

FSN Brands Marketing Private Limited
Financial Statements as on 30 June 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of FSN Brands Marketing Private Limited

Opinion

We have audited the accompanying interim Ind AS financial statements of FSN Brands Marketing Private Limited ("the Company"), which comprise the interim Balance Sheet as at June 30, 2021, and the interim Statement of Profit and Loss, including other comprehensive income, interim Cash Flow Statement and the interim Statement of Changes in Equity for the three-month period then ended, and notes to the interim 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 interim Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended: Company's state of affairs as at June 30, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the three months period ended on that date.

Basis for Opinion

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

Management's Responsibility for the Interim Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim Ind AS 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 interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Other matters - restriction of use

This report is intended for the use by the Company in connection with the preparation of the Restated Ind AS Consolidated Summary of Assets and Liabilities of the Group as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the related Restated Ind AS Consolidated Summary Statement of Profit and Loss, their Restated Ind AS Consolidated Summary of Change in Equity, their Restated Ind AS Consolidated Summary Statement of Cash Flows and their Restated Ind AS Consolidated Summary Statement of significant accounting policies and other explanatory information for the three-month period ended June 30, 2021 and June 30, 2020, for each year ended March 31, 2021, March 31, 2020 and March 31, 2019, in connection with the proposed Initial Public Offer of the Holding Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

A. N. Shah



Per A. N. Shah

Partner

Membership Number: 42649

UDIN:21042649AABGUD2572

Place of Signature: Mumbai

Date: September 25, 2021

FSN Brands Marketing Private Limited
Balance Sheet as at 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

		As at 30 June 2021	As at 31 March 2021
Assets	Notes		
Non-current assets			
Property, plant and equipment	4	3,064.15	2,989.09
Right of use assets	5	9,677.83	9,392.96
Capital work-in-progress	6A	90.78	47.00
Intangible assets	6B	166.18	182.89
Financial asset			
Other financial asset	7	1,175.30	1,181.98
Deferred tax assets (net)	8	2,952.60	2,362.34
Non current tax assets (net)		89.12	72.50
Other non-current assets	9	269.15	23.23
Total non-current assets		17,485.11	16,251.99
Current assets			
Inventories	10	16,219.36	11,938.63
Financial assets			
Trade receivables	11	1,981.37	3,234.82
Cash and cash equivalents	12	9,407.33	480.51
Bank balance other than cash and cash equivalents	13	37.52	37.52
Other financial assets	14	376.41	303.43
Other current assets	15	3,883.02	2,587.39
Total current assets		31,905.01	18,582.30
Total assets		49,390.12	34,834.29
Equity and liabilities			
Equity			
Equity share capital	16	200.00	200.00
Other equity	17	2,328.75	(6,147.51)
Total equity		2,528.75	(5,947.51)
Non-current liabilities:			
Financial liabilities			
Borrowings	18	9,848.53	10,040.38
Lease liabilities	20	7,914.49	7,609.98
Long-term provisions	21	106.51	107.36
Total non-current liabilities		17,869.53	17,757.72
Current liabilities:			
Financial liabilities			
Borrowings	19	18,496.91	9,962.38
Lease liabilities	20	2,173.34	2,128.86
Trade payables	22		
Total outstanding dues of Micro enterprise and small enterprises		76.21	51.55
Total outstanding dues of creditors other than Micro enterprises and small enterprises		6,784.80	9,725.86
Other financial liabilities	23	1,075.63	764.89
Short-term provisions	24	182.77	175.64
Other current liabilities	25	202.18	214.90
Total current liabilities		28,991.84	23,024.08
Total liabilities		46,861.37	40,781.80
Total equity and liabilities		49,390.12	34,834.29

Significant accounting policies

2-3

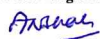
Accompanying notes form an integral part of these financials statements

As per our report of even date

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W



per A. N. Shah

Partner

Membership No: 42649


 For and on behalf of Board of Directors of
FSN Brands Marketing Private Limited




Kingshuk Basu

Director

DIN No 0009176168

Anchit Nayar

Director

DIN No 0008351358


 Tarun Pathria

Chief Financial Officer


 Pratik Bhujade

 Company Secretary
ACS M.No. A38175

Place: Mumbai

Date: 25 September 2021

Place: Mumbai

Date: 25 September 2021

FSN Brands Marketing Private Limited
Statement of Profit and Loss for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	Quarter ended 30 June 2021	Quarter ended 30 June 2020
INCOME			
Revenue from operations	26	9,357.57	1,048.94
Other income	27	69.04	56.61
TOTAL INCOME		9,426.61	1,105.55
EXPENSES			
Purchase of traded goods	28	12,214.77	511.42
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	29	(4,280.74)	282.21
Employee benefits expense	30	1,269.88	1,014.07
Finance costs	31	775.20	413.24
Depreciation and amortisation expense	32	776.63	502.81
Other expenses	33	929.43	830.45
TOTAL EXPENSES		11,685.17	3,554.20
Profit / (Loss) before tax		(2,258.56)	(2,448.65)
Tax expense / (credit) :			
Current tax		-	-
Deferred tax		(597.68)	(516.08)
Deferred tax credit for unrecognised business loss of earlier years		-	(460.55)
Total tax expense		(597.68)	(976.63)
Profit / (Loss) after tax		(1,660.88)	(1,472.02)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		29.48	(8.73)
Income tax effect on above		(7.42)	2.20
Items that will not be reclassified to profit or loss, net of tax		22.06	(6.53)
Total Comprehensive Income for the year		(1,638.82)	(1,478.55)
Earnings per share of face value Rs. 10/- each			
Basic earnings per share (in Rs.)	38	(83.04)	(105.54)
Significant accounting policies	2-3		
Accompanying notes form an integral part of these financials statements			

As per our report of even date
For V. C. Shah & Co.
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A. N. Shah

per A. N. Shah
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For and on behalf of Board of Directors of
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Tarun Pathria
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Chief Financial Officer

Pratik Bhujade
Pratik Bhujade
Company Secretary
ACS M.No. A38175

Place: Mumbai
Date: 25 September 2021

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FSN Brands Marketing Private Limited
Statement of Cash Flows for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 30 June 2021	As at 30 June 2020
Cashflows from operating activities		
Net loss before tax as per Statement of profit & loss	(2,258.56)	(2,448.65)
<i>Adjustments to reconcile profit / (loss) before tax to net cash flows:</i>		
Add: Depreciation and amortisation expense	776.63	502.81
Add: Finance Cost	714.30	387.63
Add: Provision for Gratuity	13.92	13.00
Add: Provision for leave compensated	27.60	84.06
Add: Expenses recognised in respect of equity-settled share-based payment	11.07	3.82
Add: Expected credit loss	0.74	-
Less: Finance Income	(0.74)	(0.42)
Less: Unrealised (Gain)/Loss on Foreign Exchange fluctuations (net)	(15.73)	(0.00)
Operating profit before working capital changes	(730.78)	(1,457.74)
<i>Adjustments for changes in working capital:</i>		
(Increase) in Trade receivables	1,252.57	14.63
(Increase) in Inventories	(4,280.74)	282.21
(Increase) in non-current financial asset	6.69	(127.16)
(Increase) in current financial assets	(107.22)	(142.46)
(Increase) in other assets	(1,557.12)	109.13
Increase in Trade payables	(2,900.67)	1,602.52
Increase in provisions	(13.18)	5.74
Increase in other current financial liabilities	19.68	(615.89)
(Decrease) in other current liabilities	(12.72)	(2,082.18)
Cash generated from / (used) in operations	(8,323.44)	(2,411.26)
Taxes paid (net)	16.62	11.76
Net cash flow from / (used in) operating activities	(8,306.82)	(2,399.50)
Cashflows from Investing activities		
Purchases of property, plant and equipment and other intangible assets (net)	(111.47)	(186.96)
Interest received	1.31	0.42
Net cash flows (used in) investing activities	(110.16)	(186.54)
Cashflows from Financing activities		
Proceeds from / (repayment of) non current borrowings	(191.85)	4,311.74
Proceeds from / (repayment of) current borrowings	8,534.53	(1,706.79)
Share application money	10,000.00	-
Capital contribution from parent	115.08	424.49
Interest expenses	(576.35)	(113.88)
Payment of lease liabilities	(381.30)	(157.40)
Interest expenses on lease liability	(156.30)	(73.93)
Net cash flows from financing activities	17,343.81	2,684.24
Net increase / (decrease) in cash and cash equivalents	8,926.82	98.19
Cash and cash equivalents at the beginning of the year	480.51	10.89
Cash and cash equivalents at the end of the year	9,407.33	109.08

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash flow.


