

FSN INTERNATIONAL PRIVATE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of FSN International Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **FSN International Private Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the '*Auditor's Responsibilities for the Audit of the consolidated Financial Statements*' section of our report. We are independent of the Group 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 consolidated financial statements.

Other Matters

We did not audit the financial statements of two wholly owned foreign subsidiaries viz. FSN Global FZE and Nykaa International UK Limited incorporated on 21st June 2020 and 15th November 2020 respectively, whose financial statements reflect total assets of Rs.23.73 million as at March 31, 2022, total loss of Rs. 15.75 million for the year ended on that date, as considered in the consolidated financial statements.

These financial statements have been furnished to us by the Management duly certified and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is solely based on such management certificate.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

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

The Holding 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 control 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 Group 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.
- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 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 of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated 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 31st March, 2022 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in

India, none of the directors of the Group companies 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 A**”, 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 Holding 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 Group does not have any pending litigations which would impact its consolidated financial position in its financial statements.
 - ii. The Group 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 Holding Company and its subsidiary companies incorporated in India.
 - 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:
 - 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 year. So compliance with respect to section 123 of the Act is not applicable.

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

**Place: Mumbai
Date: 26th May, 2022**

**A. N. Shah
Partner
Membership No. 42649
UDIN:22042649ALZYWY4400**

Annexure 'A' to the Independent Auditor's Report of even date on the consolidated financial statements of FSN International Private Limited

(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 International Private Limited** (hereinafter referred to as the "Holding Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as the "Group"), which are companies incorporated in India, as of 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 Holding 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 Holding 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 Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls with Reference to these Consolidated Ind AS Financial Statements

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 with Reference to these Consolidated Ind AS Financial Statements

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 Holding Company and its subsidiaries have, maintained 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: 22042649ALZYWY4400

Place: Mumbai
Date: 26th May, 2022

FSN International Private Limited
Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Consolidated Balance Sheet as at March 31, 2022

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Financial assets			
Other financial assets	3	0.07	-
Deferred tax assets (net)	4	2.51	0.86
Total non-current assets (A)		2.58	0.86
Current assets			
Inventories	5	2.42	-
Financial assets			
Trade receivables	6	18.78	0.47
Cash and cash equivalents	7	20.59	0.98
Other financial assets	8	20.22	-
Other current assets	9	9.61	0.03
Total current assets (B)		71.62	1.48
Total Assets (A+B)		74.20	2.34
Equity and liabilities			
Equity			
Equity share capital	10	51.00	1.00
Other equity	11	(22.70)	(2.55)
Total equity (A)		28.30	(1.55)
Liabilities			
Non-current liabilities:			
Financial liabilities			
Borrowings	12	16.86	2.55
Total non-current liabilities (B)		16.86	2.55
Current liabilities:			
Financial liabilities			
Trade payables	13	-	-
-Total outstanding dues of Micro enterprise and small enterprises		-	-
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		3.58	0.63
Other financial liabilities	14	25.08	0.70
Other current liabilities	15	0.38	0.01
Total current liabilities (C)		29.04	1.34
Total liabilities (B+C)		45.90	3.89
Total equity and liabilities (A+B+C)		74.20	2.34
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 International Private Limited**

A N Shah
Partner
Membership No: 42649
Place: Mumbai

Vikas Gupta
Director
DIN No 08578977
Place: Bengaluru

Hemanshu Mehta
Director
DIN No 09176157
Place: Mumbai

Shreekant Sawant
Company Secretary
ACS M.No. ACS30705
Place: Mumbai

Date: May 26, 2022

Date: May 26, 2022

FSN International Private Limited
Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	16	31.17	0.12
Other income	17	0.48	-
Total Income		31.65	0.12
Expenses			
Purchase of traded goods	18	13.96	-
Changes in inventories of finished goods	19	(2.42)	-
Employee benefits expense	20	17.50	-
Finance costs	21	1.26	0.22
Other expenses	22	24.82	1.50
Total expenses		55.12	1.72
(Loss) before tax		(23.47)	(1.60)
Tax expense:			
Deferred tax	4	(1.65)	(0.40)
Total tax expense		(1.65)	(0.40)
(Loss) after tax		(21.82)	(1.20)
Other Comprehensive Income			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation reserve		0.19	-
Other comprehensive income for the year		0.19	-
Total Comprehensive (loss) for the year		(21.63)	(1.20)
Earnings per share of face value Rs. 10/- each			
Basic	23	(6.14)	(12.00)
Diluted	23	(6.14)	(12.00)
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 International Private Limited**

