

**FSN International Private Limited**  
**- Financial Statements as on 31st March, 2020**

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of FSN International Private Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **FSN International Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity, for the period then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations provided to us, the aforesaid financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

**Basis for Opinion**

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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

#### **Responsibilities of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

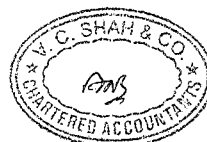
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are



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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With the Company being a Private Limited Company is eligible for the exemption from reporting on Internal Financial Controls Over Financial Reporting as required under Chapter X, Clause (i) of the sub section (3) of section 143 of the Companies Act as per the notification G.S.R 583(E) issued by MCA dated 13<sup>th</sup> June 2017. Hence reporting on Internal Financial Controls Over Financial Reporting is not required.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations provided to us:
- The Company does not have any pending litigations which would impact its financial position.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



Place: Mumbai  
Date: 19-Aug-2020

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

A. N. Shah  
Partner  
Membership No. 42649  
UDIN: 20042649AABNHR8816

**FSN International Private Limited**  
**Balance sheet as at 31 March 2020**  
*(All amounts in Rs. lakhs, unless otherwise stated)*

		<b>As at</b> <b>31 March 2020</b>
	Notes	
<b>Assets</b>		
<b>Non-current assets</b>		
Deferred tax assets (net)	3	5.53
<b>Total non-current assets</b>		<b>5.53</b>
<b>Current assets</b>		
Financial assets		
· Cash and cash equivalents	4	11.11
<b>Total current assets</b>		<b>11.11</b>
<b>Total assets</b>		<b>16.64</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	5	10.00
Other equity	6	(13.95)
<b>Total equity</b>		<b>(3.95)</b>
<b>Non-current liabilities</b>		
Financial liabilities		
· Borrowings	7	20.25
<b>Total non-current liabilities</b>		<b>20.25</b>
<b>Current liabilities:</b>		
Financial liabilities		
· Other financial liabilities	8	0.29
Other current liabilities	9	0.05
<b>Total current liabilities</b>		<b>0.34</b>
<b>Total liabilities</b>		<b>20.59</b>
<b>Total equity and liabilities</b>		<b>16.64</b>
<b>Significant accounting policies</b>	2	
<b>Notes 3 to 21 form an integral part of these financials statements</b>		

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

*A. N. Shah*

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



**For and on behalf of Board of Directors of**  
**FSN International Private Limited**

*S. S. Parikh*

**Sachin Parikh**  
Director  
DIN No 07926070

*Rishi Seth*

**Rishi Seth**  
Director  
DIN No 03098461

**Place: Mumbai**  
**Date: August 19, 2020**

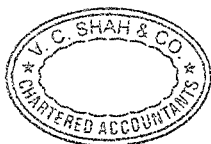
**FSN International Private Limited**  
**Statement of Profit and Loss for the period ended 31 March, 2020**  
*(All amounts in Rs. lakhs, unless otherwise stated)*

	Notes	Period ended 31 March, 2020
<b>EXPENSES</b>		
Finance costs	10	0.27
Other expenses	11	21.69
<b>TOTAL EXPENSES</b>		<b>21.96</b>
<b>Profit before Exceptional items</b>		<b>(21.96)</b>
Add/(Less): Exceptional items		
<b>Profit / (Loss) before tax</b>		<b>(21.96)</b>
<b>Tax expense / (benefit) :</b>		
Current tax		
Deferred tax		(5.53)
Tax expense relating to earlier years		
<b>Profit / (Loss) after tax</b>		<b>(16.43)</b>
<b>Other Comprehensive Income</b>		
<b>A. Items that will not be reclassified to profit or loss</b>		
Remeasurement gain/(losses) on defined benefits plans		
Income tax effect on above		
<b>Items that will not be reclassified to profit or loss, net of tax</b>		<b>-</b>
<b>B. Items that will be reclassified to profit or loss</b>		<b>-</b>
<b>Nature of item</b>		
Income tax effect on above		
<b>Items that will be reclassified to profit or loss, net of tax</b>		<b>-</b>
<b>Other Comprehensive Income for the period, net of tax</b>		<b>-</b>
<b>Total Comprehensive Income for the period</b>		<b>(16.43)</b>
<b>Earnings per share</b>		
Basic earnings per share (INR)	13	(16.43)
<b>Significant accounting policies</b>	2	
<b>Notes 3 to 21 form an integral part of these financials statements</b>		