Accompanying notes form an integral part of these financials statements


As per our report of even date
For V. C. Shah & Co.
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ACS M.No. A38175

Place: Mumbai
Date: 25 September 2021

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FSN Brands Marketing Private Limited
Statement of Changes in Equity for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)
a. Equity Share Capital:

Equity shares of INR 10 each issued, subscribed and fully paid

At 1 April 2020

Issue during the year

At 30 June 2020

At 1 April 2020

Issue during the year

At 31 March 2021

At 1 April 2021

Issue during the year

At 30 June 2021

No. of shares	Amount
20,00,000	200.00
-	-
20,00,000	200.00
20,00,000	200.00
-	-
20,00,000	200.00
20,00,000	200.00
-	-
20,00,000	200.00

b. Other Equity:
For the quarter ended 30 June 2021

Particulars	Share application money pending allotment	Capital contribution from Parent	Reserves & Surplus Surplus/(Deficit) in statement of profit and loss	Other comprehensive income (OCI)	Total other equity
	Amount	Amount	Amount	Amount	Amount
As at 1st April 2021	-	2,090.10	(8,236.96)	(0.62)	(6,147.51)
Net Profit for the period	-	-	(1,660.88)	-	(1,660.88)
Other comprehensive income	-	-	-	22.06	22.06
Total	-	-	(1,660.88)	22.06	(1,638.82)
Added during the year	10,000.00	115.08	-	-	10,115.08
As at 30 June 2021	10,000.00	2,205.18	(9,897.84)	21.44	2,328.75

For the period ended 30 June 2020

Particulars	Share application money	Capital contribution from Parent	Reserves & Surplus Surplus/(Deficit) in statement of profit and loss	Other comprehensive income (OCI)	Total other equity
As at 1st April 2020	-	1,213.34	(6,126.29)	2.12	(4,910.83)
Net Profit for the period	-	-	(1,472.02)	-	(1,472.02)
Other comprehensive income	-	-	-	(6.53)	(6.53)
Total	-	1,213.34	(7,598.31)	(4.41)	(6,389.38)
Addition during the year	-	424.49	-	-	424.49
As at 30 June 2020	-	1,637.83	(7,598.31)	(4.41)	(5,964.89)

Significant accounting policies (Refer Note 2-3)

2-3

Accompanying notes form an integral part of these financial statements

As per our report of even date

For V. C. Shah & Co.

Chartered Accountants

Firm Registration No: 109818W



per A. N. Shah

Partner

Membership No: 42649


 For and on behalf of Board of Directors of
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Chief Financial Officer



 Pratik Bhujade
Company Secretary
ACS M.No. A38175

Place: Mumbai

Date: 25 September 2021

Place: Mumbai

Date: 25 September 2021

FSN Brands Marketing Private Limited

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

1. Corporate Information

FSN Brands Marketing Private Limited (the 'Company') is a private limited company incorporated and domiciled in India. The Company is a wholly owned subsidiary of FSN E Commerce Ventures Limited (formerly known as FSN E Commerce Ventures Private Limited). The registered office of the Company is located at A-1,135 Shah and Nahar Industrial Estate, Sitaram Jadhav Marg, Lower Parel, Delisle Road, Mumbai City MH 400013.

The Company is engaged in the business of import, purchase, selling & distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade.

The financial statements for the three months ended 30 June 2021 were approved by the Board of Directors and authorised for issue on 25 September 2021.

The Company's financial statements are presented in Indian Rupees (Rs.), which is the functional currency and all values are rounded to the nearest lakhs ('00,000), except when otherwise stated.

2. Significant accounting policies

2A. Basis of preparation

i) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards 34 "Interim Financial Reporting" (referred to as "Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III, as amended).

ii) Historical cost convention:

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Summary of significant accounting policies:

a) Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be settled within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

A liability is current when:

- It is expected to be settled in normal operating cycle or due to be settled within twelve months after the reporting period
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

b) Property Plant & Equipment

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

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

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant & Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on Property, Plant & Equipment

Depreciation is provided using the Straight-Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are amortized on a straight-line basis over the period of primary lease or the expected useful life whichever is lower.

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Plant and Machinery	8
Computers	3
Furniture & Fixtures	10
Office Equipments	5

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimates.

c) Intangible assets

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

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period/year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Amortization of intangible assets:

Intangible assets are amortized on straight line basis as per the following useful lives:

Intangible asset	Useful lives (in years)
Business application development (Internally)	3

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

generated)	
Software	3

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

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

d) Impairment of non-financial assets

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

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

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

e) Inventory

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

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

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.

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 first in, first out basis first in, first out basis.

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

An inventory provision is recognised for cases where the net realisable value is estimated to be lower than the inventory carrying value. The net realisable value is estimated taking into account various factors, including obsolescence of material due to design change, process change etc., unserviceable items i.e. items which cannot be used due to deterioration in quality or due to shelf life or damaged in storage and ageing of material i.e. slow moving/non-moving prevailing sales prices of inventory.

f) Leases

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

Company as a lessee:

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

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

- Right of use for warehouse/office 2 to 6 years

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

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

ii. Lease liabilities:

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

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

iii. Short term leases and leases of low value assets:

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

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

g) Financial Instruments

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

I. Initial recognition and measurement:

All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (i(I)) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

II. Subsequent measurement:

i. Financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets at amortised cost includes trade and other receivables and loans to employees.

Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

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- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial Assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

ii. Financial Liabilities

Financial liabilities at fair value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that

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form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

III. Derecognition

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

IV. Impairment of financial assets

In accordance with Ind AS 109, the company applies simplified expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- b) Investments
- c) Other financial assets such as deposits, advances etc.

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

Trade receivables are written off when there is no reasonable expectation of recovery.

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V. Offsetting of financial instruments

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

h) Revenue recognition

I. Revenue from contracts with customers

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

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

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

i. Sale of products:

Revenue is recognised upon transfer of control of promised goods to customer in an amount that reflects the consideration which the Company expects to receive in exchange for goods. Revenue from the sale of products is recognised when products are delivered to customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

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

ii. Rendering of services:

Marketing Support Revenue - Income from services are recognised as and when the services are rendered. The Company recognizes marketing income i.e. visibility services provided by the Company to various Brands at retail outlets of the Company.

iii. Contract balances:

- Contract assets

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Company performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to

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accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

- Contract liabilities

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

II. Interest income

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

i) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

j) Foreign currency transactions

Functional and presentation currency

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

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on settlement or translation of other monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the

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period/year, or reported in previous financial statements, are recognised as income or as expenses in the statement of profit and loss in the period/year in which they arise.

k) Share based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in contribution by parent in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

l) Post-employment and other employee benefits

Short term employee benefits

All short term employee benefits such as salaries, incentives, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.