A N Shah

Partner

Membership No: 42649

Place: Mumbai

Vikas Gupta

Director

DIN No 08578977

Place: Bengaluru

Hemanshu Mehta

Director

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Place: Mumbai

Shreekant Sawant

Company Secretary

ACS M.No. ACS30705

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FSN International Private Limited
Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Consolidated Statement of cash flows for the year ended March 31, 2022

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from operating activities		
Net (loss) before tax as per Statement of profit & loss	(23.47)	(1.60)
Adjustments to reconcile (loss) before tax to net cash flows:		
Interest expense and other finance costs	1.26	0.22
Interest income	(0.48)	-
Operating (loss) before working capital changes	(22.69)	(1.38)
Working capital Adjustments:		
(Increase) in trade receivables	(18.34)	(0.36)
(Increase) in inventories	(2.42)	-
(Increase) in other current assets	(9.57)	(0.03)
(Increase) in other financial assets	(0.07)	-
Increase in trade payables	2.95	0.62
Increase in other current and financial liabilities	24.77	0.67
Cash (used in) operations	(25.37)	(0.48)
Net cash flows (used in) operating activities (A)	(25.37)	(0.48)
Cash flows from investing activities		
Investment in fixed deposits	(19.80)	-
Interest Received	0.06	-
Net cash flows (used in) investing activities (B)	(19.74)	-
Cash flows from financing activities		
Proceeds from issue of equity shares	50.00	-
Proceeds from loan from holding company	15.79	0.57
Payment of interest charges	(1.26)	(0.22)
Net cash flows from financing activities (C)	64.53	0.35
Net increase/(decrease) in cash and cash equivalents (A+B+C)	19.42	(0.13)
Cash and cash equivalents at the beginning of the year	0.98	1.11
Net foreign exchange differences	0.19	-
Cash and cash equivalents at the year end (Refer note 7)	20.59	0.98

Note:

Non cash transactions relating to investing and financing activities (Refer note 8).

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

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 International Private Limited

A N Shah

Partner

Membership No: 42649

Place: Mumbai

Vikas Gupta

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FSN International Private Limited
Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital:

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

	No. of shares	Amount
As at April 01, 2020	1,00,000	1.00
Issue during the year	-	-
As at March 31, 2021	1,00,000	1.00
Issue during the year	50,00,000	50.00
As at March 31, 2022	51,00,000	51.00

B. Other Equity:

Particulars	Reserves & Surplus		Other Comprehensive Income (OCI)	Total other equity
	Capital contribution from Parent	Surplus/(deficit) in statement of profit and loss		
As at April 01, 2020	0.25	(1.64)	-	(1.39)
(Loss) for the year	-	(1.20)	-	(1.20)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(1.20)	-	(1.20)
Addition during the year	0.04	-	-	0.04
As at April 01, 2021	0.29	(2.84)	-	(2.55)
(Loss) for the year	-	(21.82)	-	(21.82)
Other comprehensive income	-	-	0.19	0.19
Total comprehensive income	-	(21.82)	0.19	(21.63)
Addition during the year	1.48	-	-	1.48
As at March 31, 2022	1.77	(24.66)	0.19	(22.70)

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 International Private Limited

A N Shah

Partner

Membership No: 42649

Place: Mumbai

Vikas Gupta

Director

DIN No 08578977

Place: Bengaluru

Hemanshu Mehta

Director

DIN No 09176157

Place: Mumbai

Shreekant Sawant

Company Secretary

ACS M.No. ACS30705

Place: Mumbai

Date: May 26, 2022

Date: May 26, 2022

FSN International Private Limited
Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)
Notes to the Consolidated Financial Statements

1. Corporate Information

The consolidated financial statements comprise financial statements of FSN International Private Limited (the 'Company') and its subsidiaries (collectively, the Group) for the year ended March 31, 2021. 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 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 Group 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 consolidated financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorized for issue on May 26, 2022.

The Group's consolidated financial statements are presented in Indian Rupees (Rs.), which is the functional currency and all values are rounded to the nearest million ('000,000), 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 (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).

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. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

FSN International Private Limited
Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)
Notes to the Consolidated Financial Statements

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

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2C. Summary of significant accounting policies:

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognised as incurred and included in administrative & other expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with Ind AS 109. Other contingent consideration that is not within the scope of Ind AS 109 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Current versus non-current classification

The Group 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

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- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group 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 Group has identified period of twelve months as its operating cycle.

c) Inventory

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

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

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.