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

*A. N. Shah*

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



**Place: Mumbai**  
**Date: August 19, 2020**

**For and on behalf of Board of Directors of**  
**FSN International Private Limited**

*S. Parikh*

**Sachin Parikh**  
Director  
DIN No 07926070

*Rishi Seth*

**Rishi Seth**  
Director  
DIN No 03098461

**FSN International Private Limited**  
**Statement of Cash Flows for the period ended 31 March 2020**  
*(All amounts in Rs. lakhs, unless otherwise stated)*

	<u>31 March 2020</u>
<b>Operating activities</b>	
Net profit / (loss) before exceptional items and tax	(21.96)
Adjustments to reconcile profit before tax to net cash flows:	
Adjustment for:	
Add: Depreciation and amortisation expense	-
Add: Interest expense	-
Add: Unrealised (Gain)/Loss on Foreign Exchange fluctuations (net)	-
<b>Operating profit/(loss) before working capital changes</b>	<b>(21.96)</b>
Adjustments for changes in working capital:	
Increase / (decrease) in Other current and financial liabilities	0.34
<b>Cash generated from / (used) in operations</b>	<b>(21.62)</b>
Refund/(payment) of direct taxes (net)	-
<b>Net cash flow from / (used in) operating activities</b>	<b>(21.62)</b>
<b>Investing activities</b>	
Increase / (decrease) in Creditor for capital goods	-
Purchases of property plant & equipment (net)	-
<b>Net cash flows from / (used in) investing activities</b>	<b>-</b>
<b>Financing activities</b>	
Increase / (decrease) in Share capital	12.48
Increase / (decrease) in current borrowings	20.25
Interest Expense	-
<b>Net cash flows from / (used in) financing activities</b>	<b>32.73</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>11.11</b>
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<b>11.11</b>

**Note:**

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

**Notes 3 to 21 form an integral part of these financials statements**

As per our report attached

**For V. C. Shah & Co.**

**Chartered Accountants**

Firm Registration No: 109818W

*A. N. Shah*

**A. N. Shah**

Partner

Membership No: 42649



**For and on behalf of Board of Directors of  
 FSN International Private Limited**

*S. S. Parikh* *Rishi Seth*

**Sachin Parikh**

Director

DIN No 07926070

**Rishi Seth**

Director

DIN No 03098461

**Place: Mumbai**

**Date: August 19, 2020**



**FSN International Private Limited****Statement of Changes in Equity for the period ended 31 March 2020***(All amounts in Rs. lakhs, unless otherwise stated)***a. Equity Share Capital:**

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

Changes in equity share capital during 2019-20

At 31 March 2020

No. of shares	Amount
1,00,000	10.00
1,00,000	10.00

**b. Other Equity:**

For the year ended 31 March 2020

Particulars	Capital contribution from Parent	Reserves & Surplus	Other comprehensive income (OCI)	Total other equity
		Surplus/(Deficit) in statement of profit and loss		
As at 1 April 2019	-	-	-	-
Net Profit/(loss) for the period	-	(16.43)	-	(16.43)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	(16.43)	-	(16.43)
Dividends ( including DDT)	-	-	-	-
Added during the period	2.48	-	-	2.48
<b>As at 31 March 2020</b>	2.48	(16.43)	-	(13.95)

**Significant accounting policies**

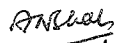
Notes 3 to 21 form an integral part of these financials statements

As per our report attached

For V. C. Shah &amp; Co.