Post-employment benefits:

i. Defined Contribution Plans

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period/year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

ii. Defined Benefit Plans

Gratuity

The Company have an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period/year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end

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of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least 12 months after the reporting date, regardless of when the actual settlement.

m) Borrowing cost

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

n) Fair value measurement

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The management assessed that cash and cash equivalents, trade receivables, advances, trade payables, bank overdraft and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

o) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

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

Deferred tax

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

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

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

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

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Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity). The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, and other short term highly liquid investments which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Contingent Liabilities

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

r) Earnings per share

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

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

s) Segment reporting policies

The Group drives synergy across fulfilment models, sales channels and product categories and accordingly the management reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

t) Share capital

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Equity shares are classified as equity. Incremental costs directly attributable to the issue of equity shares are recognised as a deduction from equity.

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3A. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

I. Judgements:

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

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

II. Estimates and assumptions:

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

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

b. Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

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Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c. Estimation of defined benefit obligation and compensated absences

The cost of the defined benefit gratuity plan, compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

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

d. Income Taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

e. Deferred Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company has recognised deferred tax assets on the unused tax losses and other deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

f. Provisions

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

g. Impairment of financial assets:

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

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

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

The Company uses a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

i. Leases – Estimating the incremental borrowing rates:

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

j. Other estimates:

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

3B. Standard / Amendments issued:

The Ministry of Corporate Affairs (MCA) vide Notification dated 18 June 2021 notified the new Companies (Indian Accounting Standard) Amendment Rules, 2021. The notification has made amendments to various Ind AS. Some of the key amendments are:

a. Ind AS - 116 Leases

The practical expedient relating to rent concessions arising as a result of COVID-19 allowed lessees to not consider COVID-19 related rent concessions to be a lease modification provided the lease payments were originally due on or before 30 June 2021. The relief provided by the practical expedient has now been extended and is applicable to all lease payments originally due on or before 30 June 2022. The said amendment is applicable for annual reporting periods beginning on or after 1 April 2021.

b. Ind AS 103 – Business Combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-

Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June 2021

combination financial statements in accordance with other Ind AS. This amendment has no impact on the financial statements.

c. Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of “Recoverable amount” is amended such that the words “the higher of an asset’s fair value less costs to sell and its value in use” are replaced with “higher of an asset’s fair value less costs of disposal and its value in use”. The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28. This amendment has no impact on the financial statements.

d. Interest Rate Benchmark Reform – Phase 2

This amendment relates to 'Interest Rate Benchmark Reform — Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are:

- i. Ind AS 109: New guidance has been included on changes in the basis for determining the contractual cashflows as a result of interest rate benchmark reform. An entity should apply the amendments for annual reporting periods beginning on or after April 1, 2021.
- ii. Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform and how the entity manages these risks.
- iii. An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116. The adoption of the amendments did not have any material impact on its financial statements.

e. Amendments to Ind AS consequential to Conceptual Framework under Ind AS

The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 106, Exploration for and Evaluation of Mineral Resources; Ind AS 114, Regulatory Deferral Accounts; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. The Company does not expect the consequential amendments to have any significant impact in its financial statements.

- f. The Company has considered the amendments to Schedule III of the Companies Act 2013 notified by Ministry of Corporate Affairs (“MCA”) via notification dated March 24, 2021 in the financial statements’ disclosures, wherever applicable.

FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

4 Property, Plant and Equipment

	Computer Equipment	Furniture & Fixtures	Office equipments	Plant and equipment	Leasehold improvements	Total
Cost or deemed cost (gross carrying amount)						
At 1 April 2020	75.13	2,468.73	161.70	3.48	1,459.71	4,168.74
Additions	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	-	-
At 30 June 2020	75.13	2,468.73	161.70	3.48	1,459.71	4,168.74
Accumulated depreciation						
At 1 April 2020	41.70	509.43	31.96	1.23	313.83	898.15
Depreciation charge for the year	4.96	103.68	7.10	0.10	61.07	176.91
Disposals	-	-	-	-	-	-
At 30 June 2020	46.66	613.11	39.06	1.33	374.90	1,075.06
Cost or deemed cost (gross carrying amount)						
At 1 April 2021	75.99	2,631.81	225.89	3.48	1,631.21	4,568.37
Additions	5.81	137.65	11.75	-	166.10	321.32
Disposals/transfers	(1.30)	(0.94)	(0.25)	-	(80.33)	(82.82)
At 30 June 2021	80.50	2,768.52	237.39	3.48	1,716.98	4,806.87
Accumulated depreciation						
At 1 April 2021	47.08	727.22	53.98	1.47	749.53	1,579.27
Depreciation charge for the year	4.21	112.18	10.02	0.24	119.62	246.27
Disposals	(1.30)	(0.94)	(0.25)	-	(80.33)	(82.82)
At 30 June 2021	49.99	838.46	63.75	1.71	788.82	1,742.72
Net Book Value						
At 30 June 2021	30.51	1,930.06	173.64	1.77	928.16	3,064.15
At 30 June 2020	28.47	1,855.62	122.64	2.15	1,084.81	3,093.68

Movable assets have been pledged to secure borrowings of the Company (Refer Note 19.1)

5 Right of use assets

	Right of Use assets	Total
Cost or deemed cost (gross carrying amount)		
At 1 April 2020	12,038.88	12,038.88
Additions	163.21	163.21
Disposals/transfers	(374.52)	(374.52)
At 30 June 2020	11,827.57	11,827.57
Accumulated depreciation		
At 1 April 2020	2690.99	2690.99
Depreciation charge for the year	322.74	322.74
Disposals	(88.01)	(88.01)
At 30 June 2020	2,925.72	2,925.72
Cost or deemed cost (gross carrying amount)		
At 1 April 2021	13,762.47	13,762.47
Additions	1,073.89	1,073.89
Disposals/transfers	(305.31)	(305.31)
At 30 June 2021	14,531.05	14,531.05
Accumulated depreciation		
At 1 April 2021	4,369.51	4,369.51
Depreciation charge for the year	687.88	687.88
Disposals	(204.17)	(204.17)
At 30 June 2021	4,853.22	4,853.22
Net Book Value		
At 30 June 2021	9,677.83	9,677.83
At 30 June 2020	8,901.85	8,901.85



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

6A Capital work in progress

At 1 April 2020	77.80
Addition	2.76
Capitalisation	-
At 30 June 2020	80.56
At 1 April 2021	47.00
Addition	90.78
Capitalisation	47.00
At 30 June 2021	90.78

6B Intangible assets

	Computer Softwares	Business application development cost	Total
Gross block			
At 1 April 2020	38.61	-	38.61
Additions	-	173.60	173.60
Disposals/transfers	-	-	-
At 31 March 2021	38.61	173.60	212.21
Accumulated amortisation			
At 1 April 2020	19.06	-	19.06
Amortisation charge for the year	5.35	4.91	10.27
Disposals	-	-	-
At 31 March 2021	24.41	4.91	29.33
At 1 April 2021	38.61	173.60	212.21
Additions	-	-	-
Disposals/transfers	-	-	-
At 30 June 2021	38.61	173.60	212.21
Accumulated amortisation			
At 1 April 2021	24.41	4.91	29.33
Amortisation charge for the year	2.23	14.47	16.70
Disposals	-	-	-
At 30 June 2021	26.64	19.38	46.03
Net Book Value			
At 30 June 2021	11.97	154.22	166.18
At 31 March 2021	14.20	168.69	182.89



