

FSN DISTRIBUTION PRIVATE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR
ENDED MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of FSN Distribution Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **FSN Distribution Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, 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 on the financial statements.

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 did not receive such other information, hence 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.

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

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure B”**, to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- (g) The Company is a Private Limited Company as per the Act. The requirement of payment of managerial remuneration as per section 197 read with Schedule V of the Act is not applicable.
- (h) 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:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party

("Ultimate Beneficiaries") or

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the period. So compliance with respect to section 123 of the Act is not applicable.

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

A. N. Shah
Partner
Membership No. 42649
UDIN: 22042649AJRVGT2436

Place: Mumbai
Date: 26th May, 2022

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in Report on Other Legal and Regulatory Requirements of our Report of even date)

- (i) The Company does not own Property, Plant and Equipment. Hence reporting under Paragraph 3 clause 3 (i)(a), (b),(c),(d),(e),(f) is not applicable.
- (ii) (a) According to the information and explanations provided to us, there is no inventory. Hence, reporting under Paragraph 3 clause 3 (ii)(a) is not applicable.

(b) The Company has not sanctioned working capital limits in excess of Rs. Five crores, in aggregate, at any points of time during the period, from banks or Financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable
- (iii) According to the information and explanations provided to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, clause 3 (iii) (a) to (f) of paragraph 3 of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or made any investments or provided any guarantees, and securities covered under section 185 and 186 of the Companies Act, 2013. Hence, reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information given to us and based on the audit procedures performed by us, the Company has not accepted any deposit or amounts which are deemed to be deposits, as per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.
- (vii) According to the information and explanations provided to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods &

Services Tax and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations provided to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes.
- (viii) According to the information and explanations provided to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961.
- (ix)
 - (a) Based on our audit procedures and according to the information and explanations provided by the Management, the Company has not defaulted in repayment of loans or borrowings to any lender.
 - (b) The Company has not been declared wilful defaulter by any bank or financial institution or any other lender.
 - (c) In our opinion and according to the information and explanations provided by the Management, the Company has utilized the monies for the purpose for which the loans were obtained.
 - (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the period for long-term purposes by the Company.
 - (e) The Company does not have any subsidiary, joint venture or associates. Hence, reporting under clause 3(ix) (e) and (f) of the order is not applicable.
- (x)
 - (a) The Company has not raised any money by way of initial public offer / further public offer /debt instruments. Hence, reporting under clause 3(x)(a) of the Order is not applicable.
 - (b) During the period, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi)

(a) To the best of our knowledge and according to the information and explanations provided to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period. Hence, reporting under clause 3(xi)(a) of the Order is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the period and upto the date of this report.

(c) Establishment of vigil mechanism is not mandated for the Company as required under section 177 of the Act. As represented to us by the management, there are no whistle blower complaints received by the Company during the period under the vigil mechanism established by the parent company for the Group.

(xii) The Company is not a Nidhi Company. Hence, reporting under clause 3(xii)(a), (b) and (c) of the Order is not applicable.

(xiii) Transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order in so far as it relates to section 177 of the Act is not applicable to the Company.

(xiv) In our opinion and according to the information and explanations provided to us, Internal Audit is not applicable to the Company as per Section 138 of the Companies Act, 2013. Hence, clause 3 (xiv) of paragraph 3 of the Order is not applicable.

(xv) In our opinion and according to the information and explanations provided to us, during the period the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.

(xvi)

(a) In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, clause (xvi) (a) to (c) of paragraph 3 of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

- (xvii) In our opinion, according to the information and explanation given to us, the Company has incurred cash losses aggregating of Rs. 64.52 million during the current financial period covered by our audit. Since the Company is incorporated in the current financial period, reporting of cash losses in the immediate preceding financial period is not applicable.
- (xviii) There has been no resignation of the statutory auditors of the Company during the period. Hence, reporting under clause 3(xviii) is not applicable.
- (xix) On the basis of the financial ratios disclosed in note 25, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) Based on the verification of the details provided, the criteria specified under section 135 of the Act is not fulfilled and hence the requirement of spending on Corporate Social Responsibility is not applicable to the Company. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable
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For V.C. Shah & Co.
Chartered Accountants
Firm Registration No. 109818W