1. Initial recognition and measurement:

Financial assets and financial liabilities are recognised when The Group 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which The Group has applied the practical expedient, The Group 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 Group 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

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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 three categories:

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

Financial assets at amortised cost

Financial assets 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 Group'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)-

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 Group 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.

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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 Group's financial liabilities include trade and other payables and borrowings.

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 Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) The Group 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 Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

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

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

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V. Offsetting of financial instruments

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

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.

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 Group 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 Group 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 Group'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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before The Group 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 Group performs under the contract

f) Provisions

A provision is recognised when The Group 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.

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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 Group and the currency of the primary economic environment in which The Group operates.

II. Foreign currency transactions and balances

(i) Initial recognition

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

(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 Group.

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 Group 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 Group 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.

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For the purpose of fair value disclosures, The Group 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 Group 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).

k. 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 Group'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

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Group 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

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.

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.

2D. 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.

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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. 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.

c. 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 Group 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 Group 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.

d. 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.

e. 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.

f. 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 Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

g. 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 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.

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

The Group 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 Group'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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2E Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify 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 Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

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Note 3

Other financial assets (Non Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	0.07	-
Total	0.07	-

Note 4

Income tax

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax:		
Relating to origination and reversal of temporary differences	(1.65)	(0.40)
Income tax expense/(income) reported in the statement of profit or loss	(1.65)	(0.40)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(Loss) before tax	(23.47)	(1.60)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(5.91)	(0.40)
Tax effect of:		
losses from subsidiary	3.86	-
Others	0.40	-
Total tax expenses/(income)	(1.65)	(0.40)
Tax expense/(income) recognized in the statement of profit and loss	(1.65)	(0.40)
Effective tax rate	7.05%	25.17%

Deferred tax:

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

Particulars	As at March 31, 2022	As at March 31, 2021
Impact of brought forward losses	2.51	0.86
Deferred tax assets (A)	2.51	0.86
Deferred tax liabilities (B)	-	-
Deferred tax assets (net) (C=A-B)	2.51	0.86

ii. Reconciliation of deferred tax assets (net):

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	0.86	0.46
Tax income during the period recognised in profit or loss	1.65	0.40
Closing balance	2.51	0.86

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Note 5

Inventories (valued at lower of cost or net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Finished Goods	2.42	-
Total	2.42	-

Note 6

Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables - Unsecured, Considered Good	18.78	0.47
Total	18.78	0.47

For details on trade receivables with related parties, refer Note 24 - Related Party Disclosure

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

Trade receivables aging schedule

March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – Unsecured, considered good	10.69	8.07	0.02	-	-	-	18.78
Total	10.69	8.07	0.02	-	-	-	18.78

March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – Unsecured, considered good	0.47	-	-	-	-	-	0.47
Total	0.47	-	-	-	-	-	0.47

Note 7

Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts	20.59	0.98
Total	20.59	0.98

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Note 8

Other financial assets (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity period more than 12 months	19.80	-
Interest accrued on deposit but not due	0.42	-
Total	20.22	-

Movement in Interest accrued on deposits but not due:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	-	-
Interest charged during the year	0.48	-
Payment received	(0.06)	-
Closing balance	0.42	-

Note 9

Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance against expenses	6.88	0.03
Balance with statutory / government authorities	2.73	-
Total	9.61	0.03

Note 10

Equity Share Capital

i) Authorised Share Capital

Particulars	Equity Shares	
	Numbers	Amount
i) Authorised Share Capital		
As at April 01, 2020	1,00,000	1.00
Increase / (decrease) during the year	-	-
As at March 31, 2021	1,00,000	1.00
Increase / (decrease) during the year	99,00,000	99.00
As at March 31, 2022	1,00,00,000	100.00

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.