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

7 Other financial asset

	As at 30 June 2021	As at 31 March 2021
Security deposits (unsecured, considered good) (Security deposit is given for the period ranging from 2-6 years)	1,175.30	1,181.98
	1,175.30	1,181.98

8 Income Taxes

The major components of income tax expense for the quarter ended 30 June 2021 and year ended 31 March 2021 are:

A Statement of profit and loss:

	For the quarter ended 30 June 2021	For the year ended 31 March 2021
i. Profit or loss section:		
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(597.68)	(1,236.46)
Adjustment in respect of Deferred tax credit for unrecognised business loss of earlier years	-	(460.41)
Income tax expense/(income) reported in the statement of profit or loss	(597.68)	(1,696.93)
ii. OCI section - Deferred tax related to items recognised in OCI during the year:		
Tax Expenses/(Income) on remeasurements of defined benefit plans	7.42	(0.92)
Income tax expense charged to OCI	7.42	(0.92)

B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 30 June 2021 and 31 March 2021:

	For the quarter ended 30 June 2021	For the year ended 31 March 2021
	Amount	Amount
Profit before tax	(2,259)	(3,808)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(568.48)	(958.37)
Effect of:		
Interest income on loan to subsidiary	50.47	114.37
Commission on financial guarantee	(12.63)	20.72
Disallowance of provisions made allowed on actual basis	(9.95)	-
Expenses deductible on cash basis	27.47	-
Deferred tax assets reversal on excess recognised business loss	193.05	-
Deferred tax (reversal) /provision	(322.92)	-
Tax expenses relating to earlier years	-	(460.41)
Others	45.02	47.25
Total tax expense	(597.97)	(1,236.49)
Current tax expense	-	-
Deferred tax reversal /(provision)	(597.68)	(1,236.46)
Tax expense recognized in the statement of profit and loss	(597.68)	(1,236.46)
Effective tax rate	-26.46%	-32.47%

C Gross movement in the current income tax assets/(liabilities) for the quarter ended 30 June 2021 and year ended 31 March 2021:

Particulars	As at 30 June 2021	As at 31 March 2021
Net income tax asset at the beginning	72.50	54.43
Income tax paid	16.62	18.07
Net income tax asset at the end	89.12	72.50
Income tax assets as per balance sheet	89.12	72.50



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)
D Deferred tax:
i. Deferred tax assets and liabilities are attributable to the following:

Particulars	As at 30 June 2021	As at 31 March 2021
Brought forward losses	2,238.99	1,989.24
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	203.65	72.15
Impact of difference in carrying value of assets/liabilities as per book base and tax base	154.93	-
Provision for Expected Credit Loss	1.85	1.63
Difference between tax depreciation and depreciation as per books	250.03	212.28
Lease related assets and liabilities (net)	103.16	87.06
Deferred tax assets (A)	2,952.61	2,362.34
Difference between tax depreciation and depreciation as per books	-	-
Lease related assets and liabilities (net)	-	-
Deferred tax liabilities (B)	-	-
Deferred tax Assets (C=A-B)	2,952.61	2,362.34

ii. Reconciliation of deferred tax assets (net):

	As at 30 June 2021	As at 31 March 2021
Opening balance	2,362.35	664.56
Tax income/(expense) during the period recognised in profit or loss	597.68	1,236.46
Tax income/(expense) during the period recognised in OCI	(7.42)	0.92
Deferred tax credit for unrecognised business loss of earlier years		460.41
Closing balance	2,952.61	2,362.35

9 Other non-current assets

	As at 30 June 2021	As at 31 March 2021
Amount	Amount	Amount
Advance for capital goods	269.15	23.23
	269.15	23.23

10 Inventories

	As at 30 June 2021	As at 31 March 2021
(Valued at lower of cost and net realisable value)		
Stock in trade	16,219.36	11,938.63
	16,219.36	11,938.63

During the year ended , INR 317.37 lakhs (31 March 2021: INR 187.05 lakhs) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

11 Trade receivables (unsecured)

	As at 30 June 2021	As at 31 March 2021
Trade receivables - Considered Good	1,981.37	3,234.82
Trade receivables - Considered Doubtful	7.35	6.47
Less: Allowances for expected credit loss	(7.35)	(6.47)
	<u>1,981.37</u>	<u>3,234.82</u>

For details of trade receivables with related party refer note 37 related party disclosures

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

12 Cash and cash equivalents

	As at 30 June 2021	As at 31 March 2021
Cash on hand	37.94	22.74
Balances with banks		
- in current accounts	9,369.39	457.77
	<u>9,407.33</u>	<u>480.51</u>

13 Bank balance other than cash and cash equivalents

	As at 30 June 2021	As at 31 March 2021
Margin money deposits with bank (held as lien by bank against guarantees)	37.52	37.52
	<u>37.52</u>	<u>37.52</u>

14 Other financial assets (current)

	As at 30 June 2021	As at 31 March 2021
(measured at amortised cost, except otherwise stated)		
Security Deposits (unsecured and considered good)	304.74	237.73
Unbilled receivable	-	-
Receivable from COD/Prepaid	71.67	65.70
	<u>376.41</u>	<u>303.43</u>

15 Other current assets

	As at 30 June 2021 Amount	As at 31 March 2021 Amount
Balance with Government authority	2,296.19	1,726.63
Advance against expenses (unsecured, considered good)	204.89	320.17
Advance to suppliers (unsecured, considered good)	1,193.79	387.75
Advance given to employees	26.85	-
Prepaid expenses	160.90	151.87
Interest accrued on deposit but not due	0.40	0.97
	<u>3,883.02</u>	<u>2,587.39</u>



11A Trade Receivables ageing schedule

Trade receivables as at June 30, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 months	6month -1 year	1-2 years	2-3 years	More than 3 years	
(i)Undisputed Trade Receivables – considered good	-	1,981.54	(0.17)	-	-	-	7,565.69
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	-	0.89	6.46	-	-	713.69
(iii)Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v)Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	-	1,981.54	0.72	6.46	-	-	8,279.38

Trade receivable as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 months	6month -1 year	1-2 years	2-3 years	More than 3 years	
(i)Undisputed Trade Receivables – considered good	2,597.06	627.86	9.89	-	-	-	3,234.82
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	-	0.01	2.98	3.48	-	6.48
(iii)Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v)Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	2,597.06	627.86	9.90	2.98	3.48	-	3,241.30



16 Share Capital

i) Authorised Share Capital

20,00,000 (31 March 2021: 20,00,000) equity shares of Rs 10/- each

As at 30 June 2021	As at 31 March 2021
200.00	200.00

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Issued, subscribed and fully paid up equity capital

20,00,000 (31 March 2021: 20,00,000) equity shares of Rs 10/- each

As at 30 June 2021	As at 31 March 2021
200.00	200.00

iii) There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

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

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

FSN E-Commerce Ventures Private Limited (Holding Company)
20,00,000 (31 March 2021: 20,00,000) equity shares of Rs 10/- each

As at 30 June 2021	As at 31 March 2021
20,00,000	20,00,000

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

Name of the shareholder

FSN E-Commerce Ventures Private Limited (Holding Company)

As at 30 June 2021		As at 31 March 2021	
No. of shares	% holding	No. of shares	% holding
20,00,000	100	20,00,000	100

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

17 Other equity

a. Retained earnings

Opening balance
Add: Profit / (Loss) during the period/ year
Closing balance

As at 30 June 2021	As at 31 March 2021
(6,473.47)	(4,362.88)
(1,660.88)	(2,110.59)
(8,134.35)	(6,473.47)

b. Other comprehensive income

Opening balance
Add : Additions during the period/ year
Closing balance

(3.69)	(0.94)
22.06	(2.75)
18.37	(3.69)

c. Capital contribution from parent

Opening balance
Add : Additions during the period/ year
Closing balance

1,546.96	1,546.95
115.08	0.01
1,662.04	1,546.96

1) Retained Earnings are the profits that the Company has earned till date, less any dividends or other distributions paid to shareholders.