Chartered Accountants

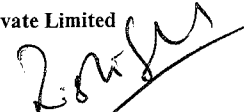
Firm Registration No: 109818W



A. N. Shah

Partner

Membership No: 42649

For and on behalf of Board of Directors of  
FSN International Private Limited  
Sachin Parikh  
Director  
DIN No 07926070  
Rishi Seth  
Director  
DIN No 03098461

Place: Mumbai

Date: August 19, 2020

**FSN International Private Limited**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**  
**Amounts in Indian Rupee**

**1. Corporate Information**

FSN International Private Limited (the 'Company') is a private limited Company incorporated on Dec 10, 2019 and domiciled in India. The Company is wholly owned subsidiary of FSN E-Commerce Ventures Private Limited (the 'Holding Company'). The registered office of the Company is located at 104, Vasani Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel west, Mumbai 400013

The Company is engaged in the business of selling beauty, wellness, fitness, personal health care, skin care, hair care products and equipment's on/through e-commerce, m-commerce, internet, stores, stalls etc.

The separate financial statements for the year ended 31 March, 2020 were approved by the Board of Directors and authorised for issue on 19 August, 2020

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

**1A. Basis of preparation**

**i) Compliance with Ind AS:**

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), in India. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April 2019. Accordingly, the financial statements of the company have been prepared in accordance with the Ind AS and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

**ii) Historical cost conversion:**

The financial statements have been prepared on a historical cost basis, except for defined benefits plans – plan assets and certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value or revalued amount.

**FSN International Private Limited**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**  
**Amounts in Indian Rupee**

**2. Summary of significant accounting policies:**

**a) Business combinations and goodwill**

In accordance with Ind AS 101 provisions related to first time adoption, the company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2018. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

**b) 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 realized in normal operating cycle or within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is 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.

**FSN International Private Limited**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**  
**Amounts in Indian Rupee**

**c) Inventory**

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

Cost of inventories comprises all the cost of purchases and other cost incurred in bringing the inventories to their present condition and location. Cost is determined on FIFO basis.

- 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 FIFO 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.

**d) 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.

**1) Right-of-use assets**

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. 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.

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.

**FSN International Private Limited**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**  
**Amounts in Indian Rupee**

**2) 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.

**3) 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.

**e) 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 recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

**II. Subsequent measurement:**

**i. Financial assets:**

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost*

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows

**FSN International Private Limited**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**  
**Amounts in Indian Rupee**

and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial Assets at fair value through other comprehensive Income (FVTOCI)-*

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

*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 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 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.

**III. Derecognition:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in 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.

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.

**FSN International Private Limited**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**  
**Amounts in Indian Rupee**

**IV. Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies 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
- 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

**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.

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**f) 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 recognizes 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 goods:***

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 goods is recognised at the point in time when control is transferred 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.

Contacts where the Company's obligation is to arrange for the provision of goods and services by another party, the Company recognizes revenue in the amount of the commission to which it expects to be entitled in exchange for arranging for the provision of goods and services.

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.

***iii. Rendering of services:***

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 online / offline platforms of the Company. Revenue from advertisement services is recognised when advertisement is displayed.



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*iv. Contact balances*

- ***Contract assets:***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods 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 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

**g) Foreign currency transactions**

***I. Functional and presentation currency***

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

***II. 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.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

***(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.

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

**h) Retirement and other employee benefits**

***I. 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 account.

***II. Retirement 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 year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund.

***ii. Defined Benefit Plans***

Gratuity Liability for eligible employees is determined on the basis of actuarial valuation at each year-end. Actuarial Valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (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 OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. 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

**FSN International Private Limited**  
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**i) Provisions:**

A provision is recognised when the Company has a present obligation as a result of past event, 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) 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.

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. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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.

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**j. 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.

