

FSN International Private Limited  
Standalone Financial Statements as on 30th June,  
2021

**FSN International Private Limited**  
**Standalone 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
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets			
Investments	3	60.98	-
Other non-current assets	4	-	0.34
Deferred tax assets (net)	5	10.74	8.62
<b>Total non-current assets</b>		<b>71.72</b>	<b>8.96</b>
<b>Current assets</b>			
Financial assets			
Trade receivables	6	48.99	2.19
Cash and cash equivalents	7	602.10	9.81
Other current assets	8	5.81	-
<b>Total current assets</b>		<b>656.90</b>	<b>11.99</b>
<b>Total assets</b>		<b>728.62</b>	<b>20.95</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	9	10.00	10.00
Other equity	10	485.73	(22.73)
<b>Total equity</b>		<b>495.73</b>	<b>(12.73)</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	11	181.16	25.50
<b>Total non-current liabilities</b>		<b>181.16</b>	<b>25.50</b>
<b>Current liabilities:</b>			
Financial liabilities			
Trade payables	12	-	-
Total outstanding dues of Micro enterprise and small enterprise		-	-
Total outstanding dues of creditors other than Micro enterprises and small enterprises		38.59	1.16
Other financial liabilities	13	12.67	6.97
Other current liabilities	14	0.47	0.06
<b>Total current liabilities</b>		<b>51.73</b>	<b>8.19</b>
<b>Total liabilities</b>		<b>232.89</b>	<b>33.69</b>
<b>Total equity and liabilities</b>		<b>728.62</b>	<b>20.95</b>

Significant accounting policies

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Notes 3 to 24 form an integral part of these standalone financial 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

*Sanjay Nayar* *Hemanshu Mehta*

Sanjay Nayar  
Director  
DIN No 00002615

Hemanshu Mehta  
Director  
DIN No 0009176157

*Shreekant Sawant*

Shreekant Sawant  
Company Secretary  
ACS M.No. ACS30705

Place: Mumbai  
Date: September 25, 2021

**FSN International Private Limited**

**Standalone 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
Revenue from operations	15	12.57	-
<b>TOTAL INCOME</b>		<b>12.57</b>	<b>-</b>
<b>EXPENSES</b>			
Purchase of traded goods		-	-
Finance costs	16	1.49	0.74
Other expenses	17	19.50	0.41
<b>TOTAL EXPENSES</b>		<b>20.99</b>	<b>1.15</b>
<b>Profit before Exceptional items</b>		<b>(8.42)</b>	<b>(1.15)</b>
Add/(Less): Exceptional items			
<b>Profit / (Loss) before tax</b>		<b>(8.42)</b>	<b>(1.15)</b>
<b>Tax expense / (benefit) :</b>			
Current tax		-	-
Deferred tax	5	(2.12)	(0.29)
<b>Profit / (Loss) after tax</b>		<b>(6.30)</b>	<b>(0.86)</b>
<b>Other Comprehensive Income</b>			
<b>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>
<b>Other Comprehensive Income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>		<b>(6.30)</b>	<b>(0.86)</b>
<b>Earnings per share</b>			
Basic earnings per share (INR)	18	(6.30)	(0.86)
<b>Significant accounting policies</b>	2		
<b>Notes 3 to 24 form an integral part of these standalone financials statements</b>			