A. N. Shah
Partner
Membership No. 42649
UDIN: 22042649AJRVGT2436

Place: Mumbai
Date: 26th May, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **FSN Distribution Private Limited** ('the Company') as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls and, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

A. N. Shah
Partner
Membership No. 42649
UDIN: 22042649AJRVGT2436

Place: Mumbai
Date: 26th May, 2022

FSN Distribution Private Limited
Balance Sheet as at March 31, 2022
(All amounts are in Rs. Million (Mn), except per share data and unless stated otherwise)

Particulars	Notes	As at March 31, 2022
Assets		
Non-current assets		
Deferred tax assets (net)	4	16.23
Total non-current assets (A)		16.23
Current assets		
Financial assets		
Cash and cash equivalents	5	7.36
Other current assets	6	5.56
Total current assets (B)		12.92
Total assets (A+B)		29.15
Equity and liabilities		
Equity		
Equity share capital	7	0.10
Other equity	8	(48.28)
Total equity (A)		(48.18)
Liabilities		
Non-current liabilities:		
Financial liabilities		
Borrowings	9	49.74
Long term provisions	10	1.56
Total non-current liabilities (B)		51.30
Current liabilities:		
Financial liabilities		
Trade payables	11	-
-Total outstanding dues of micro enterprise and small enterprises		-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		8.72
Other financial liabilities	12	12.45
Short term provisions	13	2.23
Other current liabilities	14	2.63
Total current liabilities (C)		26.03
Total liabilities (B+C)		77.33
Total equity and liabilities (A+B+C)		29.15
The accompanying notes are an integral part of the Financial Statements		

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

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

A N Shah
Partner
Membership No: 42649

Arvind Agarwal
Director
DIN No. 02175753

Vikas Gupta
Director
DIN No. 08578977

Place: Mumbai
Date: May 26, 2022

Place: Mumbai
Date: May 26, 2022

Place: Bengaluru
Date: May 26, 2022

FSN Distribution Private Limited
Statement of Profit and Loss for the period July 30, 2021 to March 31, 2022
(All amounts are in Rs. Million (Mn), except per share data and unless stated otherwise)

Particulars	Notes	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Expenses		
Employee benefits expense	15	51.60
Finance costs	16	0.29
Other expenses	17	12.62
Total Expenses		64.51
(Loss) before tax		(64.51)
Tax expense:		
Deferred tax	4	(16.23)
Total tax expense /(benefit)		(16.23)
(Loss) after tax		(48.28)
Other comprehensive income		
Total comprehensive (loss) for the year		(48.28)
Earnings per share of face value Rs. 10/- each		
Basic	18	(724.20)
Diluted	18	(724.20)
The accompanying notes are an integral part of the Financial Statements		

As per our report of even date

For V. C. Shah & Co.

Chartered Accountants

ICAI Firm Registration No: 109818W

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

A N Shah

Partner

Membership No: 42649

Arvind Agarwal

Director

DIN No. 02175753

Vikas Gupta

Director

DIN No. 08578977

Place: Mumbai

Date: May 26, 2022

Place: Mumbai

Date: May 26, 2022

Place: Bengaluru

Date: May 26, 2022

FSN Distribution Private Limited
Statement of Cash Flow for the period July 30, 2021 to March 31, 2022
(All amounts are in Rs. Million (Mn), except per share data and unless stated otherwise)

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Cash flows from operating activities	
Net (loss) before tax as per Statement of profit & loss	(64.51)
Adjustments to reconcile (loss) before tax to net cash flows:	
Interest expense	0.29
Leave compensated expense	2.03
Gratuity expense	1.76
Operating (loss) before working capital changes	(60.43)
Adjustments for changes in working capital:	
(Increase) in other current assets	(5.56)
Increase in trade payables	8.72
Increase in other financial liabilities	12.45
Increase in other current liabilities	2.63
Cash used in operations	(42.19)
Net cash flows used in operating activities (A)	(42.19)
Cash flows from investing activities	
Net cash flows from investing activities (B)	-
Cash flows from financing activities	
Increase in Share capital	0.10
Proceeds from non-current borrowings	49.45
Net cash flows from financing activities (C)	49.55
Net increase in cash and cash equivalents (A+B+C)	7.36
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	7.36
Component of cash and cash equivalents	
Cash and cash equivalents (Refer note 5)	7.36
Total cash and cash equivalents	7.36
The accompanying notes are an integral part of the Financial Statements	

