



Date: 19<sup>th</sup> September 2025

**Dear Business Partner,**

The Government of India has announced *Next-Generation GST Reforms*, effective **22nd September 2025**, moving from the current four-rate structure (5%, 12%, 18%, 28%) to just two rates – **5% and 18%** ('Reforms').

This is a welcome move, and we at Bigbasket fully support it. We are fully committed to working with you to ensure that the maximum benefit of the Reforms is passed on to the consumers. That said, the transition to the Reforms does create certain challenges with respect to **inventory, pricing, input tax credit (ITC), and cash flow**. We request your cooperation in managing this transition smoothly to ensure maximum benefit for the consumers particularly in the following areas:

### **1. Impact on Existing Inventory (as on 21st September 2025)**

- **Product moving to 0% tax (Treatment of Exempt Supplies)**
  - For items moving to *0% GST (exempt)*, ITC already availed on inventory lying with us as of 21st September 2025 will need to be reversed, based on the prevailing interpretation of GST law.
  - We are also expected to move to 0% tax from 22<sup>nd</sup> September 2025 pt and pass on the discount to the consumers.
  - This will translate into a direct financial loss to Bigbasket, with a clear impact on the Profit & Loss statement.
  - We will send a final list of the total closing stock and GST input loss to you based on the EOD stock position as on 21<sup>st</sup> September 2025 along with the corresponding debit amount. Accordingly, Bigbasket will issue **Debit Notes** equivalent to the ITC reversal impact, and we seek your support in closing the same.
- **Product moving to reduced tax slab (Compensation for working capital blockage)**
  - With the implementation of GST rate rationalization, we will face accumulation of GST input credit, which will result in working capital blockage and liquidity strain.
  - The additional GST paid on your supplies prior to the rate change, which cannot be adjusted against customer invoices, post rate change, will effectively remain as trapped GST.
  - In view of the above, we request your support in providing appropriate compensation towards this blockage, so that the burden of transition is shared equitably.
  - In line with the direction from Govt of India, we will be running a "GST Bachat Utsav" on our site starting from 22<sup>nd</sup> September 2025. We will be passing on the discount offer to the customers in light of the GST rate change, and we request your support through promo offer to help extend the same benefit on closing stocks.
- **Products having CESS (cold drinks)**
  - Products with 28% GST+ additional Cess will move into the 40% GST bracket. We understand GST credit cannot be availed for the Cess paid on closing inventory (as of 21st September 2025). This, therefore, will



be a direct cost to Bigbasket. To address this, we will raise a **Debit Note** for the loss amount and will provide all documentary evidence to facilitate your support.

- **Sale or Return (SOR)**
  - Trapped GST will arise on stock lying in our books under this model.
  - Bigbasket will issue a **Debit Note** for such cost for inventory lying with us EOD as of 21<sup>st</sup> September 2025, and we seek your support in settling this impact.
- **Impact of GST Rate Increase**
  - Where GST has moved to a higher slab, customer realization on account of the increased tax liability reduces, while Bigbasket's purchase costs from suppliers remain unchanged.
  - This creates margin pressure on our end. We request your support in compensating this differential amount, either through price adjustments or commercial settlements, to ensure that the financial burden of such rate shift is shared equitably.

## 2. Compliance with MRP Revision

We will need a product-wise (BB article code wise) list showing old MRP, revised MRP, and GST change. Please note that this is critical for us to pass on the consumer benefit under the Reforms and we must receive it no later than 19th September 2025. The MRP revision must strictly reflect only the GST change, without any additional increase.

## 3. Process of receipt of stocks from 22<sup>nd</sup> September 2025 onwards.

All receipts into our warehouse from the morning of 22<sup>nd</sup> September 2025 must be accompanied by the revised invoice(s) (reflecting the new MRP and GST rate). Bigbasket reserves the right to reject any stock received with the old GST rates and MRP.

Together, we can ensure a seamless transition to the new GST framework while safeguarding consumer interest and maintaining business continuity. We deeply value your partnership and count on your continued support during this critical reform.

Thank You

**For and on behalf of Innovative Retail Concepts Private Limited (Bigbasket)**

*Manish Bajoria*

Manish Bajoria (19 September, 2025 09:50:19 UTC)

**Manish Bajoria**

**Chief Financial Officer**

**Date: 19<sup>th</sup> September 2025**