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ACS M.No. ACS30705

Place: Mumbai

Date: September 25, 2021

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

	<u>30 June 2021</u>	<u>30 June 2020</u>
<b>Operating activities</b>		
Net (loss) before exceptional items and tax	(8.42)	(1.15)
Adjustments to reconcile profit before tax to net cash flows:		
Adjustment for:		
Add: Interest expense	1.49	0.74
<b>Operating (loss) before working capital changes</b>	<b>(6.93)</b>	<b>(0.41)</b>
Adjustments for changes in working capital:		
(Increase) in Trade receivables	(46.80)	-
(Increase) in other non current assets	(5.47)	-
Increase in Trade payables	37.44	-
Increase in Other current and financial liabilities	6.11	0.38
<b>Cash (used) in operations</b>	<b>(15.69)</b>	<b>(0.04)</b>
Refund/(payment) of direct taxes (net)	-	-
<b>Net cash flow (used in) operating activities</b>	<b>(15.69)</b>	<b>(0.04)</b>
<b>Investing activities</b>		
Purchases of property plant & equipment (net)		
Investment in subsidiaries	(60.98)	
<b>Net cash flows from / (used in) investing activities</b>	<b>(60.98)</b>	<b>-</b>
<b>Financing activities</b>		
Increase / (decrease) in Share capital	514.78	-
Increase / (decrease) in current borrowings	155.66	0.80
Interest Expense	(1.49)	(0.74)
<b>Net cash flows from / (used in) financing activities</b>	<b>668.95</b>	<b>0.06</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>592.29</b>	<b>0.02</b>
Cash and cash equivalents at the beginning of the year	9.81	11.11
<b>Cash and cash equivalents at the end of the year</b>	<b>602.10</b>	<b>11.13</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 24 form an integral part of these standalone financials statements**

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# FSN International Private Limited

## Standalone 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

Changes in equity share capital during the period

At 30 June 2020

No. of shares	Amount
1,00,000	10.00
-	-
<b>1,00,000</b>	<b>10.00</b>
1,00,000	10
-	-
<b>1,00,000</b>	<b>10</b>
-	-
<b>1,00,000</b>	<b>10.00</b>

At 1 April 2020

Changes in equity share capital during the year

At 31 March 2021

At 1 April 2021

Changes in equity share capital during the period

At 30 June 2021

### b. Other Equity:

For the period ended 30 June 2021

Particulars	Share Application Money	Capital contribution from Parent	Reserves & Surplus Surplus/(Deficit) in statement of profit and loss	Equity Component	Total other equity
As at 1 April 2021	-	2.90	(25.63)	-	(22.73)
Net Profit/(loss) for the period	-	-	(6.30)	-	(6.30)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	2.90	(31.93)	-	(29.03)
Dividends (including DDT)	-	-	-	-	-
Added during the period	500.00	14.76	-	-	514.76
<b>As at 30 June 2021</b>	<b>500.00</b>	<b>17.66</b>	<b>(31.93)</b>	<b>-</b>	<b>485.73</b>

For the quarter ended 30 June 2020

Particulars	Share Application Money	Capital contribution from Parent	Reserves & Surplus Surplus/(Deficit) in statement of profit and loss	Equity Component	Total other equity
As at 1 April 2020	-	2.48	(16.43)	-	(13.95)
Net Profit/(loss) for the period	-	-	(0.86)	-	(0.86)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	2.48	(17.29)	-	(14.81)
Dividends (including DDT)	-	-	-	-	-
Added during the period	-	-	-	-	-
<b>As at 30 June 2020</b>	<b>-</b>	<b>2.48</b>	<b>(17.29)</b>	<b>-</b>	<b>(14.81)</b>

### Significant accounting policies

Notes 3 to 24 form an integral part of these standalone financial statements

As per our report attached

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Company Secretary

ACS M.No. ACS30705

Place: Mumbai

Date: September 25, 2021

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

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

The separate 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 India 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.

##### 2B. 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.

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





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

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) 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 First in first out 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.

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.

**c) 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.

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



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

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.

**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.

**d) 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.

**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





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

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:

- 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.



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

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 recognized in OCI. Upon derecognition, the cumulative fair value changes recognized 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 Company 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 recognized as other income in the statement of profit and loss when the right of payment has been established, except when the Company 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 Company 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 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 and borrowings.

**III. Derecognition:**





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

***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 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.

***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
- 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.

**e) 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.



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

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.

*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.

**f) 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.

**g) Foreign currency transactions**

***I. 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.

***II. Foreign currency transactions and balances***

**(i) Initial recognition**





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

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 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) 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. The management assessed that cash and cash equivalents, trade receivables, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.



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

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.

**i. 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.

**j. 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

*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.

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 reflect 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

**k. Cash and cash equivalents**





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

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.

**l. 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.

**m. 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.

**n. Segment reporting policies**

The Company 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

**o. Share capital**

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



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

**2C. 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 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





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

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. 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.

**d. 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.

**e. Business combination:**

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

**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. Measurement of fair value of non-marketable equity investments:**

These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the income approaches. The income approach includes the use



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

of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.