2) Other Comprehensive Income represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

3) Contribution from Parent Company consists of:

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

b) Loan from Holding Company: on fair valuation of loans taken from parent

c) Guarantee from Holding Company: fair value of guarantee given by Holding Company for loans taken from banks



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

18 Borrowings - non-current

(Carried at amortised cost, except otherwise stated)

Unsecured loans

Loan from Holding Company (FSN E-Commerce Ventures Private Limited)

As at 30 June 2021	As at 31 March 2021
9,848.53	10,040.38
9,848.53	10,040.38

18.1 Terms of loan from holding company

- The above loan carry an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread.
- Refer note 43 for maturity profile of above loans

18.2 Maximum amount of loan outstanding during the year was -INR 22,891.81 lakhs (31 March 2021 - INR 19,931.31 lakhs)

19 Borrowings - current

Working capital loan from Banks

Loan from Holding Company (FSN E-Commerce Ventures Private Limited)

As at 30 June 2021	As at 31 March 2021
5,383.59	2,383.45
13,113.32	7,578.93
18,496.91	9,962.38

19.1 Working Capital / cash credit facilities from banks are secured against first charge on all current assets, moveable property plant & equipment both present and future and corporate guarantee of FSN E-Commerce Ventures Private Limited.

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

19.3 Maximum amount of loan outstanding during the year was INR 2375.38 lakhs (31 March, 2021 - INR 4,085.37 lakhs)

19.4 Bank loan contain certain financial covenants & the Company has satisfied all covenants as per the terms of bank loan.

19.5 At 30 June 2021, the Company had available INR 2816.41 lakhs (31 March 2021: INR 2,316.55 lakhs) of undrawn committed borrowing facilities.

Details of working capital loan are as follows:

HDFC Bank

Kotak Mahindra Bank

RBL Bank

Citi Bank

IDFC

As at 30 June 2021	As at 31 March 2021
-	35.78
1,000.00	2,347.67
-	-
2,397.15	-
1,986.44	-
5,383.59	2,383.45

20 Lease liabilities

Payable for operating lease liabilities*

As at 30 June 2021	As at 31 March 2021
7,914.49	7,609.98
7,914.49	7,609.98

*The effective interest rate for lease liabilities is 9.50% as on 30 June 2021 and 31 March 2021
(For detail of operating lease liability with related party refer note no 37 on related party disclosure)



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

21 Provisions

Non-current provisions

Employee benefits - gratuity (refer note 36A)

As at 30 June 2021	As at 31 March 2021
106.51	107.36
106.51	107.36

22 Trade payables

Total outstanding dues of Micro enterprise and small enterprises

Total outstanding dues of creditors other than Micro enterprises and small enterprises

As at 30 June 2021	As at 31 March 2021
76.21	51.55
6,784.80	9,725.86
6,861.01	9,777.41

22.1 For details of trade payable with related party refer note 37 related party disclosures

22.2 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The identification of Micro, Small and Medium Enterprises is based on the Management's knowledge of their status. Disclosure is based on the information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

- The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.
- The amount of interest accrued and remaining unpaid at the end of each accounting year
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006

As at 30 June 2021	As at 31 March 2021
-	-
-	-
0.03	0.08
-	-
0.03	0.08

23 Other current financial liabilities

Employee related liabilities - Salary payable

Creditors for Capital Goods

Accrued expenses

Interest accrued but not due

As at 30 June 2021	As at 31 March 2021
73.38	267.42
274.69	21.07
703.47	468.67
24.09	7.73
1,075.63	764.89

24 Provisions

Current Provisions

Employee benefits - gratuity (refer note 36)

Employee benefits - compensated absences

As at 30 June 2021	As at 31 March 2021
4.11	18.83
178.66	156.81
182.77	175.64

25 Other current liabilities

Advance from customers

Statutory dues payable

As at 30 June 2021	As at 31 March 2021
88.01	69.67
114.17	145.23
202.18	214.90



Trade Payable ageing schedule

22A Trade payable as at June 30, 2021

Particulars	30 June 2021					
	Not Due	< 1 year	1-2 years	2-3 years	More than 3 years	Total
Micro, small and medium enterprises ('MSME')	34.13	100.93	5.03	-	-	140.09
Others	3,074.62	2,165.54	24.74	-	-	5,264.90
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Total	3,108.75	2,266.47	29.77	-	-	5,404.99

Trade payable as at March 31, 2021

Particulars	31 March 2021					
	Not Due	< 1 year	1-2 years	2-3 years	More than 3 years	Total
Micro, small and medium enterprises ('MSME')	11.94	41.56	-	-	-	53.50
Others	2,175.81	2,366.83	154.92	-	-	4,697.56
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Total	2,187.75	2,408.39	154.92	-	-	4,751.06



FSN Brands Marketing Private Limited

Notes to the financial statements for the quarter ended 30 June 2021

(All amounts in Rs. lakhs, unless otherwise stated)

26 Revenue from operations

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
A. Sale of products	8,936.70	862.69
B. Sale of services		
Marketing support revenue	415.30	184.44
Income from marketplace services	5.57	1.81
	9,357.57	1,048.94

27 Other income

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Interest income on:		
Fixed deposit	0.74	0.42
Security deposit	35.30	33.11
Miscellaneous income	11.92	0.49
Foreign Exchange Gain	21.08	22.59
	69.04	56.61

28 Purchase of traded goods

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Purchases of traded goods	12,214.77	511.42
	12,214.77	511.42

29 (Increase)/decrease in inventories of traded goods

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Opening balance	11,938.63	9,267.99
Closing balance	16,219.36	8,985.78
	(4,280.74)	282.21

30 Employee benefits expense

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Salaries, Wages and Bonus	1,182.56	884.99
Contribution to provident and other funds	30.04	29.53
Gratuity expenses (Refer Note 36A)	13.92	13.00
ESOP expenses (Refer Note 44)	11.07	3.82
Leave compensated expenses	27.60	84.06
Staff welfare expenses	4.69	(1.33)
	1,269.88	1,014.07



FSN Brands Marketing Private Limited**Notes to the financial statements for the quarter ended 30 June 2021***(All amounts in Rs. lakhs, unless otherwise stated)***31 Finance costs**

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Interest expenses on:		
- borrowings	79.70	50.07
- lease liabilities	156.30	73.93
- inter company loan	478.30	263.63
Commission on financial guarantee	50.17	18.50
Other finance charges	10.73	7.11
	775.20	413.24

32 Depreciation and amortization expense

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Depreciation of property, plant and equipment (refer note 4)	246.46	177.36
Depreciation of ROU assets (refer note 5)	513.47	322.74
Amortisation of Intangible assets (refer note 6B)	16.70	2.71
	776.63	502.81