**k. 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 and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

*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 is measured using the tax rates and the tax laws enacted or substantively enacted 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.

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).

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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**l. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, 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.

**m. 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.

A contingent asset is disclosed, where an inflow of economic benefits is probable.

**n. Earnings per share**

Basic earnings per share are calculated 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.

**a) Segment reporting policies**

Ind AS 108 establishes standards, for the way that business enterprises report information about operating segments and related disclosures about products, services and geographic areas, and major customers.

The primary reporting of the Company has been performed on the basis of business segments. . Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources.

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**2A. 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. 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. 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.

**b. Estimation of defined benefit obligation**

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. All assumptions are reviewed at each reporting date.

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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.

**c. Taxes**

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.

**d. 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.

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

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. 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 also not be representative of customer's actual default in the future.

**III. Standard / Amendments issued:**

- a. With effect from 1st April 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "Leases". The Company has adopted Ind AS 116 using the modified retrospective approach. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the Balance Sheet.
- b. Application of the others amendment during the year did not have any impact on the financial statements of the Company.

**FSN International Private Limited****Notes to the financial statements for the period ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***3 Income Taxes**

The major components of income tax expense for the period ended 31 March 2020 is:

**A Statement of profit and loss:****i. Profit or loss section:****Current income tax:**

Current income tax charge

Adjustments in respect of current income tax of previous year

**Deferred tax:**

Relating to origination and reversal of temporary differences

**Income tax expense/(income) reported in the statement of profit or loss**

At 31 March 2020
Amount

(5.53)

(5.53)

**ii. OCI section - Deferred tax related to items recognised in OCI during in the year:**

Tax Expenses/(Income) on remeasurements of defined benefit plans

**Income tax expense charged to OCI**

-

-

**B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 :**

At 31 March 2020
Amount

Profit/(loss) before tax

(21.96)

Applicable tax rate

25.17%

Tax using the Company's domestic tax rate

-

**Effect of:**

Add: Adjustments in respect of current income tax of previous year

-

Depreciation as per Income tax losses not allowable to be carried forward

**Effective tax rate**

-

**C Deferred tax:****i. Deferred tax assets and liabilities are attributable to the following:**

Particulars	At 31 March 2020
Impact of difference between tax depreciation and depreciation as per books	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-
Impact of brought forward losses	5.53
<b>Deferred tax assets (A)</b>	<b>5.53</b>
Impact of difference between tax depreciation and depreciation as per books	-
Others	-
<b>Deferred tax liabilities (B)</b>	<b>-</b>
<b>Deferred tax assets (C=A-B)</b>	<b>5.53</b>

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred tax assets/liabilities basis the rate prescribed in the said section. The impact of this change has been recognised during the current financial year

**ii. Reconciliation of deferred tax assets (net):**

	At 31 March 2020
Opening balance as of 1 April	-
Tax income/(expense) during the period recognised in profit or loss	5.53
Tax income/(expense) during the period recognised in OCI	-
<b>Closing balance as at 31 March</b>	<b>5.53</b>

**4 Current financial assets - Cash and cash equivalents**

	At 31 March 2020
Cash on hand	-
Balances with banks	
- in current accounts	11.11
	<b>11.11</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.



**FSN International Private Limited****Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***5 Share Capital****i) Authorised Share Capital****1,00,000 equity shares of Rs 10/- each****At 31 March 2020**

10.00

**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

**ii) Issued, subscribed and fully paid up equity capital****1,00,000 equity shares of Rs 10/- each****At 31 March 2020**

10.00

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)

**1,00,000 equity shares of Rs 10/- each****At 31 March 2020**

10,00,000

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

FSN E- Commerce Ventures Private Limited

**As at 31 March 2020****No. of shares      % holding**

1,00,000      100.00

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.