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ii) Issued, subscribed and fully paid up equity capital

Particulars	Equity shares	
	Numbers	Amount
As at April 01, 2020	1,00,000	1.00
Changes during the year	-	-
As at March 31, 2021	1,00,000	1.00
Changes during the year	50,00,000	50.00
As at March 31, 2022	51,00,000	51.00

iii) Shares held by holding company

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

Particulars	As at March 31, 2022	As at March 31, 2021
FSN E-Commerce Ventures Limited (Holding Company)	51.00	1.00
5,100,000 (March 31, 2021: 100,000) equity shares of Rs. 10/- each		

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
FSN E-Commerce Ventures Limited (Holding Company)	51,00,000	100.00%	1,00,000	100.00%

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

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

Note 11

Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Retained earnings		
Opening balance	(2.84)	(1.64)
Add: (Loss) during the year	(21.82)	(1.20)
Closing balance (A)	(24.66)	(2.84)
(ii) Other comprehensive income		
Opening balance	-	-
Add: Other comprehensive income for the year	0.19	-
Closing balance (B)	0.19	-
(iii) Capital Contribution from Parent		
Opening balance	0.29	0.25
Add : Additions during the year	1.48	0.04
Closing balance (C)	1.77	0.29
Total (A+B+C)	(22.70)	(2.55)

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Nature and purpose of reserves

(i) Retained earnings

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

(ii) Other comprehensive income-

Foreign currency translation reserve-

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income.

(iii) Capital Contribution from parents

Loan from Holding Company: Fair valuation of loans taken from parent.

Note 12

Borrowings (Non Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured at amortised cost		
Loan from holding Company (FSN E-Commerce Ventures Limited)	16.86	2.55
Total	16.86	2.55

A) Terms of loans 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.

B) Maximum amount of loan outstanding during the year was Rs. 19.95 Mn (March 31, 2021 – Rs. 2.55 Mn).

C) Refer Note 28 for maturity profile of borrowings.

Note 13

Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of trade payables other than micro enterprises and small enterprises	3.58	0.63
Total	3.58	0.63

Refer note 24 for payables to related parties

Trade payables ageing schedule

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	0.09	3.49	-	-	-	3.58
Total	0.09	3.49	-	-	-	3.58

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March 31, 2021

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	0.58	0.05	-	-	-	0.63
Total	0.58	0.05	-	-	-	0.63

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.

Note 14

Other financial liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Measured at amortised cost		
Employee related liabilities	1.81	-
Accrued expenses	17.60	0.70
Payable to market-place vendors	5.67	-
Total	25.08	0.70

Note 15

Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	0.38	0.01
Total	0.38	0.01

Note 16

Revenue from operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Sale of products	15.69	-
B. Sale of services		
Banner Advertisement Income	5.26	-
Income from marketplace services	8.34	0.11
C. Other Operating Revenue		
Logistics service income (shipping and delivery charges)	1.88	0.01
Total	31.17	0.12
Within India	0.61	0.01
Outside India	30.56	0.11
	31.17	0.12

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(A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and sale of products by selected platforms, which is a single line of business.

(B) Contract Balances

Particulars	As at 31 March 2022	As at 31 March 2021
Trade Receivables	18.78	0.47
Contract Price	31.17	0.12
Revenue from operations	31.17	0.12

Note 17

Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on Fixed deposit	0.48	-
Total	0.48	-

Note 18

Purchase of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases of traded goods	13.96	-
Total	13.96	-

Note 19

Changes in inventories of finished goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Traded goods		
Opening balance	-	-
Closing balance	2.42	-
Total	(2.42)	-

Note 20

Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Bonus	17.50	-
Total	17.50	-

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Note 21

Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses on inter company loan	1.26	0.22
Total	1.26	0.22

Note 22

Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Marketing & Advertisement Expense	3.05	-
Legal and Professional Fees	6.56	0.76
Web & Technology Expenses	0.15	-
Payment Gateway Charges	0.44	-
Freight outward	4.80	0.15
Administrative & Other Expenses	1.82	-
Travelling & Conveyance Expenses	1.97	-
Rates & Taxes	3.18	0.14
Insurance Expenses	0.04	-
Rent and Maintenance Expenses	1.57	-
Director Sitting Fees	0.03	-
Bank charges	0.39	0.03
Auditors remuneration :		
- Audit fees	0.67	0.41
- Taxation Matters	0.10	0.01
Foreign exchange loss	0.05	-
Total	24.82	1.50

Note 23

Basic & diluted earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Nominal value of per equity share	10/-	10/-
Profit after tax (A)	(21.82)	(1.20)
Profit attributable to equity shareholders	(21.82)	(1.20)
Total number of shares outstanding during the year	51,00,000	1,00,000
Weighted average number of equity shares outstanding during the year (B)	35,52,055	1,00,000
Basic earnings per share (A/B)	(6.14)	(12.00)
Weighted average number of diluted equity shares (C)	35,52,055	1,00,000
Diluted earnings per share (A/C)	(6.14)	(12.00)