**i. 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.

**j. 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).

**k. Other estimates:**

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

**III. 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.





**Significant accounting policies and explanatory notes to Financial Statements as at and for the three months ended 30 June, 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-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 International Private Limited**  
**Notes to the Standalone financial statements for the quarter ended 30 June 2021**  
*(All amounts in Rs. lakhs, unless otherwise stated)*

**3 Investments**

Particulars	At 30 June 2021		At 31 March 2021	
	Units	Amount	Units	Amount
<b>NON-CURRENT INVESTMENTS</b>				
Measured at cost				
Investment in equity instrument				
<u>Investments in subsidiaries (Unquoted, fully paid up)</u>				
FSN Global FZE of Rs 10/- each	1,000	50.63	-	-
Nykaa International UK of Rs 10/- each	1,000	10.35	-	-
<b>Total investments measured at cost</b>		<b>60.98</b>		<b>-</b>
<b>Total Non-current investments</b>		<b>60.98</b>		<b>-</b>

**4 Other non-current assets**

	At 30 June 2021	At 31 March 2021
Balance with Government authority	-	0.34
	<b>-</b>	<b>0.34</b>

**5 Income Taxes**

The major components of income tax expense for the period ended 30 June 2021, 30 June 2020 & 31 March 2020 is:

**A Statement of profit and loss:**

	At 30 June 2021	At 31 March 2021
<b>i. Profit or loss section:</b>		
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	(2.12)	(3.09)
<b>Income tax expense/(income) reported in the statement of profit or loss</b>	<b>(2.12)</b>	<b>(3.09)</b>
<b>ii. OCI section - Deferred tax related to items recognised in OCI during in</b>		
Tax Expenses/(Income) on remeasurements of defined benefit plans	-	-
<b>Income tax expense charged to OCI</b>	<b>-</b>	<b>-</b>

**B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 30 June 2021 and 31 March 2020 :**

	At 30 June 2021	At 31 March 2021
		Amount
Profit/(loss) before tax	(8.42)	(12.29)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(2.12)	(3.09)
<b>Effect of:</b>		
Add: Adjustments in respect of current income tax of previous year		-
Depreciation as per Income tax losses not allowable to be carried forward		-
<b>Effective tax rate</b>	<b>(2.12)</b>	<b>(3.09)</b>

**C Deferred tax:**

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

Particulars	At 30 June 2021	At 31 March 2021
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	10.74	8.62
<b>Deferred tax assets (A)</b>	<b>10.74</b>	<b>8.62</b>
Impact of difference between tax depreciation and depreciation as per books		-
Others		-
<b>Deferred tax liabilities (B)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (C=A-B)</b>	<b>10.74</b>	<b>8.62</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 30 June 2021	At 31 March 2021
Opening balance	8.62	5.53
Tax income/(expense) during the period recognised in profit or loss	2.12	3.09
Tax income/(expense) during the period recognised in OCI	-	-
<b>Closing balance</b>	<b>10.74</b>	<b>8.62</b>



**FSN International Private Limited**
**Notes to the Standalone financial statements for the quarter ended 30 June 2021**
*(All amounts in Rs. lakhs, unless otherwise stated)*
**6 Current financial assets - Trade receivables**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
Trade receivables - Considered Good - Unsecured	48.99	2.19
Trade receivables which have significant increase in credit risk	-	-
Trade receivables credit impaired	-	-
Less: Allowances for doubtful debts	-	-
	<u>48.99</u>	<u>2.19</u>

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

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
Balances with banks		
- in current accounts	602.10	9.81
	<u>602.10</u>	<u>9.81</u>

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.

**8 Other current assets**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
Balance with statutory / government authorities	1.62	-
Advance against expenses	4.21	-
	<u>5.83</u>	<u>-</u>



**FSN International Private Limited****Notes to the Standalone financial statements for the quarter ended 30 June 2021***(All amounts in Rs. lakhs, unless otherwise stated)***9 Share Capital****i) Authorised Share Capital**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
1,00,000 equity shares of Rs 10/- each	10.00	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 shareholders.

