

FSN INTERNATIONAL PRIVATE LIMITED

STANDALONE 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 Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **FSN International Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity, for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations provided to us, the aforesaid financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the 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 Financial Statements*' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We did not receive such other information, hence we have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**, to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) The Company is a Private Limited Company as per the Act. The requirement of payment of managerial remuneration as per section 197 read with Schedule V of the Act is not applicable.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations provided to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("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
- 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

A. N. Shah
Partner
Membership No. 42649
UDIN:22042649AJRVIU2479

Place: Mumbai
Date: 26th May, 2022

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

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

- (i)
 - (a) According to the information and explanations given to us, the Company does not own Property, Plant and Equipment, hence reporting under Paragraph 3 clause 3(i)(a), (b), (c), (d), (e) &(f) is not applicable.
- (ii)
 - (a) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records as at the yearend were not material and have been properly dealt with in the books of account wherever necessary.
 - (b) The Company has not sanctioned working capital limits in excess of Rs, five crores, in aggregate during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii)
 - (a) The Company has granted loans to two of its foreign subsidiaries. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 1,88,22,950/-.
 - (b) In our opinion and according to the information and explanations given to us, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the interest of the Company.
 - (c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has not been stipulated.
 - (d) In respect of the aforesaid loans, there are no overdue amounts as there are no stipulations.
- (iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or made any investments or provided any guarantees, and securities covered under section 185 and 186 of the Companies Act, 2013. Hence, reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information given to us and based on the audit procedures performed by us, the Company has not accepted any deposit or amounts which are deemed to be deposits, as per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.

(vii) According to the information and explanations provided to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities.

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

(b) According to the information and explanations provided to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations provided to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix)

(a) Based on our audit procedures and according to the information and explanations provided by the Management, the Company has not defaulted in repayment of loans or borrowings to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

(c) In our opinion and according to the information and explanations provided by the Management, the Company has utilised the monies raised by way of term loans for the purpose for which they were raised.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company has not taken any funds from any entity or person on account of or meet the obligations of its subsidiary, joint venture or associates. Hence, reporting under clause 3(ix) (e) and (f) of the Order is not applicable to the Company.

(x)

(a) The Company has not raised any money by way of initial public offer / further public offer /debt instruments. Hence, reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi)

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

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

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

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

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

(xiv)

(a) The Company has an internal audit system commensurate with the size and nature of its business.

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

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

(xvi)

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

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

(xvii) In our opinion, according to the information and explanation given to us, the Company has incurred cash losses aggregating to Rs.7.80 million during the current financial year and Rs.1.24 million during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause 3(xviii) is not applicable.

(xix) On the basis of the financial ratios disclosed in note 30, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)

- (a) Based on the verification of the details provided, the criteria specified under section 135 of the Act is not fulfilled and hence the requirement of spending on Corporate Social Responsibility is not applicable to the Company. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable.

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

A. N. Shah
Partner
Membership No. 42649
UDIN: 22042649AJRVIU2479

Place: Mumbai
Date: 26th May, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

A. N. Shah
Partner
Membership No. 42649
UDIN: 22042649AJRVIU2479

Place: Mumbai
Date: 26th May, 2022

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

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			
Investments	3	4.08	-
Loans	4	18.82	-
Deferred tax assets (net)	5	2.51	0.86
Total non-current assets (A)		25.41	0.86
Current assets			
Inventories	6	2.42	-
Financial assets			
Trade receivables	7	16.17	0.22
Cash and cash equivalents	8	17.86	0.98
Other financial assets	9	21.39	-
Other current assets	10	5.36	0.04
Total current assets (B)		63.20	1.24
Total Assets (A+B)		88.61	2.10
Equity and liabilities			
Equity			
Equity share capital	11	51.00	1.00
Other equity	12	(6.52)	(2.28)
Total equity (A)		44.48	(1.28)
Liabilities			
Non-current liabilities:			
Financial liabilities			
Borrowings	13	16.86	2.55
Total non-current liabilities (B)		16.86	2.55
Current liabilities:			
Financial liabilities			
Trade payables	14		
-Total outstanding dues of Micro enterprise and small enterprises		-	-
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		16.53	0.12
Other financial liabilities	15	10.46	0.70
Other current liabilities	16	0.28	0.01
Total current liabilities (C)		27.27	0.83
Total liabilities (B+C)		44.13	3.38
Total equity and liabilities (A+B+C)		88.61	2.10
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