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Note 24

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 Limited	Holding company
Dot & Key Wellness Private Limited	Fellow subsidiary
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 Distribution Private Limited	Fellow subsidiary
FSN Global FZE	Subsidiary
Nykaa International UK Limited	Subsidiary

Key Management Personnel (KMP)	Nature of relationship
Mr Sachin Parikh	Director (Resigned w.e.f. May 15, 2021)
Mr Rishi Seth	Director (Resigned w.e.f. March 14, 2022)
Mr Sanjay Nayar	Director (Joined w.e.f. May 17, 2021)
Mr Hemanshu Mehta	Director (Joined w.e.f. May 17, 2021)
Mr Shreekant Sawant	Company Secretary (Joined w.e.f. May 17, 2021 to July 21, 2021, Rejoined w.e.f. September 25, 2021)
Mr Seshashayee Sridhara	Director (w.e.f. November 11, 2021)
Mr Vikas Gupta	Director (w.e.f. March 14, 2022)

B. Transactions with Related party

Particulars	Nature of transactions	Transactions during the year ended March 31, 2022	Outstanding balances as on March 31, 2022	Transactions during the year ended March 31, 2021	Outstanding balances as on March 31, 2021
Holding company					
FSN E-Commerce Ventures Limited	Interest Expenses	0.71		0.15	-
	Purchases	5.44	(2.98)	-	-
	Reimbursement of Expenses	3.49	-	-	-
	Notional interest expense	0.55	-	0.08	-
	Other Equity Contribution	(1.48)	(1.77)	(0.04)	(0.29)
	Equity Contribution	(50.00)	(51.00)	-	(1.00)
	Loan taken (net)	(14.31)	(16.86)	2.76	(2.55)
Nykaa E Retail Private Limited	Listing fees	0.28	-	0.01	-
	Reimbursement of Expenses	0.43	(0.03)	-	-
	Rent Expenses	0.19	-	-	-
FSN Brands Marketing Pvt Ltd	Purchases	1.00	(0.46)	-	-
Nykaa KK Beauty Private Limited	Purchases	0.42	(0.03)	-	-
Key Management Personnel (KMP)					
Mr. Seshashayee Sridhara	Sitting Fees	0.03	-	-	-

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

Note 25

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 :

Carrying values of financial assets i.e. cash and cash equivalents, trade receivables, other assets and of financial liabilities i.e borrowings from holding company, trade and other payables 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 as of		Fair value as of	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial Assets:				
Amortised cost				
Trade receivables	18.78	0.47	18.78	0.47
Cash and cash equivalents	20.59	0.98	20.59	0.98
Other financial assets	20.29	-	20.29	-
	59.66	1.45	59.66	1.45
Financial Liabilities:				
Amortised cost				
Borrowings	16.85	2.55	16.85	2.55
Trade payables	3.58	0.63	3.58	0.63
Other financial liabilities	25.08	0.70	25.08	0.70
	45.51	3.88	45.51	3.88

Note 26

Segment information

The Group is mainly engaged in sale of all kind of Beauty, wellness, fitness, personal health care, skin care, hair care products and equipment's on/through e-commerce, m-commerce, internet, stores, stalls etc. in India and also outside India. All the activities of the Company revolve around this main business. The Chief Operating Decision maker (CODM) monitors the operating results of the business as a whole for the purpose of making decisions about resource allocation and performance assessment. Therefore management views company's business activity as a single business segment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Group is divided into two geographical segments, which are as follows:

1. Within the India
2. Outside the India

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Geographical segments reporting for/at the year ended March 31, 2022

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenue						
External customer	16.36	14.87	31.23	0.01	0.11	0.12
Inter- segment	-	-	(0.06)	-	-	-
Total Revenue	-	-	31.17	-	-	0.12
Expenses						
Employee Benefit Expenses	3.83	13.67	17.50	-	-	-
Segment profit/ (loss)	(7.37)	(15.75)	(23.12)	(1.23)	(0.37)	(1.60)
Inter- segment	-	-	(0.35)	-	-	-
Total Profit/ (Loss) before tax	-	-	(23.47)	-	-	(1.60)
Particulars	As at March 31, 2022			As at March 31, 2021		
	Within India	Outside India	Total	Within India	Outside India	Total
Total assets	92.86	23.73	116.59	2.10	0.24	2.34
Inter- segment	-	-	(42.39)	-	-	-
Total assets	-	-	74.20	-	-	2.34
Total liabilities	48.37	35.76	84.14	3.38	0.51	3.89
Inter- segment	-	-	(38.24)	-	-	-
Total liabilities	-	-	45.90	-	-	3.89

Note 27
Capital Management

The Group 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 Group'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 Group's capital management is to maximise the shareholder value.

