

INDEPENDENT AUDITOR'S REPORT

To the Members of Nykaa Fashion Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Nykaa Fashion Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules 2016 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

This report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013. Since in our opinion and according to the information and explanation given to us, the said order is not applicable to the Company.

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



- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With the Company being a Private Limited Company is eligible for the exemption from reporting on Internal Financial Controls Over Financial Reporting as required under Chapter X, Clause (i) of the sub section (3) of section 143 of the Companies Act as per the notification G.S.R 583(E) issued by MCA dated 13th June 2017. Hence reporting on Internal Financial Controls Over Financial Reporting is not required.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



**A. N. Shah
Partner
Membership No. 42649**

**Place: Mumbai
Date: 1st June, 2019**

Nykaa Fashion Private Limited

Figures in Rs

Balance Sheet as at	Note No.	As at 31st March 2019
I. EQUITY AND LIABILITIES		
1. Shareholders funds		
a. Share capital	3.1	1,00,000
b. Reserves and surplus	3.2	(64,68,692)
2. Non-current liabilities		
a. Long-term borrowings	3.3	77,50,511
b. Deferred tax liabilities (Net)	3.9	42,433
3. Current liabilities		
a. Short term borrowings	3.4	1,19,628
b. Trade payables		
- Dues to MSME and ;	3.5	-
- Dues to Others	3.5	58,70,204
c. Other current liabilities	3.6	98,31,418
d. Short-term provisions	3.7	13,96,410
TOTAL		186,41,912
II. ASSETS		
1. Non-current assets		
i. Property, plant and equipment	3.8	6,94,088
ii. Intangible assets	3.8	14,02,822
2. Current assets		
a. Inventories	3.10	136,48,425
b. Trade receivables	3.11	12,87,870
c. Cash and cash equivalents	3.12	46
d. Short-term loans and advances	3.13	16,03,743
e. Other current assets	3.14	4,918
TOTAL		186,41,912
Significant accounting policies	2	
Notes form an integral part of these financial statements	1 to 3.32	

As per our report attached

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W

A. N. Shah

A. N. Shah

Partner

Membership No: 42649



For and on behalf of Board of Directors



Anchit Nayar

Anchit Nayar

Director

DIN No 08351358

Adwita Nayar

Adwita Nayar

Director

DIN No 07931382

Place: Mumbai

Date: 1st June 2019

Nykaa Fashion Private Limited

Figures in Rs

Note No.

Statement of Profit and Loss

For the period
4th February,2019 to
31st March 2019

I.	Revenue from operations	3.15	39,86,982
III.	Total revenue		39,86,982
IV.	Expenses:		
	Cost of Materials Consumed	3.16	17,07,094
	Purchases of Stock in Trade	3.17	60,80,293
	Changes in inventories of Stock in Trade	3.18	(44,34,549)
	Employee benefits expenses	3.19	31,19,989
	Finance costs	3.20	63,852
	Depreciation and amortization expense	3.8	70,572
	Other expenses	3.21	38,05,990
	Total expenses		104,13,241
V.	Profit / (Loss) before tax		(64,26,259)
VI.	Tax expense:		
	Current tax		-
	Deferred tax Charge / Credit	3.9	(42,433)
VII.	Net Profit / (Loss) for the period		(64,68,692)
	Earnings per equity share of Rs 10 each (in Rupees) : Basic and Diluted (see Note 3.27)		(646.87)

Significant accounting policies

Notes form an integral part of these financial statements

2

1 to 3.32

As per our report attached

For and on behalf of Board of Directors

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W

ANIL SHAH



A. N. Shah

Partner

Membership No: 42649

Archit Nayar

Director

DIN No 08351358



Adwita Nayar

Director

DIN No 07931382

Place: Mumbai

Date: 1st June 2019

Nykaa Fashion Private Limited
Cash Flow Statement for the period 4th February, 2019 to 31st March 2019

