when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholder's expectations. The policy of the Company is to borrow funds through banks/ financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirement of financial markets.

The capital structure is governed by policies approved by the Board of Directors, and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances

The following table summarises the capital of the Company (debts excludes lease liabilities):

	₹ in lakhs		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Short-term debts (including current maturities of long-term borrowings)	1,352.84	372.15	251.89
Long-term debts	1.11	50.43	63.75
Total borrowings	1,353.95	422.58	315.64
Equity	406.83	447.90	202.63

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings.

During the year, the Company has not defaulted on any loans payable, and there have been no breach of any financial covenants attached to the borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

NOTE - 37
RATIO DISCLOSURES

	March 31, 2023	March 31, 2022	% Change	Reasons for variance more than 25%
Current ratio (times) ¹	1.15	1.52	-24.63%	Not applicable
Debt equity ratio (times) ²	3.22	0.94	241.33%	Borrowings from bank has increased during the year
Debt service coverage ratio (times) ³	-2.10	8.24	-125.52%	Decrease in Earnings before interest and tax and increase in principal repayments compared to previous year
Return On Equity (%) ⁴	-16.87%	107.05%	-123.93%	Increase in Loss for the year
Inventory turnover (times) ⁵	4.41	7.07	-37.59%	Increase in Revenue from Operations for the year and increase in closing inventory as at year end compared to previous year
Debtors turnover (times) ⁶	17.58	25.84	-31.96%	Increase in Revenue from Operations for the year and increase in trade receivable as at year end
Trade Payables turnover (times) ⁷	5.02	6.48	-22.58%	Not applicable
Net capital turnover (times) ⁸	3.51	3.74	-6.13%	Decrease in net working capital for the year as compared to previous year
Net profit margin (%) ⁹	-0.72%	4.52%	-5.24%	Not applicable
Return On Average Capital Employed (%) ¹⁰	-8.35%	23.27%	-31.61%	Decrease in Earnings before interest and tax compared to previous year
Return On Investment (%) ¹¹	-	-	-	This ratio is not applicable

Ratios have been computed as follows:

1. Current ratio = Current Assets / Current Liabilities (excluding Lease Liabilities accounted as per Ind AS 116)

2. Debt equity ratio = Debt / Equity

Debt = Borrowings (excluding Lease Liabilities accounted as per Ind AS 116) - Cash and Bank Balance (includes fixed deposits) - Liquid Investments
Equity = Equity share capital + Other equity

3. Debt service coverage ratio = Earnings before interest* and tax / [Finance cost* + Principal repayment of non-current borrowings (netted off to the extent of non-current borrowings availed during the same period for the repayments)]

4. Return on equity ratio = Profit after tax / Average of opening and closing Net Worth

5. Inventory turnover = Revenue from Operations for the period / Average of opening and closing Inventories

6. Debtors turnover = Revenue from Operations for the period / Average of opening and closing Trade Receivables

7. Trade payables turnover = Total Purchases / Average of opening and closing Trade Payables

8. Net capital turnover = Revenue from Operations for the period / Average of opening and closing Working Capital

9. Net profit margin = Profit After Tax / Revenue from Operations

10. Return on Average Capital Employed = Earnings before interest and tax / Average of opening and closing Capital Employed

11. Return on Investment = Earnings before interest and tax / Average of opening and closing Total Assets

* Finance cost/ interest comprises of interest expense on borrowings and excludes interest expense on lease liabilities and interest charge on fair value of financial instruments

NOTE - 38
SEGMENT INFORMATION

Based on the "management approach", as defined under Ind AS 108 - Operating segments, the operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors have been identified as the CODM. The CODM has evaluated the performance of the Company based on single operative segment for the purpose of allocation resources and evaluating financial performance. The Company is domiciled in India and most of its revenue comes from India. There are no assets held by the Company outside India.

NOTE - 39

ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) DETAILS OF BENAMI PROPERTY HELD

No proceedings have been initiated on or are pending against the Company under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder.

(ii) COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Company has complied with the number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction of number of layers) Rules, 2017

(iii) RELATIONSHIP WITH STRUCK OFF COMPANIES

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956

(iv) WILFUL DEFAULTER

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

(v) COMPLIANCE WITH APPROVED SCHEME(S) OF ARRANGEMENTS

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year

(vi) UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
a. 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
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a. 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
- b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vii) UNDISCLOSED INCOME

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year

(ix) VALUATION OF PROPERTY PLANT AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS) AND INTANGIBLE ASSET:

The Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) and Intangible assets during the current or previous year. The Company did not have any Investment Property during the current or previous year.

(x) REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period

As per our report of even date
For T M S R and Associates
Chartered Accountants
ICAI Firm Registration No. 0172795

**For and on behalf of the Board of Directors of
Imperial Online Services Private Limited**

K Ramana
Partner
Membership No.: 518818
Date : May 11, 2023
Place: Hyderabad

Naheed Muquetulla (Director) (DIN: 05262039) Place: Hyderabad Date : May 11, 2023	Manish Singhai (Director) (DIN: 9657669) Place: Bengaluru Date : May 11, 2023
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