Shreekanth Sawant

Company Secretary

ACS M.No. ACS30705

Place: Mumbai

Date: May 26, 2022

Date: May 26, 2022

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

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	17	18.30	0.01
Other income	18	0.95	-
Total Income		19.25	0.01
Expenses			
Purchase of traded goods	19	13.96	-
Changes in inventories of finished goods	20	(2.42)	-
Employee benefits expense	21	3.83	-
Finance costs	22	1.26	0.22
Other expenses	23	9.99	1.03
Total expenses		26.62	1.25
(Loss) before tax		(7.37)	(1.24)
Tax expense:			
Deferred tax	5	(1.65)	(0.31)
Total tax expense		(1.65)	(0.31)
(Loss) after tax		(5.72)	(0.93)
Other Comprehensive Income			
Other comprehensive income/(loss) for the year, net of tax		-	-
Total Comprehensive (loss) for the year		(5.72)	(0.93)
Earnings per share of face value Rs. 10/- each			
Basic	24	(1.61)	(9.30)
Diluted	24	(1.61)	(9.30)
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
Financial Statements for the year ended March 31, 2022
(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)

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	(7.37)	(1.24)
Adjustments to reconcile (loss) before tax to net cash flows:		
Interest expense and other finance costs	1.26	0.22
Interest income	(0.95)	-
Operating (loss) before working capital changes	(7.06)	(1.02)
Working capital Adjustments:		
(Increase) in trade receivables	(15.95)	(0.22)
(Increase) in inventories	(2.43)	-
(Increase) in other current assets	(5.32)	-
(Increase) in other financial assets	(0.70)	-
(Increase) in other non current assets	-	(0.03)
Increase in trade payables	16.43	0.15
(Decrease) in provisions	(0.01)	-
Increase in current financial liabilities	9.76	0.67
Increase in other current liabilities	0.28	-
Cash (used in) operations	(5.00)	(0.45)
Net cash flows (used in) operating activities (A)	(5.00)	(0.45)
Cash flows from investing activities		
Investment in subsidiaries	(4.08)	-
Loans to subsidiaries	(18.82)	-
Investment in fixed deposits	(19.80)	-
Interest Received	0.06	-
Net cash flows (used in) investing activities (B)	(42.64)	-
Cash flows from financing activities		
Proceeds from issue of equity shares	50.00	-
Proceeds from loan from holding company	15.78	0.56
Interest expenses	(1.26)	(0.22)
Net cash flows from financing activities (C)	64.52	0.34
Net increase/(decrease) in cash and cash equivalents (A+B+C)	16.88	(0.11)
Cash and cash equivalents at the beginning of the year	0.98	1.09
Cash and cash equivalents at the year end (Refer note 8)	17.86	0.98

Note:

Non cash transactions relating to investing and financing activities (Refer note 9).

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

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
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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		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	-	(0.93)	(0.93)
Other comprehensive income	-	-	-
Total comprehensive income	-	(0.93)	(0.93)
Addition during the year	0.04	-	0.04
As at March 31, 2021	0.29	(2.57)	(2.28)
(Loss) for the year	-	(5.72)	(5.72)
Other comprehensive income	-	-	-
Total comprehensive income	-	(5.72)	(5.72)
Addition during the year	1.48	-	1.48
As at March 31, 2022	1.77	(8.29)	(6.52)

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

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1. Corporate Information

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

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

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

The Company's 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 Indian Accounting Standards ("Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III, as amended).

ii) Historical cost convention:

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

2B. Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Inventory

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

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

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

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

c) 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 Company becomes a party to the contractual provisions of the instrument. All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial Assets

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

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

Financial Liabilities

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

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

II. Subsequent measurement:

i. Financial assets

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

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

Financial assets at amortised cost

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

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

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

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

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

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

ii. Financial liabilities

Financial liabilities at fair value through Profit or Loss

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

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

Financial liabilities at amortised cost (loans and borrowings)

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

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

III. Derecognition

Financial Assets

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

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

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

Financial Liabilities

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

IV. Impairment of financial assets:

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

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

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

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

V. Offsetting of financial instruments

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

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d) Revenue recognition

I. Revenue from contracts with customers

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

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

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

i. Sale of products:

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

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

ii. Contract balances:

- Contract assets

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

- Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

- Contract liabilities

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

II. Interest income:

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

e) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required

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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.

f) Foreign currency transactions

Functional and presentation currency

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

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

Exchange differences arising on settlement or translation of other monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period/year, or reported in previous financial statements, are recognised as income or as expenses in the statement of profit and loss in the period/year in which they arise.

g) Fair value measurement

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

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

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

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

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

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

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

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- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The management selects appropriate valuation techniques using discounted cash flow model when the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

h) 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.

i) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

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

Deferred tax

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

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

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

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

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

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most likely method or expected value method, depending on which method predicts better resolution of the treatment.

j) Cash and cash equivalents

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

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

k) Contingent Liabilities

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

l) 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.

m) 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.

n) 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.