**ii) Issued, subscribed and fully paid up equity capital**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
1,00,000 equity shares of Rs 10/- each	10.00	10.00

**iii) 'There are no bonus shares issued, shares issued for****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:

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
FSN E-Commerce Ventures Private Limited (Holding Company)		
1,00,000 equity shares of Rs 10/- each	10,00,000	10,00,000

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

Name of the shareholder	<u>As at 30 June 2021</u>		<u>As at 31 March 2021</u>	
	No. of shares	% holding	No. of shares	% holding
FSN E-Commerce Ventures Private Limited (Holding Company)	95,10,000	100.00	95,10,000	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.

**10 Other equity****a. Surplus / (Deficit) in statement of profit and loss**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
Opening balance	(25.63)	(16.43)
Add: Profit / (Loss) during the period/ year	(6.30)	(9.20)
Closing balance	(31.93)	(25.63)

**b. Other comprehensive income**

Opening balance	-	-
Add : Additions during the period/ year	-	-
Less: Transfer during the period/ year	-	-
Closing balance	-	-

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

Opening balance	2.90	2.48
Add : Additions during the period/ year	14.76	0.42
Less: Transfer during the period/ year	-	-
Closing balance	17.66	2.90

**d. Share Application Money**

Opening balance	-	-
Add : Additions during the period/ year	500.00	-
Less: Transfer during the period/ year	-	-
Closing balance	500.00	-





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

**11 Borrowings - non-current**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
(Carried at amortised cost, except otherwise stated)		
<u>Unsecured loans</u>		
Loan from Holding Company (FSN E-Commerce Ventures Private Limited)	181.16	25.50
	<u>181.16</u>	<u>25.50</u>

**11.1 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 20 for maturity profile of above loans
- Maximum amount of loan outstanding during the year was INR 198.03 lakhs (31 March 2021 - INR 25.50 lakhs)

**12 Current financial liabilities - Trade payables**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
Total outstanding dues of Micro enterprise and small enterprise	-	-
Total outstanding dues of creditors other than Micro enterprises and small enterprises	38.59	1.16
	<u>38.59</u>	<u>1.16</u>

12.1 For details of trade payable with related party refer note 17 related party disclosures

12.2 This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

	<u>At 30 June 2021</u>	<u>At 31 March 2021</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>	<u>-</u>

**13 Current financial liabilities - Other financial liabilities**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
(Measured at amortised cost, except otherwise stated)		
Provision for expenses	12.65	6.97
	<u>12.65</u>	<u>6.97</u>

**14 Other current liabilities**

	<u>At 30 June 2021</u>	<u>At 31 March 2021</u>
Statutory dues payable	0.47	0.06
	<u>0.47</u>	<u>0.06</u>



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

<b>15 Revenue from operations</b>	<b>For the quarter ended 30 June 2021</b>	<b>For the quarter ended 30 June 2020</b>
<b>A. Sale of service</b>		
Income from marketplace services	1.64	-
Reimbursement Income	10.93	
	<b>12.57</b>	<b>-</b>
<b>15 Purchase of traded goods</b>	<b>For the quarter ended 30 June 2021</b>	<b>For the quarter ended 30 June 2020</b>
Purchases of traded goods	-	-
	<b>-</b>	<b>-</b>
<b>16 Finance costs</b>	<b>For the quarter ended 30 June 2021</b>	<b>For the quarter ended 30 June 2020</b>
Interest on:		
- inter company loans	1.49	0.74
	<b>1.49</b>	<b>0.74</b>
<b>17 Other Expenses</b>	<b>For the quarter ended 30 June 2021</b>	<b>For the quarter ended 30 June 2020</b>
Rates and taxes	1.55	-
Marketing & Advertisement Expense	0.86	-
Freight	10.08	-
Payment Gateway Charges	0.72	-
Commission	1.49	-
Legal and professional fees	1.97	0.25
Bank charges	0.46	-
Printing & Stationery	2.20	-
Auditors Remuneration :		
Audit fees	0.13	0.13
Taxation Matters	0.04	0.03
	<b>19.50</b>	<b>0.41</b>
<b>18 Earnings per share (EPS)</b>	<b>For the quarter ended 30 June 2021</b>	<b>For the quarter ended 30 June 2020</b>
<b>Basic EPS</b>		
(Loss) after tax as per statement of profit and loss ( in Lakhs) (A)	(6.30)	(0.86)
Basic weighted average number of equity shares outstanding (B)	1,00,000	1,00,000
Basic earning per share in Rupees (C=A/B)	<b>(6.30)</b>	<b>(0.86)</b>