Note:

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

As per our report of even date

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

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

A N Shah
Partner
Membership No: 42649

Place: Mumbai
Date: May 26, 2022

Arvind Agarwal
Director
DIN No. 02175753

Place: Mumbai
Date: May 26, 2022

Vikas Gupta
Director
DIN No. 08578977

Place: Bengaluru
Date: May 26, 2022

FSN Distribution Private Limited
Statement of change in equity for the period July 30, 2021 to March 31, 2022
(All amounts are in Rs. Million (Mn), except per share data and unless stated otherwise)

a. Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No. of shares	Amount
Issued during the year	10,000	0.10
As at March 31, 2022	10,000	0.10

b. Other Equity :

For the year ended March 31, 2022

Particulars	Reserves & Surplus Retained Earnings	Total other equity
Net (Loss) for the period	(48.28)	(48.28)
Other comprehensive income	-	-
As at March 31, 2022	(48.28)	(48.28)

The accompanying notes are an integral part of the Financial Statements

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

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

A N Shah
Partner
Membership No: 42649

Place: Mumbai
Date: May 26, 2022

Arvind Agarwal
Director
DIN No. 02175753

Place: Mumbai
Date: May 26, 2022

Vikas Gupta
Director
DIN No. 08578977

Place: Bengaluru
Date: May 26, 2022

FSN Distribution Private Limited
Notes to Financial Statements for the period July 30, 2021 to March 31, 2022
(All amounts are in Rs. Million (Mn), except per share data and unless stated otherwise)

1. Corporate Information

FSN Distribution Private Limited (the 'Company') is incorporated as a private limited Company, under the Companies Act, 2013, pursuant to a certificate of incorporation dated July 30, 2021 issued by the RoC. The Company is a wholly owned subsidiary of FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited). The registered office of the Company is located at 104, Vasan Udyog Bhavan Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

The Company is engaged in the business of selling beauty, hygiene and wellness products through its distribution network to the wholesalers and retailers using online and offline channels of sales.

The financial statement for the year ended March 31, 2022 were approved by the Board of Directors and authorized for issue on May 26, 2022.

2. Significant accounting policies

2A. Basis of preparation

i) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards ("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.

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) 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:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. 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 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 and payables, 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

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, loans to employees and loan to subsidiaries.

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 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.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

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

III. Derecognition

Financial Assets

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

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

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

Financial Liabilities

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

IV. Impairment of financial assets:

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

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

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

For trade receivables only, the Company applies the simplified approach permitted by In AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables

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.

c) 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.

d) Post-employment and other employee benefits

Short term employee benefits

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

Post-employment benefits

i. Defined Contribution Plans

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

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ii. Defined Benefit Plans

Gratuity

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

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

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

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

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

Compensated absences

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

e) 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, advances, trade payables, bank overdraft and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management selects appropriate valuation techniques using discounted cash flow model when the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets. 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. 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.

f) Cash and cash equivalents

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

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

g) 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.

h) 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.

i) 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.

3. 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

FSN Distribution Private Limited**Notes to Financial Statements for the period July 30, 2021 to March 31, 2022****(All amounts are in Rs. Million (Mn), except per share data and unless stated otherwise)**

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: None**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 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. Provision

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.