**6 Other equity****At 31 March 2020****a. Surplus / (Deficit) in statement of profit and loss****Opening balance**

-

Add: Profit / (Loss) during the year

(16.43)

Less: Dividend paid

**Closing balance****(16.43)****b. Other comprehensive income****Opening balance**

-

Add : Additions during the year

-

Less: Transfer during the year

-

**Closing balance**

-

**c. Capital contribution from Parent (Equity component)****Opening balance**

-

Add : Additions during the year

-

Less: Transfer during the year

-

**Closing balance**

-

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

**FSN International Private Limited**  
**Notes to the financial statements for the period ended March 31, 2020**  
*(All amounts in Rs. lakhs, unless otherwise stated)*

**7 Borrowings - non-current**

(Carried at amortised cost, except otherwise stated)

Unsecured loans

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

**At 31 March 2020**

20.25

**20.25**

**7.1 Terms of loan from holding company**

- a. The above loan carry an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread.
- b. Refer note 16 for maturity profile of above loans
- c Maximum amount of loan outstanding during the year was INR 22.73 lakhs

**8 Current financial liabilities - Other financial liabilities**

(Measured at amortised cost, except otherwise stated)

Provision for expenses

Employee related liabilities -Salary payable

**At 31 March 2020**

0.29

-

**0.29**

**9 Other current liabilities**

Statutory dues payable

**At 31 March 2020**

0.05

**0.05**

**FSN International Private Limited****Notes to the financial statements for the period ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***10 Finance costs**

	<b>For the period ended 31 March 2020</b>
Interest on:	
- loans	0.20
Bank charges	0.07
	<b>0.27</b>

**11 Administrative & Other Expenses**

	<b>For the period ended 31 March 2020</b>
Rates and taxes	13.41
Legal and professional fees	7.17
Foreign Exchange Loss	0.78
Auditors Remuneration :	
Audit fees	0.25
Taxation Matters	0.08
Other Matters	-
	<b>21.69</b>

**FSN International Private Limited****Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***12 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
FSN Brands Marketing Private Limited	Fellow subsidiary
Nykaa-KK Beauty Private Limited	Fellow subsidiary
Nykaa Fashion Private Limited	Fellow subsidiary
Nykaa E Retail Private Limited	Fellow subsidiary

**Key Management Personnel (KMP)**

Mr Sachin Parikh	Director
Mr Rishi Seth	Director

**B. Transactions with Related party**

Particulars	Nature of transactions	Transactions during the year ended March 31, 2020	Outstanding balances as on March 31, 2020
<b>Holding company</b>			
FSN E-Commerce Ventures Private Limited	Interest Expenses	0.20	-
	Other Equity Contribution	2.48	(2.48)
	Loan taken (net)	22.53	(20.25)

*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 encashment are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

**13 Earnings per share (EPS)****Basic and diluted EPS**

(Loss) after tax as per statement of profit and loss ( in Lakhs) (A)  
 Basic weighted average number of equity shares outstanding (B)  
 Basic and diluted earning per share in Rupees (C=A/B)

For the period ended 31 March 2020
(16.43)
1,00,000
(16.43)

**FSN International Private Limited****Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***14 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 borrowing and others 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') and fair value through other comprehensive income.

	Carrying value /Fair value as at Significant unobservable inputs (Level 3) As at 31 March 2020
<b>Asset carried at amortised cost</b>	11.11
Cash and bank balances	
<b>Liabilities at amortised cost</b>	
Borrowings	20.25
Other financial liabilities	0.29

During the period ending 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

**FSN International Private Limited****Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***15 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.

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 considers the amount of capital in proportion to risk and manages 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 years ended March 31, 2020 and March 31, 2019.

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

As at 31 March 2020		
Gross debt		20.25
Less: Cash and cash equivalents		11.11
Net debt	(A)	9.14
Total Equity	(B)	(3.95)
Net gearing ratio	(A)/(B)	(2.31)

**16 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise 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 reviews and agrees policies for managing each of these risks, which are summarised below.