The capital structure of the Group 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 Group 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 issue new shares.

The Group '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 Group 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 year ended March 31, 2022.

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

Particulars	As at March 31, 2022	As at March 31, 2021
Gross debt	16.86	2.55
Less: Cash and cash equivalents	(20.59)	(0.98)
Net debt (A)	(3.73)	1.57
Equity	28.30	(1.55)
Total Equity (B)	28.30	(1.55)
Net gearing ratio* (A)/(B)	(0.13)	(1.01)

Note 28

Financial Instruments:

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

The Group is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Group'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) 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to The Group's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade receivables and trade payables. Since The Group's overall foreign currency exposure is not significant, The Group does not hedge its foreign currency receivables. Since the business of the Company doesn't involve material foreign currency transactions, its exposure to foreign currency changes is not material.

Foreign currency sensitivity

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

b) Product price risk

In a potentially inflationary economy, The Group 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 Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the customers. This helps The Group 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.

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

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a) Trade receivables

The Group 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 Group by credit worthiness checks. The Group's experience of delinquencies and customer disputes have been minimal. Also the Group have a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is cover by the Group.

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group'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 Group 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 Group'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	16.86	-	16.86	-	16.86
Trade payables	3.58	3.58	-	-	3.58
Other financial liabilities	25.08	25.08	-	-	25.08
Total	45.52	28.66	16.86	-	45.52
As at March 31, 2021					
Borrowings	2.55	-	2.55	-	2.55
Trade payables	0.63	0.63	-	-	0.63
Other financial liabilities	0.70	0.70	-	-	0.70
Total	3.88	1.33	2.55	-	3.88

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Notes to the Consolidated Financial Statements

Note 29

Statement of net assets and profit or loss attributable to owners and non-controlling interest

Name of the entity	Country of Incorporation	% of voting power as at March 31, 2022	% of voting power as at March 31, 2022	Net Assets i.e., total assets - total liabilities (As % of consolidated Net Assets)		Share in Profit & loss (As % of consolidated Profit & Loss)	Share in Other Comprehensive Income (As % of consolidated Other Comprehensive Income)	Share in Total Comprehensive Income (As % of consolidated Total Comprehensive Income)
FSN International Private Limited	India	-	-	44.47	157.14%	(5.85)	26.81%	(5.85) 27.05%
Subsidiaries (held directly)								
FSN Global FZE	Dubai	100%	100%	(1.16)	-4.10%	(3.81)	17.46%	(3.81) 17.62%
Nykaa International UK Limited	UK	100%	100%	(10.88)	-38.45%	(11.94)	54.72%	0.03 15.79% (11.91) 55.08%
Inter- company eliminations/adjustments on consolidation	-	-	-	(4.13)	-14.59%	(0.22)	1.01%	0.16 84.21% (0.06) 0.28%
				28.30	100%	(21.82)	100%	0.19 100% (21.63) 100%

Note 30

During the year ended March 31, 2022, the Group reassessed recognition of deferred tax assets on carry forward losses. The Group recognised net deferred tax assets in respect of carry forward losses of Rs. 2.51 Mn as at March 31, 2022 (March 31, 2021: Rs. 0.86 Mn). 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 carry forward losses can be utilised. Deferred tax assets of Rs. 2.51 Mn is realisable over a period of 2-5 years.

Note 31

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 Group 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 32

Other Statutory Information

- The Group does not have any transactions with companies struck off.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Group 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).

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Notes to the Consolidated Financial Statements

Note 33
Impact of Covid 19

The Group has taken into account all the possible impacts of COVID-19 in preparation of these consolidated 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 Group has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated 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 consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19. The Group will continue to closely monitor any material changes to future economic conditions.

Note 34
Subsequent Events

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

Note 35

Previous year figures have been regrouped and reclassified wherever required to confirm the same with current year figures.

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 International Private Limited

A N Shah
Partner
Membership No: 42649
Place: Mumbai

Vikas Gupta
Director
DIN No 08578977
Place: Bengaluru

Hemanshu Mehta
Director
DIN No 09176157
Place: Mumbai

Shreekant Sawant
Company Secretary
ACS M.No. ACS30705
Place: Mumbai

Date: May 26, 2022

Date: May 26, 2022