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

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Note 4

Income tax

The major components of income tax expense / (credit) are:

Particulars	For the period ended March 31, 2022
Deferred tax:	
Relating to origination and reversal of temporary differences	(16.23)
Income tax (income) reported in the statement of profit or loss	(16.23)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 :

Particulars	For the period ended March 31, 2022
Profit before tax	(64.51)
Applicable tax rate	25.17%
Tax using the Company's domestic tax rate	(16.23)
Total Tax Expense	
Deferred tax reversal /(provision)	(16.23)
Tax expense recognized in the statement of profit and loss	(16.23)
Effective tax rate	25.17%

Deferred tax:

Particulars	As at March 31, 2022
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	2.26
Impact of losses incurred during the year	13.97
Deferred tax assets (A)	16.23
Deferred tax liabilities (B)	-
Deferred tax assets (net) (C=A-B)	16.23

Reconciliation of deferred tax assets (net):

Particulars	For the period ended March 31, 2022
Opening balance	
Tax income during the period recognised in profit or loss	16.23
Closing balance	16.23

Note 5

Cash and cash equivalents

Particulars	As at March 31, 2022
Balance with banks in current accounts	7.36
Total	7.36

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Note 6

Other assets (Current)

Particulars	As at March 31, 2022
Advance to Employees	3.56
Balance with statutory / government authorities	2.00
Total	5.56

Note 7

Equity Share Capital

i) Authorised Share Capital

Particulars	As at March 31, 2022
150,000 equity shares of Rs. 10 each	1.50

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 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. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

ii) Issued, Subscribed and Fully paid-up equity share capital

Particulars	As at March 31, 2022
10,000 equity shares of Rs. 10 each	0.10

iii) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company is as below :

Name of the shareholder	As at March 31, 2022	
	No. of shares	% holding
FSN E-Commerce Ventures Limited	10,000	100.00%

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

Name of the shareholder	As at March 31, 2022	
	No. of shares	% holding
FSN E-Commerce Ventures Limited (Holding Company)	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.

v) Neither bonus shares issued nor shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Note 8

Other equity

Particulars	As at March 31, 2022
(i) Retained earnings	
Add: (Loss) for the period	(48.28)
Closing balance	(48.28)

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Nature and purpose of reserves

- (i) **Retained earnings:** Retained Earnings are the profits / (losses) that the Company has earned till date, less any dividends or other distributions paid to shareholders.

Note 9

Borrowings (Non Current)

Particulars	As at March 31, 2022
Unsecured at amortised cost	
Loan from Holding Company (FSN E-Commerce Ventures Limited)	49.74
Total	49.74

(i) Term of loans from holding company

The above loan carries an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread.

(ii) Maximum amount of loan outstanding during the year was Rs. 49.74 Mn.

(iii) Refer note 23 for maturity profiles of above loans.

Note 10

Non current provisions

Particulars	As at March 31, 2022
Provision for gratuity (Refer note 19)	1.56
Total	1.56

Note 11

Trade payables

Particulars	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of trade payables other than micro enterprises and small enterprises	8.72
Total	8.72

Refer note 20 for payables to related parties.

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. 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'. Total outstanding from such suppliers are nil as at March, 2022.

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Trade payables Ageing Schedule

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	4.47	4.25	0.00	0.00	0.00	8.72
Total	4.47	4.25	-	-	-	8.72

Note 12

Other current financial liabilities

Particulars	As at March 31, 2022
Financial Liabilities at amortised cost	
Employee related liabilities	5.52
Accrued expenses	6.93
Total	12.45

Note 13

Current Provisions

Particulars	As at March 31, 2022
Provision for gratuity (Refer note 19)	0.20
Provision for Compensated absences (Refer note 19)	2.03
Total	2.23

Note 14

Other current liabilities

Particulars	As at March 31, 2022
Statutory dues	2.63
Total	2.63

Note 15

Employee benefits expense

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Salaries, Wages and Bonus	47.30
Contribution to provident fund (Refer note 19)	0.48
Gratuity expenses (Refer note 19)	1.76
Compensated expenses (Refer note 19)	2.03
Staff welfare expenses	0.03
Total	51.60

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Note 16

Finance costs

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Interest expenses on inter-company borrowings	0.29
Total	0.29

Note 17

Other expenses

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Marketing & Advertisement Expense	0.13
Legal and Professional Fees	1.74
Web & Technology Expenses	0.08
Warehouse operation management Expenses	0.03
Recruitment Expenses	0.94
Travelling & Conveyance Expenses	1.00
Rates & Taxes	0.03
Rent and Maintenance Expenses	1.18
Auditors remuneration :	
- Audit fees	0.10
- Taxation Matters	0.05
Miscellaneous Expenses	7.34
Total	12.62

Note 18

Basic & diluted earnings per share

Particulars	For the period ended March 31, 2022
Nominal value of per equity share	10/-
(Loss) after tax as per statement of profit and loss (A)	(48.28)
(Loss) attributable to equity shareholders	(48.28)
Total number of shares outstanding during the year	10,000
Weighted average number of equity shares outstanding during the year (B)	6,667
Basic earnings per share	(724.20)
Diluted earnings per share	(724.20)

Note 19

I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to Rs. 0.48 Mn and the same has been recognized as an expense in the statement of profit and loss.