		Amount (In Rs.)
A	CASH FLOW FROM OPERATING ACTIVITIES :	
	Net Profit / (Loss) before tax & adjustment for:	(64,26,259)
	Add: Depreciation and amortization expense	70,572
	Add: Interest Expense	63,787
	Add: (Gain)/ Loss on Foreign Exchange Fluctuation (Net)	(120)
	Operating Profit(Loss) before working capital changes	(62,92,020)
	(Increase)/decrease in Trade receivables	31,15,573
	(Increase)/decrease in Inventories	(15,78,199)
	(Increase)/decrease in Short term loan & advances	(16,03,743)
	(Increase)/decrease in other current assets	2,59,787
	Increase / (decrease) in Trade payables	(18,43,489)
	Increase / (decrease) in Other liabilities and provisions	(7,90,476)
	Increase / (decrease) in Short term provisions	12,44,625
	Net Cash used in operating activities	(74,87,941)
B	CASH FLOW FROM INVESTING ACTIVITIES :	
	Increase / (decrease) in Creditor for capital goods	50,209
	Payment towards purchase of undertaking on slump sale (Refer Note # 3.25)	(4,26,024)
	Purchases of Property, plant and equipment	(42,550)
	Net cash used in investing activities	(4,18,365)
C	CASH FLOW FROM FINANCING ACTIVITIES :	
	Increase / (decrease) in Share capital	1,00,000
	Increase / (decrease) in Long term borrowings	77,50,511
	Increase / (decrease) in Short term borrowings	1,19,628
	Interest Expense	(63,787)
	Net cash generated from financing activities	79,06,352
	Net Increase/(decrease) in cash & cash equivalent	46
	Cash & Cash Equivalent at the beginning of the period	-
	Cash & Cash Equivalent at the end of year	46
	Notes:	
	1 The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in the Accounting Standard - 3, issued by the Institute of Chartered Accountants of India	
	2 The current period, being the first period of operations for the company, the previous year's figures are not applicable. The Financial statements are prepared from the date of incorporation i.e 4th February, 2019 to 31st March, 2019.	
	Notes form an integral part of these financial statements	
	As per our report attached	
	For V. C. Shah & Co.	
	Chartered Accountants	
	Firm Registration No: 109818W	
		
	A. N. Shah	
	Partner	
	Membership No: 42649	
	Place: Mumbai	
	Date: 1st June 2019	
		For and on behalf of the Board of Directors
		
		Anchit Nayar
		Director
		DIN No 08351358
		
		Adwaita Nayar
		Director
		DIN No 07931382

Nykaa Fashion Private Limited

Notes to financial statements for the period ended 31st March 2019

Significant accounting policies followed by the company:

1 Background

Nykaa Fashion Private Limited ('the Company') was incorporated on 4th February 2019 having CIN:- U18102MH2019PTC320627 to carry on the business of selling, distributing of Fashion Garments, Fashion Accessories on the Company's online portals or websites as well as through e-commerce, m-commerce, internet, intranet, stalls, etc.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Use of estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

2.3 Property, Plant and Equipment

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

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

Property, Plant and Equipment are inclusive of Leasehold improvements. Such Leasehold Improvements though included in Property, Plant and Equipment are depreciated over lower of the lease period or useful life prescribed in schedule II to the Companies Act 2013.

The residual value and useful life is reviewed annually and any deviation is accounted for as a change in estimates.

2.4 Intangible Assets

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

Intangible assets are amortized over their estimated useful life. Software is amortized on straight line method over the useful life of 3 years. Goodwill on business acquisition is amortised over a period of 5 years.

2.5 Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date, for indication of impairment based on internal /external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of funds.

2.6 Inventories

Raw material and work in progress are carried at cost. Finished goods and stock in trade are carried at the lower of cost and net realisable value. Cost of inventories comprise all costs of purchase incurred in bringing the inventories to their present condition and location. Cost is determined on FIFO basis.

2.7 Revenue recognition

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of GST, trade discounts and rebates.

Banner Income: Advertisement services are visibility services provided by the company to various brands on the platform owned by the company. Revenue from advertisement services is recognized when advertisement is completed and displayed on the website.

Discount Income: the company recognizes revenue based on the terms/arrangements with the vendors/suppliers towards offering of discounts and promotional claims.

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

Other Income: It is recognised on accrual basis.