33 Other expenses

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Rent & Maintenance Expenses	149.72	494.09
Marketing & Advertisement Expenses	247.80	48.30
Freight outward	112.05	28.25
Commission on sales	45.78	40.04
Electricity Charges	54.02	44.08
Packing Material exp	66.45	12.48
Brand Usages Fees	27.05	13.42
House Keeping Charges	14.45	20.82
Web & Technology Expenses	33.89	10.22
Legal and Professional Fees	32.29	2.39
Bank charges	1.67	3.94
Repairs & Maintenance - Others	1.95	15.27
Insurance Expenses	8.61	16.06
Rates & Taxes	53.02	2.59
Security expense	6.21	6.46
Printing & stationary	4.00	7.72
Recruitment Expenses	65.04	8.56
Expected Credit Loss	0.74	-
Auditors Remuneration :		
- Audit Fees	-	13.27
Other Miscellaneous Expenses	4.69	42.49
	929.43	830.45



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

34 Revenue from Contracts with Customers

a. Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and sale of products by selected platforms (income for many place services), which is a single line of business. The Company also derives revenue by providing advertisement services to its suppliers which is related to sale of product business. All the products are sold in India. (Refer Note no 26)

b. Contract Balances

Particulars	As at 30 June 2021	As at 30 June 2020	At 31 March 2021
Trade Receivables	1,981.37	115.85	3,234.82
Contract Liabilities	88.01	23.09	69.67
Contract Price	9,515.25	3,132.82	25,458.16
Revenue recognized in the period from:			
Revenue recognized in the current year from contract liability:			
Advance from Customer	69.67	2,060.79	2,060.79
Revenue deferred in the current year towards unsatisfied performance obligation:			
Advance from Customer	88.01	23.09	69.67
Revenue from operations	9,357.57	1,048.94	23,327.70

Refer accounting policy 2(i) for satisfaction of performance obligation and when the revenue is recognised .



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
(All amounts in Rs. lakhs, unless otherwise stated)

35 Leases

(Rs in lakhs)

The Company as lessee

The Company has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 2 to 6 years

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

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Refer note 4A for carrying value of right of use assets.

Set out below are the carrying value of lease liabilities and the movement during the period:

	As at 30 June 2021	As at 30 June 2021	As at 31 March 2021
Opening Balance	9,738.84	9,238.90	9,238.90
Add Addition	1,005.83	163.21	2,548.08
Add Accretion of interest	276.61	263.98	1,052.92
Less Deletion due to Closure	127.65	-	141.11
Less Rent Waiver (Refer note 3B (a) Significant estimates & judgements)	268.21	476.57	1,064.53
Less Payments	537.60	231.33	1,895.42
Closing Balance	10,087.84	8,958.19	9,738.84
Current	2,173.34	1,813.57	2,128.86
Non-current	7,914.49	7,144.62	7,609.98
	10,087.83	8,958.19	9,738.84

The maturity analysis of lease liability is disclosed in note no. 43

The effective interest rate for lease liabilities is 9.50% as on 30 June 2021 (9.50% as on 30 June 2020)

The following amount are recognised in profit and loss

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2021	For the year ended 31 March 2021
Depreciation expenses of right of use assets	513.47	322.74	1,876.29
Interest expenses on lease liabilities	156.30	73.93	1,052.92
Variable lease payments	224.20	-	660.69
	893.97	396.67	3,589.90

The Company had total cash outflow for leases of Rs. 761.80 lakhs (30 June 2020: Rs. 396.67 lakhs; 31 March 2021 : INR 1,895.44 lakhs)



FSN Brands Marketing Private Limited

Notes to the financial statements for the quarter ended 30 June 2021

(All amounts in Rs. lakhs, unless otherwise stated)

36 Defined Benefit Plan and Other Long Term Employee Benefit Plan

I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to INR 30.04 lakhs (30 June 2020: INR 29.53 lakhs, 31 March 2021: INR 117.27 lakhs) and the same has been recognized as an expense in the statement of profit and loss.

II) Defined Benefit Plans

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

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

A. The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at 30 June 2021, 30 June 2020 and 31 March 2021:

i. Amount to be recognised in balance sheet

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
Present value of defined benefit obligation	110.63	86.07	126.19
Funded status – deficit / (surplus)	110.63	86.07	126.19
Net liability recognised in balance sheet	110.63	86.07	126.19

ii. Changes in the present value of defined benefit obligation

Particulars	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020	For the year ended 31 March 2021
Opening defined benefit obligation	126.19	64.33	64.33
Current service cost	12.86	11.96	57.58
Past service cost	(0.76)	-	-
Interest cost	1.82	1.05	4.18
Actuarial (Gains)/Losses in obligation for year ended due to changes in demographic/financial assumptions	2.03	1.03	6.88
Actuarial (Gains)/Losses in obligation for year ended due to changes in Experience adjustments	(31.51)	7.70	(3.21)
Benefit paid	-	-	(3.57)
Closing defined benefit obligations	110.63	86.07	126.19

iii. Net defined benefit liability/ (asset) reconciliation

Particulars	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020	For the year ended 31 March 2021
Opening net defined benefit liability/ (asset)	126.19	64.33	64.33
Defined benefit cost included in P&L	13.92	13.01	61.76
Total re-measurements included in OCI	(29.48)	8.73	3.67
Employer contributions	-	-	-
Employer direct benefit payments	-	-	(3.57)
Closing net defined benefit liability/ (asset)	110.62	86.07	126.19

B. Amount for the year ended 31 March 2021 and 31 March 2020 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income

Particulars	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020	For the year ended 31 March 2021
Current service cost	12.86	11.96	57.58
Past service cost	(0.76)	-	-
Net Interest expenses	1.82	1.05	4.18
The total amount recognised in profit and loss account	13.92	13.01	61.76
Actuarial (Gains)/Losses in obligation for year ended due to changes in demographic/financial assumptions	2.03	1.03	6.88
Actuarial (Gains)/Losses in obligation for year ended due to changes in Experience adjustments	(31.51)	7.70	(3.21)
The total amount recognised in other comprehensive income (OCI)	(29.48)	8.73	3.67



FSN Brands Marketing Private Limited

Notes to the financial statements for the quarter ended 30 June 2021

(All amounts in Rs. lakhs, unless otherwise stated)

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

Particulars	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020	For the year ended 31 March 2021
Mortality Table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Discount rate:	6.00%	6.25%	6.25%
Future salary increases*	6.50%	6.50%	6.50%
Withdrawal rates	15.00%	15.00%	15.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)

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

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

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

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

	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
Within the next 12 months (next annual reporting period)	4.11	-	-
Between 2 and 5 years	52.33	-	-
Between 6 and 10 years	48.61	71.06	31.00
11 & above following years	80.40	9,903.25	9,549.15
Total expected payments	185.45	9,974.31	9,580.15

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7.45 years (30 June 2020 : 5 years, 31 March 2021: 7 years).

E Sensitivity analysis

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

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
Discount rate (+/- 1%)			
Decrease by 25/100 basis points	119.37	91.19	133.68
Increase by 25/100 basis points	102.85	81.47	119.49
Future salary increase (+/- 1%)			
Decrease by 25/100 basis points	103.04	81.44	119.45
Increase by 25/100 basis points	118.80	91.13	133.59

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

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

(A) **Investment risk** – As the Company does not have plan assets, it is not exposed to investment risk.

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

(C) **Longevity risk** – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(D) **Salary risk** – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.