II) Defined Benefit Plans

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

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

A. The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2022:

i. Amount recognised in the balance sheet

Particulars	As at March 31, 2022
Amount to be recognised in balance sheet	
Present value of defined benefit obligation	1.76
Less: Fair value of plan assets	-
Funded status – deficit / (surplus)	1.76
Net liability recognised in balance sheet	1.76
Non current	1.56
Current	0.20
Net liability recognised in balance sheet	1.76

ii. Changes in the present value of defined benefit obligation

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Reconciliation of Defined Benefit Obligation	
Current service cost	1.76
Closing defined benefit obligations	1.76

iii. Net defined benefit liability/ (asset) reconciliation

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Defined benefit cost included in Statement of Profit and Loss	1.76
Closing net defined benefit liability/ (asset)	1.76

B. Amount for the year ended March 31, 2022 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income:

Particulars	For the period July 30, 2021 to March 31, 2022 (Refer note 32)
Current service cost	1.76
Amount recognised in Statement of Profit and Loss	1.76

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

Particulars	For the period ended March 31, 2022
Mortality Table	IALM (2012-14)
Discount rate:	5.95%
Future salary increases*	8.00% until year 1, then 6.50%
Withdrawal rates	20.64% for managers and above 30.54% for frontline staff
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)

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

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

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

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

Particulars	As at March 31, 2022
Within the next 12 months (next annual reporting period)	0.20
Between 2 and 5 years	0.97
Between 6 and 9 years	0.73
10 & Above following years	0.64
Total expected payments	2.54

The weighted average duration of the defined benefit plan obligation at the end of reporting period is 5.55 years.

E. Sensitivity analysis:

Particulars	As at March 31, 2022
Discount rate (-/+ 1%)	
Decrease by 100 basis points	0.10
Increase by 100 basis points	(0.10)
Future salary increase (-/+ 1%)	
Decrease by 100 basis points	(0.09)
Increase by 100 basis points	0.09

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

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

- a) **Interest risk** - A decrease in the discount rate will increase the plan liability.
- b) **Longevity risk** – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- c) **Salary risk** – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

III) Compensated absences:

The Company has a policy on compensated absences for its employees, where the policy allowing employees to accumulate leaves subject to certain limits and carry forward into subsequent years for availment /encashment. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at the Balance sheet date using the project unit credit method.

Note 20
Related party transactions

A. Names of the related parties

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

Relationship	Name of entity
Holding company	FSN E-Commerce Ventures Limited
Step down subsidiary of Holding Company	FSN Global FZE
	Nykaa International UK Limited
	Nykaa Fashion Private Limited
	Dot & Key Wellness Private Limited
	Nykaa E-Retail Private Limited
Fellow Subsidiary	FSN International Private Limited
	FSN Brands Marketing Private Limited
	Nykaa-KK Beauty Private Limited
	Sanjay Nayar -- Director
Directors and Key Management Personnel (KMP)	Arvind Agarwal -- Director
	Vikas Gupta -- Director

B. Transactions with related parties

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022
Holding Company			
	Interest Expenses	0.29	-
FSN E-Commerce Ventures Limited	Reimbursement of Expenses	6.60	(4.02)
	Equity Contribution	(0.10)	(0.10)
	Loan taken (net)	(49.74)	(49.74)
Fellow Subsidiary			
Nykaa E Retail Private Limited	Rent Expense	1.18	(1.27)

Figures in brackets indicates payables

Terms and conditions of transactions with related parties

The transaction with 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.

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Note 21

Commitments and contingent liabilities

A. Commitments

- The Company does not have any contract remaining to be executed on capital account and not provided for (net of advances) – Rs. Nil as at March 31, 2022.
- The Company does not have lease contracts that have not yet commenced as at March 31, 2022.