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

2.8 Investments

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

2.9 Foreign currency transactions

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

2.10 Employment benefits

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

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

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

2.11 **Borrowing Cost**

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

2.12 **Taxation**

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

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

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

2.13 **Lease**

Where the company is Lessee

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

Where the company is Lessor

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

2.14 **Contingent Liabilities & Provisions**

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

2.15 **Earning Per Share**

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

2.16 **Cash & Cash Equivalents**

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

Nykaa Fashion Private Limited

3 Notes to financial statements

3 Notes to financial statements	As at	
3.1 Share Capital	As at	
Particulars	As at	
	March 31, 2019	
Authorised Capital		
10,00,000 (Previous year Nil) Equity shares of Rs. 10 each	100,00,000	
Issued, Subscribed & Paid up Capital		
10,000 Equity shares (Previous year Nil) of Rs. 10 each, fully paid up	1,00,000	
Total	1,00,000	
i. The reconciliation of the number of shares outstanding and the amount of share capital		
Particulars	As at March 31, 2019	
	No. of shares	Amount
Shares outstanding at the beginning of the Period		
Shares issued during the Period, fully paid up	10,000	1,00,000
Shares outstanding at the end of the Period	10,000	1,00,000
ii. The details of shareholder holding more than 5% shares		
Name of the shareholder	As at March 31, 2019	
	No. of shares	% held
FSN E Commerce Ventures Private Limited (Holding Company)*	10,000	100%
iii. Terms/rights attached to the equity shares		
The Company has only one class of equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.		
The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of Winding up / Liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholdings.		
iv. Equity shares held by holding company/ ultimate holding and their subsidiaries		
Name of the shareholder	As at March 31, 2019	
	No. of shares	Amount
FSN E Commerce Ventures Private Limited (Holding Company)	10,000	1,00,000
3.2 Reserve & Surplus		
Particulars	As at	
	March 31, 2019	
Surplus / (Deficit) in the statement of Profit and Loss		
Balance at the beginning of the Period		
Net Profit/(Loss) for the Period	(64,68,692)	
Closing Balance	(64,68,692)	
Total Reserves & Surplus	(64,68,692)	
3.3 Long-term Borrowings		
Particulars	As at	
	March 31, 2019	
Unsecured		
Loan from Related Party (Refer note # 3.24)	77,50,511	
Total	77,50,511	
3.4 Short Term Borrowings		
Particulars	As at	
	March 31, 2019	
Unsecured		
Unsecured Loan from Financial Institution	1,19,628	
Total	1,19,628	
3.5 Trade payables		
Particulars	As at	
	March 31, 2019	
Trade payables		
- Dues to MSME and ;		
- Dues to Others	58,70,204	
Total	58,70,204	

Micro, Small and Medium Enterprises

According to the information available with the management, on the basis of intimation received from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has amounts due to micro and small enterprises under the said Act as at March 31, 2019 as follows :

Particulars	As at March 31, 2019
1. Principal and interest amount remaining unpaid	-
2. Interest due thereon remaining unpaid	-
3. Interest paid by the Company in terms of Sections 16 of the Micro,	-
4. Interest due and payable for the period of delay in making	-
5. Interest accrued and remaining unpaid	-
6. Interest remaining due and payable even in succeeding years, until	-

3.6	Other current liabilities	
	Particulars	As at March 31, 2019
	Advance from customers	8,75,214
	Payable towards Purchase of business towards slump sale	45,73,976
	Creditors for Capital Goods	50,209
	Statutory dues	3,71,694
	Salary payable	39,31,340
	Bank overdraft	28,985
	Total	98,31,418
3.7	Short-term provisions	
	Particulars	As at March 31, 2019
	Provision for expenses	13,96,410
	Total	13,96,410
3.9	Deferred tax liability	
	Particulars	As at March 31, 2019
	Deferred tax liability	
	On difference between book depreciation and tax depreciation	42,433
		42,433
	Deferred tax liability	42,433
3.10	Inventories (Apparels and Non-Apparels)	
	Particulars	As at March 31, 2019
	(a) Raw materials	25,18,060
	(b) Work-in-progress	2,55,875
	(c) Finished goods	64,39,941
	(d) Stock-in-trade	44,34,549
	Note: Raw material and work in progress are carried at cost. Finished goods and stock in trade are carried at the lower of cost and net realisable value.	
	Total	136,48,425
3.11	Trade receivables	
	Particulars	As at March 31, 2019
	Trade Receivables outstanding for a period exceeding six months	
	- Unsecured, considered good	
	Others - Unsecured, considered good	12,87,870
	Total	12,87,870
3.12	Cash and cash equivalents	
	Particulars	As at March 31, 2019
	(i) Cash on hand	46
	(ii) Balance with Bank	
	- Current accounts	
	Total	46
3.13	Short-term loans and advances	
	Particulars	As at March 31, 2019
	Unsecured, Considered good	
	Security Deposits	13,44,705
	Balance with statutory / government authorities	2,59,038
	Total	16,03,743
3.14	Other current assets	
	Particulars	As at March 31, 2019
	Advance against expenses	4,918
	Total	4,918
3.15	Revenue from operation	
	Particulars	For the Period ended 31st March 2019
	Sale of Products (Apparels and Non-Apparels)	39,86,982
	Total	39,86,982