37 Related party transactions

A. Names of the related parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

Name of entity	Nature of relationship
FSN E-Commerce Ventures Private Limited	Holding company
Nykaa E-Retail Private Limited	Fellow subsidiary
Nykaa-KK Beauty Private Limited	Fellow subsidiary
Nykaa Fashion Private Limited	Fellow subsidiary
FSN International Private Limited	Fellow subsidiary

Directors and Key Management Personnel (KMP)

Mrs. Falguni Nayar	Director (upto 22 July, 2021)
Mrs. Rashmi Mehta	Director (upto 17 May, 2021)
Mr. Kingshuk Basu	Director (w.e.f 17 May, 2021)
Mr. Surendra Mehta	Director (w.e.f 17 May, 2021)
Mr. Anchit Nayar	Director (w.e.f 22 July, 2021)
Mr. Pranab Barua	Director (w.e.f 22 July, 2021)
Ms. Alpana Parida	Director (w.e.f 22 July, 2021)
Mr. Tarun Patharia	Chief Financial Officer (w.e.f. 31 August 2021)
Mr. Shreekant Sawant	Company Secretary (Upto 24 September 2021)
Mr. Pratik Bhujade	Company Secretary (w.e.f. 25 September 2021)

Relative of Key Management Personnel

Mr. Sanjay Nayar
Mr. Anchit Nayar
Ms. Adwaita Nayar



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Notes to the financial statements for the quarter ended 30 June 2021
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B. Transactions with Related party

Particulars	Nature of transactions	Transactions during the year ended 30 June 2021	Outstanding balances as on 30 June 2021	Transactions during the year ended 30 June 2020	Outstanding balances as on 30 June 2020	Transactions during the year ended 31 March 2021	Outstanding balances as on 31 March 2021
Holding company							
FSN E-Commerce Ventures Private	Interest expenses	277.75	-	187.14	-	993.57	-
	SOH/SKU commercialisation Income	(164.89)	-	(126.57)	-	(973.02)	-
	Loan taken	(5,342.53)	(22,961.84)	(3,593.80)	(14,201.82)	(6,557.00)	(17,619.31)
	Discount income	(73.05)	-	(45.08)	-	(468.28)	-
	Purchases	501.29	(176.46)	82.91	(1,958.91)	2,345.08	(3,064.29)
	Royalty Charges	27.05	-	13.42	-	118.42	-
	Salary & Other	46.20	-	20.51	-	149.53	-
	Allowances_reuimbursement Exp.	-	-	-	-	-	-
	Rent expenses	45.84	-	-	-	49.87	-
	Lease liability	-	(710.99)	-	-	-	(737.55)
	Notional interest expenses - Lease	17.26	-	-	-	18.49	-
	Commission on Financial guarantee	50.17	-	18.50	-	82.33	-
	Notional interest Expenses- Loan	200.55	-	76.50	-	454.38	-
	Share based payment expenses	11.07	-	3.82	-	30.97	-
	Other equity contribution	(115.08)	(2,205.18)	-	(1,637.83)	(876.76)	(2,090.10)
	Share application money	(10,000.00)	-	-	-	-	-
Fellow subsidiary							
Nykaa E-Retail Private Limited	Sales	(6,722.13)	3,204.77	(475.66)	-	(7,941.79)	3,146.73
	Discount income	(24.73)	-	(28.72)	-	(149.71)	-
	Discount expenses	210.08	-	16.44	-	716.90	-
	Banner Advertisement Expense	220.71	-	83.67	-	454.64	-
	Commission Income (Endless Aisle)	(5.57)	-	(1.81)	-	(26.72)	-
	Commission Expenses (Hyper)	52.41	-	40.04	-	198.47	-
	SOH/ SKU Commercialization Income	(26.81)	-	(6.35)	-	-	-
	Marketing Expenses Recovery (Omnichannel)	(199.33)	-	(52.23)	-	(910.16)	-
	Purchases	772.07	-	(820.37)	(2,155.53)	3,419.74	-
	Lease Liability	-	(137.70)	-	(176.53)	-	(147.30)
	Notional Interest Expenses - Lease	4.15	-	5.19	-	19.28	-
	Reimbursement of Expenses	145.83	-	15.12	-	207.16	-
	Rent Expenses	15.11	-	11.81	-	60.42	-
Fellow subsidiary							
Nykaa-KK Beauty Private Limited	Purchases	90.06	(22.89)	1.41	(152.23)	579.65	(292.75)
	Reimbursement of Expenses	(0.41)	-	-	-	-	-
	SOH/ SKU/ BA Commercialization Income	(17.63)	-	(8.13)	-	(83.08)	-
	Discount income	(12.61)	-	(1.62)	-	(76.23)	-
Fellow subsidiary							
Nykaa Fashion Pvt Ltd .	Reimbursement of Expenses	1.48	9.58	-	-	-	-
Relative of director							
Mr.Anchit Nayar	Employee cost	-	-	-	-	185.99	(14.86)
Ms.Adwaita Nayar	Employee cost	-	-	-	-	-	-

Figures in brackets indicates payables

Terms and conditions of transactions with related parties

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

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

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



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38 Earnings per share (EPS)

Basic EPS

Profit/(Loss) after tax as per statement of profit and loss (in lakhs) (A)

Basic weighted average number of equity shares outstanding (B)

Basic earning per share in Rupees (C=A/B)

For the quarter ended 30 June 2021	For the year ended 31 March 2021	For the year ended 31 March 2020
(1,660.88)	(2,110.71)	(3,874.06)
20,00,000	20,00,000	20,00,000
(83.04)	(105.54)	(193.70)

39 Commitments and contingencies

A Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - INR NIL as at 30 June 2021 (31 March 2021 – 52.68 lakh)

The Company has various lease contracts that have not yet commenced as at 30 June 2021. The future lease payments for these non-cancellable lease contracts are INR 97.19 lakhs within one year, INR 437.97 lakhs within next five years and INR 464.77 lakhs thereafter.

B Contingent liabilities (not provided for)

Particulars

i) Claims against the Company, not acknowledged as debts

Disputed indirect tax matters (including interest up to the date of demand, if any) (Refer note i)

ii) Bank guarantee (Refer note ii)

As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
11.84	-	23.25
0.15	10.04	10.04
11.99	10.04	33.29

Notes

- The Company has received VAT assessments order for financial years 2016-17 with demands amounting to Rs.31.30 lakhs on account of certain input disallowances/adjustment made by VAT department. The Company has deposited Rs 6.35 lakhs in financial year 2021-22 and provided Rs 1.70 lakhs under Rates and taxes in financial year 2020-21 (Refer note no. 33), and for Rs 23.25 lakhs the management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements
- Nature of bank guarantee pending given against lease rent.

40 Segment information:

Considering Company's aggressive expansion plan for driving synergy across fulfilment models, sales channels and product categories, it necessitates change in current review mechanism. The management reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

- The Company operates in a single geographical environment i.e. in India.
- No single external customer contributed 10% or more to Company's revenue.



FSN Brands Marketing Private Limited**Notes to the financial statements for the quarter ended 30 June 2021***(All amounts in Rs. lakhs, unless otherwise stated)***41 Fair value measurement hierarchy**

The fair values of financial assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- a. Carrying values of financial assets i.e. cash and cash equivalents, trade receivables, others financial assets and of financial liabilities i.e. trade and other payables, working capital loan and other borrowings and other financial liabilities are reasonable approximations of their fair values due to the short maturities of these instruments.
- b. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

However, the Company does not have material financial assets and financial liabilities carried at fair value through profit and loss ('FVTPL')

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Disclosures fair value measurement hierarchy for assets/liabilities as at 30 June 2021 and 31 March 2021:

	Carrying value / Fair value	
	As at 30 June 2021	As at 31 March 2021
Asset carried at amortised cost		
Trade receivables	1,981.37	3,234.82
Cash and cash equivalents	9,407.33	480.51
Bank balance other than cash and cash equivalents	37.52	37.52
Security deposit	1,480.04	1,419.71
Liabilities at amortised cost		
Borrowings	28,345.43	20,002.76
Trade payables	6,861.02	9,777.42
Other financial liabilities	1,075.63	764.89

During the period ending 30 June 2021 and 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements.