B. Contingent liabilities (not provided for)

The company does not have any contingent liabilities.

Note 22

Fair value of financial assets and financial liabilities

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:

Carrying values of financial assets i.e. cash and cash equivalents and of financial liabilities i.e Borrowings ,trade payables and other financial liabilities are reasonable approximations of their fair values due to the short maturities of these instruments.

The following table provides the fair value measurement hierarchy for assets / liabilities as at March 31, 2022 is as under:

Particulars	Carrying value / fair value as at March 31, 2022
Financial Assets:	
At amortised cost	
Cash and cash equivalents	7.36
	7.36
Financial Liabilities:	
At amortised cost	
Borrowings	49.74
Trade payables	8.72
Other financial liabilities	12.45
	70.91

Note 23

Financial Instruments:

The Company's principal financial liabilities comprise borrowings from holding company, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance and other assets that derive directly from its operations.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Company's senior management team oversees the management of these risks. The Board of Directors review and agree policies for managing each of these risks, which are summarised below:

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 risk.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022.

a) Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings from holding company, re-visits the rate at year end to ensure that the same is at government repo rate of term similar to the period for which loan is taken.

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The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on change in borrowing rate is as follows:

Interest rate risk

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2022	+50	(0.25)
	-50	0.25

b) 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.

Since the business of the Company doesn't involves foreign currency transactions as at March 31, 2022, it has no exposure to foreign currency changes.

c) Product price risk

The Company has not commenced commercial operations as at March 31, 2022 & accordingly not impacted by any product price risk.

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.

a) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity risk

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

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2022					
Borrowings	49.74	-	49.74	-	49.74
Trade payables	8.72	8.72	-	-	8.72
Other financial liabilities	12.45	12.45	-	-	12.45
Total	70.91	21.17	49.74	-	70.91

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Note 24

Capital Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

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 manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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

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

Particulars	As at March 31, 2022
Gross debt	49.74
Less: Cash and cash equivalents	(7.36)
Net debt (A)	42.38
Total Equity (B)	(48.18)
Net gearing ratio (A)/(B)	(0.88)

Note 25

Segment information

The Company has identified Board of Directors and Group CEO as its The Chief Operating Decision Maker (CODM) who reviews and allocates resources based on Omni business and Omni channel strategy, which in 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.

Note 26

Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2022
1	Current ratio	Current assets	Current liabilities	0.50
2	Debt equity ratio	Total debt	Shareholder's equity	(1.03)
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ Finance cost	Debt service = Interest & Lease Payments + Principal Repayments	(165.32)
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	2.00
5	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	(41.09)

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Note 27

During the year ended March 31, 2022, the Company assessed recognition of deferred tax assets on carry forward losses and other expenses charged to profit & loss account but allowed in income tax on payment basis. The Company recognised net deferred tax assets in respect of temporary differences of Rs. 16.23 Mn as at March 31, 2022. In assessing the realisability of its deferred tax assets, management considers 3 years approved projection and believes that such projections are reliable and represent convincing evidence that sufficient taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets of Rs. 16.23 Mn is realisable over a period of 2-5 years.

Note 28
Social Security Code

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

Note 29
Impact of Covid 19

The Company has taken into account all the possible impacts of COVID-19 in preparation of these 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 recognition and impact on leases. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19. The Company will continue to closely monitor any material changes to future economic conditions.

Note 30
Other Statutory Information

- i. The Company does not have any transactions with companies struck off.
- ii. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- iii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iv. The Company did not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 31
Subsequent events

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

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Note 32
Previous year's figures

The Company has been incorporated on July 30, 2021 and accordingly, these are the first financial statements of the Company. Accordingly, the corresponding figures for immediately preceding financial year are not available.

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

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

A N Shah
Partner
Membership No: 42649

Arvind Agarwal
Director
DIN No. 02175753

Vikas Gupta
Director
DIN No. 08578977

Place: Mumbai
Date: May 26, 2022

Place: Mumbai
Date: May 26, 2022

Place: Bengaluru
Date: May 26, 2022