**A Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk, product price risk and interest rate risk.

**A.1 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade receivables and trade payables. Since the Company's overall foreign currency exposure is not significant, the Company does not hedge its foreign currency receivables.

**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.

**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.

The Company monitors its risk of shortage of funds. Approximately 0% of the Company's debt will mature in less than one year as at 31 March 2020 based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to financing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

Particulars	As at 31 March 2020		
	< 1 year	1 to 5 years	Total
Other financial liabilities	0.29	-	0.29
Loan from holding company	-	20.25	20.25
	0.29	20.25	20.54

**FSN International Private Limited****Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rs. lakhs, unless otherwise stated)***17 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 of trade payables under the current liabilities 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'.

- 17.1 This information is required to be disclosed as per the Micro, Small and Medium Enterprise Development Act, 2006 and has been disclosed to the extent such parties as identified on the basis of information available with the Company.

	<u>At 31 March 2020</u>
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-
b) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-
c) The amount of interest due and payable for the period of delay in making payment	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-
e) The amount of further interest remaining due and payable	-
	<u>-</u>

**18 Segment information:**

The Company is mainly engaged business of selling beauty, wellness, fitness, personal health care, skin care, hair care products and equipment's on/through e-commerce, m-commerce, internet, stores, stalls etc.. All the activities of the Company revolve around this main business. The Chief Operating decision maker (CODM) monitors the operating results of the business as a whole for the purpose of making decision about resource allocation and performance assessment.

Accordingly, the Company is a single segment Company in accordance with Indian Accounting Standard 108 "Operating

Segment performance is evaluated based on profit or

loss and is measured consistently with profit or loss in the financial statements. The Company operates in a single geographical environment i.e. in India.

**Segment revenue and results:**

Revenue and expenses directly attributable to segments are reported under each reportable segment.

Unallocated income and expenses represents those income and expenses which pertain to common services / infrastructure and are reviewed on a group basis by the CODM and therefore not allocated to any segments.

**Segment assets and Liabilities:**

Segment assets include all operating assets used by the operating segment and mainly consist of trade receivables, inventories and other operating assets. Segment liabilities primarily includes trade payable and other liabilities.

Common assets and liabilities which cannot be allocated to any of the business segment are shown as unallocable assets / liabilities.

The information based on geographical areas in relation to revenue and non-current assets are as follows:

- a) **Revenue from operations**  
Company has revenue from operations within India.
- b) **Non-current operating assets**  
All non-current assets of the Company are located in India.

- c) **The Company does not have revenue from transactions with a single external customer amount to 10 percent or more of the total revenue.**

**FSN International Private Limited**

**Notes to the financial statements for the year ended March 31, 2020**

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

19 The current Period, being the first period of Operations for the company, the previous year's figure are not applicable. The Financial statement are prepared from the date of Incorporation i.e. 10th December, 2019 to 31st March, 2020.

**20 Impact of Covid 19**

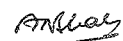
The global outbreak of COVID-19 in early 2020 is causing major disruptions to both social and economic activities. Its is reasonably possible that COVID-19 may have an adverse impact on the revenues and results of the company for next financial year, the extent of which will depend on how long the outbreak lasts and when the economies recover.

The management has evaluated the situation and currently feels that this COVID-19 situation does not have any material impact on current financial statements.

**21 Event after reporting dates**

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

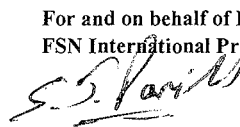
As per our report attached  
For V. C. Shah & Co.  
Chartered Accountants  
Firm Registration No: 109818W



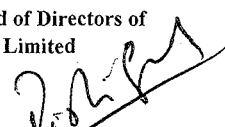
A. N Shah  
Partner  
Membership No: 42649



For and on behalf of Board of Directors of  
FSN International Private Limited



Sachin Parikh  
Director  
DIN No 07926070



Rishi Seth  
Director  
DIN No 03098461

Place: Mumbai

Date: August 19, 2020