3.16	Cost of Materials Consumed		
	Particulars		For the Period ended 31st March 2019
	Opening Stock		
	Purchases (Apparels)		109,20,970
	Less: Closing Stock (Apparels)		109,20,970
			92,13,876
			<u>17,07,094</u>
	Details of Cost of Materials Consumed		
	Particulars		For the Period ended 31st March 2019
	Fabrics		16,72,033
	Trims		35,061
			<u>17,07,094</u>
3.17	Purchases of Stock in Trade		
	Particulars		For the Period ended 31st March 2019
	Purchases (Non-Apparels)		16,45,744
	Purchase by way of Slump Sale (Non-Apparels)		44,34,549
	Total		<u>60,80,293</u>
3.18	Change in Inventory of Stock-In-Trade		
	Particulars		For the Period ended 31st March 2019
	Opening stock in trade (Non-Apparels)		-
	Less: Closing stock (Non-Apparels)		44,34,549
	Total		<u>(44,34,549)</u>
3.19	Employee benefits expense		
	Particulars		For the Period ended 31st March 2019
	Salaries and benefits		30,05,660
	Contribution to Provident Fund & other funds		51,447
	Staff welfare expenses		62,882
	Total		<u>31,19,989</u>
3.20	Financial Cost		
	Particulars		For the Period ended 31st March 2019
	Interest expense		53,787
	Bank charges		65
	Total		<u>53,852</u>
3.21	Other Expenses		
	Particulars		For the Period ended 31st March 2019
	Administrative & Other Expenses		57,865
	Job Work Charges		6,98,838
	Rates & Taxes		10,000
	ROC Fees		2,27,531
	Rent		2,88,313
	Freight Expenses		15,539
	Packing Expenses		1,11,063
	Marketing & Advertisement Expenses		6,35,300
	Web & Technology Expenses		13,50,333
	Repairs & Maintenance - Others		42,423
	Electricity Charges		24,080
	Travelling & Conveyance Expenses		40,264
	Communication Expenses		8,521
	Recruitment Expenses		4,800
	Legal and Professional Fees		2,23,620
	Auditors Remuneration :		
	Audit fees		60,000
	Taxation Matters		7,500
	Total		<u>38,05,990</u>

3.22 Operating Lease

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

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

Particulars	For the Period ended 31st Mar 2019
a) Lease Rent in respect of premises taken on leave and license basis	
Not Later than One Year	53,28,000
Later than One Year and not Later than Five Years	-
Later than Five Years	-
(b) Lease Rent recognized in the Statement of Profit & Loss for the year	2,73,313

3.23 Gratuity provision for current period is Nil

3.24 Related party disclosure

I. Key management personnel (KMP)
 a) Mr. Anchit Nayar Director
 b) Ms. Adwita Nayar Director

II. Relatives of Key Management Personnel
 Mrs. Falguni Nayar

III. Holding Company
 FSN E Commerce Ventures Private Limited

IV. Fellow Subsidiary
 Nykaa E-Retail Pvt Ltd
 FSN Brands Marketing Private Limited
 Nykaa KK Beauty Private Limited

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

Sr. No.	Name of the related party	Nature of relationship	Nature of transactions	Volume of transactions during the Period	Outstanding balance debit / (credit)
				As at Mar 31, 2019	
1	FSN E Commerce Ventures Private Limited	Holding Company	(i) Loan taken (ii) Interest Expenses	77,50,511 58,543	(77,50,511)

3.25 Purchases of E Commerce Business:

On 28th February 2019, the company entered into a business transfer agreement (BTA) with the Company "Outletwise Retail Private Limited" (ORPL) to acquire the E Commerce business - 20Dresses on Slump sale basis. The business transfer involved transfer of certain assets and liabilities as stated in the BTA on a "slump sale basis" for an agreed cash consideration of Rs 50 Lakhs