42 Capital management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

No changes were made in the objectives, policies or processes for managing capital during the quarter ended 30 June 2021 and year ended 31 March 2021.

The net gearing ratio at end of the reporting period was as follows.

		As at 30 June 2021	As at 31 March 2021
Gross debt		28,345.43	20,002.76
Less: Cash and cash equivalents		(9,407.33)	(480.51)
Net debt	(A)	18,938.11	19,522.25
Total Equity	(B)	2,528.75	(5,947.51)
Net gearing ratio	(A)/(B)	(7.49)	3.28

43 Financial risk management objectives and policies

The Company's principal financial liabilities comprises loan from holding company, working capital loan, 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 review and agree 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 mainly comprises currency risk, product price risk and interest rate risk

A.1 Foreign currency risk

The Company's significant transactions are in Indian Rupees and therefore there is minimal foreign currency risk. Generally, the Company fully covers the foreign currency risk for transactions in foreign currency which are primarily for import of merchandise. Since the Company's overall foreign currency exposure is not significant, the Company does not hedge its foreign currency payable.

Foreign currency sensitivity

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

A.2 Product price risk

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

A.3 Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Company's profit/(loss) before tax by approximately INR 26.92 lakhs (30 June 2020: INR 6.25 lakhs; 31 March 2021: INR 11.92 lakhs).



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

Trade receivables

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

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies, hence, the Company is not exposed to concentration risks.

(Refer accounting policy 2h(iv) for expected credit loss on trade receivable)

Trade Receivables (Ageing)	As at 30 June 2021			As at 31 March 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	-	-	-	2,597.06	-	2,597.06
Less than 6 months	1,981.54	-	1,981.54	627.86	-	627.86
6 months-1 year	0.72	0.89	(0.17)	9.90	0.01	9.88
1-2 years	6.46	6.46	-	2.98	2.98	-
2-3 years	-	-	-	3.48	3.48	-
Total	1,988.72	7.35	1,981.37	3,241.28	6.47	3,234.80

Security Deposits

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

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's

C Liquidity risk

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

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

Particulars	As at 30 June 2021			As at 31 March 2021		
	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total
Loan from holding company	-	9,848.53	9,848.53	-	10,040.38	10,040.38
Working capital loan from bank	5,383.59	-	5,383.59	2,383.45	-	2,383.45
Trade payables	6,861.01	-	6,861.01	9,777.41	-	9,777.41
Other financial liabilities	1,002.25	-	1,002.25	497.47	-	497.47
Salary payable	73.38	-	73.38	267.42	-	267.42
Lease liabilities	3,155.72	9,769.49	12,925.21	3,101.64	9,163.78	12,265.42
	16,475.95	19,618.02	35,091.72	16,027.39	19,204.16	35,231.55



44 Employee Share Based Payment

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

The Company has recognised an expense of INR 11.07 lakhs (30 June 2021 INR 3.82 lakhs, 31 March 2021 INR 30.97 lakhs) arising from equity settled share based payment transactions for employee services received during the year.

a A summary of the activity in the ESOP 2012 Scheme is as follows:

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
	No. of Options	No. of Options	No. of Options
Outstanding at the beginning of the period/year	0	3,360.00	3,360
Granted during the period/year	-	-	-
Lapsed during the period/year	-	-	-
Exercised during the period/year	-	-	(3,360)
Outstanding at the end of the period/year	0	3,360	0
Exercise price range	INR 100 - 650	INR 100 - 650	INR 100 - 650
Weighted average remaining contractual life (in years)	2.28	2.53	-

b A summary of the activity in the ESOP 2017 Scheme is as follows:

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021
	No. of Options	No. of Options	No. of Options
Outstanding at the beginning of the period/ year	12,360	14,430	14,430
Granted during the period/ year	-	500	5,350
Forfeited during the period/ year	-	-	(670)
Lapsed during the period/ year	-	-	-
Exercised during the period/ year	-	-	(6,750)
Outstanding at the end of the period/ year	12,360	14,930	12,360
Exercise price range	INR 650 - 10,766.75	INR 650 - 10,766.75	INR 650 - 6,059.56
Weighted average remaining contractual life (in years)	4.68	5.74	4.81

c Fair value of options granted

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

	ESOS 2012			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.50	2.50	3.50	4.50
Risk free interest rate (%)	6.32% to 7.95%	6.36% to 8.00%	6.44% to 8.00%	6.41% to 7.92%
Volatility (%)	23.03% to 28.17%	23.16% to 28.24%	23.38% to 27.91%	24.00% to 28.56%
Fair value of shares on date of grant	97.01 - 650.21			
Fair Value of options	15.15 - 149.89	22.05 - 187.26	28.49 - 219.11	37.45 - 396.31

	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.67 - 3.22	3.27 - 3.80	3.92 - 4.26	4.59 - 5.09
Risk free interest rate (%)	6.32% to 7.96%	6.32% to 7.96%	6.43% to 8.01%	6.45% to 8.04%
Volatility (%)	22.76% to 30.67%	22.76% to 29.59 %	24.42% to 29.49%	24.59% to 28.77%
Fair value of shares on date of grant	650.21 - 6,059.56			
Fair Value of options	155.42 - 1726.78	175.88 - 1887.16	203.44 - 2017.15	233.56 - 2113.45

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The

The weighted average share price at the date of exercise of options exercised during the period was INR 10,766.75 (30 June 2020: INR 6,059.56 ; 31 March 2021: INR 6,844.09)

d Expenses arising from share-based payment transactions

The total expenses arising from share-based payment transactions recognised were as follows:

Particulars	Jun-21	Jun-20	2020-21
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	11.07	3.82	30.97



FSN Brands Marketing Private Limited
Notes to the financial statements for the quarter ended 30 June 2021
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45 Event after reporting dates

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

46 Deferred Tax Asset

During the quarter ended 30 June 2021, the Company reassessed recognition of deferred tax assets on carry forward losses and unabsorbed depreciation. The Company recognised net deferred tax assets in respect of carry forward losses, unabsorbed depreciation and other temporary difference of INR 2952.60 lakhs as at 30 June 2021 (31 March 2021: Rs.2,450.00 lakhs). In assessing the realisability of its deferred tax assets, management considers 3 years approved projections and believes that such projections are reliable and represent a convincing evidence that sufficient taxable profit will be available against which the carry forward losses and unabsorbed depreciation can be utilised. Deferred tax assets of is realisable over a period of 2-5 years.

47 Social Security Code

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

48 Impact of Covid 19

a. The Group has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on leases. And impact of investment in subsidiaries and other entities. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these standalone financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19 and the Group will continue to closely monitor any material changes to future economic conditions.

b. The outbreak of corona virus (COVID-19) pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The Company's operations and revenue were also impacted due to COVID-19 in both three months ended 30 June 2021 and 30 June 2020 in varying degree. Due to this, statements of profit and loss for three months ended 30 June 2021 and 30 June 2020 are not comparable.

49 Previous years figures have been regrouped and reclassified wherever required.

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

A. N. Shah

per A. N. Shah
Partner
Membership No: 42649



For and on behalf of Board of Directors of
FSN Brands Marketing Private Limited

Kingshuk Basu

Kingshuk Basu
Director
DIN No 0009176168

Anchit Nayar

Anchit Nayar
Director
DIN No 0008351358

Tarun Pathria

Tarun Pathria
Chief Financial Officer

Pratik Bhujade

Pratik Bhujade
Company Secretary
ACS M.No. A38175

Place: Mumbai
Date: 25 September 2021

Place: Mumbai
Date: 25 September 2021