**FSN International Private Limited**

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

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

**19 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
FSN Global FZE	Subsidiary
Nykaa International UK Limited	Subsidiary

**Key Management Personnel (KMP)**

Mr Sachin Parikh	Director (Resigned w.e.f. from 15th May, 2021)
Mr Rishi Seth	Director
Mr Sanjay Nayar	Director (Joined w.e.f. from 17th May, 2021)
Mr Hemanshu Mehta	Director (Joined w.e.f. from 17th May, 2021)
Mr Shreekant Sawant	Company Secretary (Joined w.e.f. from 17th May, 2021)

**B. Transactions with Related party**

Particulars	Nature of transactions	Transactions during the quarter ended 30 June 2021	Outstanding balances as on 30 June 2021	Transactions during the quarter 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
<b>Holding company</b>							
FSN E-Commerce Ventures Private Limited	Interest Expenses	1.46	-	0.34	-	1.47	-
	Notional interest expense	0.03	-	0.74	-	0.77	-
	Other Equity Contribution	(14.76)	(17.66)	-	-	(0.42)	(2.90)
	Share application money	(500.00)	-	-	-	-	-
	Loan taken (net)	(154.88)	(180.38)	(0.79)	(21.04)	(4.00)	(25.50)
<b>Fellow Subsidiary</b>							
Nykaa E Retail Private Limited	Listing Fees	1.61	-	-	-	0.11	-
<b>Subsidiary</b>							
FSN Global FZE	Investment in equity shares	50.63	-	-	-	-	-
	Reimbursement cost plus markup	-	-	-	-	1.27	-
	Listing Fees	(1.77)	-	-	-	-	-
<b>Subsidiary</b>							
Nykaa International UK Limited	Investment in equity shares	10.35	-	-	-	-	-
		-	-	-	-	-	-

Figures in brackets indicates payables and income

**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.



**FSN International Private Limited****Notes to the Standalone financial statements for the quarter ended 30 June 2021***(All amounts in Rs. lakhs, unless otherwise stated)***19 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
- 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.

	<b>Carrying value /Fair value as at</b>	
	<b>Significant unobservable inputs (Level 3)</b>	
	<b>As at 30 June 2021</b>	<b>As at 31 March 2021</b>
<b>Asset carried at amortised cost</b>		
Cash and bank balances	602.10	9.81
<b>Liabilities at amortised cost</b>		
Borrowings	181.16	21.04
Other financial liabilities	12.65	0.72

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





**FSN International Private Limited****Notes to the Standalone financial statements for the quarter ended 30 June 2021***(All amounts in Rs. lakhs, unless otherwise stated)***20 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 30 June 2021, and 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		181.16	25.50
Less: Cash and cash equivalents		602.10	9.81
Net debt	(A)	(420.94)	15.69
Total Equity	(B)	495.73	(12.73)
Net gearing ratio	(A)/(B)	(0.85)	(1.23)

**21 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**

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

**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 30 June 2021 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 30 June 2021			As at 31 March 2021		
	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years	Total
Other financial liabilities	12.65	-	12.65	6.97	-	6.97
Loan from holding company	-	181.16	181.16	-	20.25	20.25
	12.65	181.16	193.82	6.97	20.25	27.22



**FSN International Private Limited**

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

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

**22 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.

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

**23 Impact of Covid 19**

a. The Company 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.

**24 Event after reporting dates**

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

**25 Previous years figures have been regrouped and reclassified wherever**

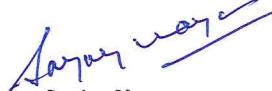
As per our report attached  
**Chartered Accountants**  
**Chartered Accountants**  
Firm Registration No: 109818W

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

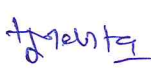


Place: Mumbai  
Date: September 25, 2021

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



**Sanjay Nayar**  
Director  
DIN No 00002615



**Hemanshu Mehta**  
Director  
DIN No 09176157



**Shreekant Sawant**  
Company Secretary  
ACS M.No. ACS30705