Pursuant to the above agreements and the necessary resolutions passed by the Board of Directors of the Company, the business stood transferred to the Company on 28th February 2019 and the following assets and liabilities acquired by the company were recorded at values as stated herein under. The values of fixed assets and intangible assets were recorded at fair values as determined by the management's experts and the difference between the value of net assets transferred and the aggregate purchase consideration is accounted as Goodwill as under :

Particulars	Amount
Assets:	
Fixed assets	6,97,870
Debtors	44,03,443
Inventories	120,70,226
Other current assets	2,64,705
Total assets transferred	174,36,245
Liabilities:	
Short term debt	1,51,785
Trade payables	76,63,604
Other current liabilities	60,47,918
Total liabilities transferred	138,63,307
Consideration pursuant to BTA	50,00,000
Goodwill on Purchases of E Commerce business	14,27,062

Out of the outstanding of Rs. 50 Lakh, the company has paid Rs. 4,26,024 during the period. The outstanding balance of Rs. 45,73,976 is shown as under other current liabilities.

3.26 Micro, Small and Medium Enterprises

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

3.27 Earnings per share

The computation of earnings per share is set out below:

Particulars	For the Period ended 31st March 2019
a) Shareholders (loss) / earnings as per statement of profit and loss	(64,68,692)
b) Calculation of weighted average number of equity shares of Rs 10 each: - Number of shares issued during the year Total number of equity shares outstanding at the end of the year Weighted average number of equity shares outstanding during the year	- 10,000 10,000
c) Basic and Diluted EPS of face value of Rs 10 each (Rs) (a/b)	-647

3.28 Debtors and Creditors are subject to confirmation and reconciliation

3.29 The current period, being the first period of operations for the company, the previous year's figures are not applicable. The Financial statements are prepared from the date of incorporation i.e 4th February, 2019 to 31st March, 2019.

3.30 Contingent Liability as on 31st March, 2019 is NIL

3.31 **Unhedged Foreign Currency Exposure**

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

Particulars	31-Mar-19	
	Amount in Foreign Currency	Amount in Rs.
Trade Payables (Foreign Currency in USD)	170	11,755

- 3.32 In the opinion of Board of the Directors, current assets have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the balance sheet and provision for all known/expected liabilities have been made.

As per our report attached

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

A. N. Shah
Partner
Membership No: 42649



Place: Mumbai
Date: 1st June 2019

For and on behalf of Board of Directors

Ankit Nayar
Director
DIN No 08351358

Adwaita Nayar
Director
DIN No 07931382



Particulars	Cost as at April 1, 2018	* Additions/ Adjustments	Deductions/ Adjustments	Cost as at March 31, 2019	Accumulated depreciation up to April 1, 2018	* Additions/Depreciation for the year	Deductions/ Adjustments for the year	Accumulated depreciation up to March 31, 2019	Net block value as at March 31, 2019
A) Property, plant and Equipment:									
(i) Computers	-	8,85,093	-	8,85,093	-	8,22,614	-	8,22,614	62,479
(ii) Furniture & fixtures	-	11,70,383	-	11,70,383	-	6,65,177	-	6,65,177	5,05,206
(iii) Office equipment	-	2,89,774		2,89,774	-	2,09,158	-	2,09,158	80,616
(iv) Machinery	-	1,00,363	-	1,00,363	-	54,576	-	54,576	45,787
Total Property, Plant and Equipment	-	24,45,613	-	24,45,613	-	17,51,525	-	17,51,525	6,94,088
B) Intangible Assets:									
(i) 20Dresses Website		7,40,113	-	7,40,113	-	7,40,113	-	7,40,113	-
(ii) Goodwill		14,27,062		14,27,062	-	24,240	-	24,240	14,02,822
Total Intangible Assets	-	21,67,175	-	21,67,175	-	7,64,353	-	7,64,353	14,02,822
Grand Total	-	46,12,788	-	46,12,788	-	25,15,878	-	25,15,878	20,96,910

Note:

1) The Additions/Adjustments are on account of slump sale transaction from Outletwise Retail Private Limited (Ref Note # 3.25)