2C. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have

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a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I. Judgements:

None

II. Estimates and assumptions:

a. Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

b. Provision

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

c. Income taxes

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

d. Deferred Taxes

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

e. Impairment of financial assets:

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

f. 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.

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

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

2D 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 Company 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 company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company 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 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 Company 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 Company 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 Company does not expect the amendment to have any significant impact in its financial statements.

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Note 3

Non-current investments (Unquoted)

Particulars	As at March 31, 2022	As at March 31, 2021
Investments in subsidiaries (Unquoted, fully paid up)		
(A) Investments in Equity Instruments of Subsidiaries (at cost)		
FSN Global FZE (150 shares of AED 1,000 each)	3.04	-
Nykaa International UK (10,000 shares of GBP 1 each)	1.04	-
Total investments measured at cost	4.08	-

Note 4

Loans (Non Current)

Particulars	As at March 31, 2022	As at March 31, 2021
(Measured at amortised cost)		
Loan to subsidiaries	18.82	-
Total	18.82	-

Note 5

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)	(0.31)
Income tax (income) reported in the statement of profit or loss	(1.65)	(0.31)

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
Profit before tax	(7.37)	(1.24)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(1.86)	(0.31)
Tax effect of:		
Others	0.21	-
Total tax (income)	(1.65)	(0.31)
Tax (income) recognized in the statement of profit and loss	(1.65)	(0.31)
Effective tax rate	22.44%	25.17%

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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	0.55
Tax income during the period recognised in profit or loss	1.65	0.31
Closing balance	2.51	0.86

Note 6

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 7

Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables - Unsecured, Considered Good	16.17	0.22
Total	16.17	0.22

For details on trade receivables with related parties, refer Note 25 - 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 ageing 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	2.72	13.43	0.02	-	-	-	16.17
Total	2.72	13.43	0.02	-	-	-	16.17

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	0.22	-	-	-	-	-	0.22
Total	0.22	-	-	-	-	-	0.22

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Note 8

Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts	17.86	0.98
Total	17.86	0.98

Note 9

Other financial assets (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Unbilled receivable	1.17	-
Deposits with banks with maturity period more than 12 months	19.80	-
Interest accrued on deposit but not due	0.42	-
Total	21.39	-

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 10

Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance against expenses	2.36	-
Balance with statutory / government authorities	3.00	0.04
Total	5.36	0.04

Note 11

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 of INR 10 each issued

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 12

Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Retained earnings		
Opening balance	(2.57)	(1.64)
Add: (Loss) during the year	(5.72)	(0.93)
Closing balance (A)	(8.29)	(2.57)
(ii) Capital Contribution from Parent		
Opening balance	0.29	0.25
Add : Additions during the year	1.48	0.04
Closing balance (B)	1.77	0.29
Total (A+B)	(6.52)	(2.28)

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) Capital Contribution from parents

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

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Note 13

Borrowings (Non Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured carried 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 29 for maturity profile of the outstanding borrowings.

Note 14

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	16.53	0.12
Total	16.53	0.12

Refer note 25 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	13.04	3.49	-	-	-	16.53
Total	13.04	3.49	-	-	-	16.53

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	0.07	0.05	-	-	-	0.12
Total	0.07	0.05	-	-	-	0.12

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 is Rs. Nil as at March, 2022.

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Note 15

Other financial liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Measured at amortised cost		
Employee related liabilities	0.34	-
Accrued expenses	10.12	0.70
Total	10.46	0.70

Note 16

Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	0.28	0.01
Total	0.28	0.01

Note 17

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		
Income from marketplace services	2.61	0.01
Total	18.30	0.01
Within India	2.61	0.01
Outside India	15.69	-
	18.30	0.01

(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	16.17	0.22
Contract Liabilities	-	-
Contract Price	18.30	0.01
Revenue from operations	18.30	0.01

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Note 18

Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on:		
Loan given to subsidiaries	0.47	-
Fixed deposit	0.48	-
Total	0.95	-

Note 19

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 20

Changes in inventories of finished goods

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

Note 21

Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Bonus	3.83	-
Total	3.83	-

Note 22

Finance costs

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

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Note 23

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	2.03	0.77
Web & Technology Expenses	0.15	-
Payment Gateway Charges	0.48	-
Freight outward	1.34	0.05
Administrative & Other Expenses	0.52	-
Rates & Taxes	1.71	0.15
Insurance Expenses	0.04	-
Rent and Maintenance Expenses	0.26	-
Director Sitting Fees	0.03	-
Bank charges	0.13	-
Auditors remuneration :		
- Audit fees	0.10	0.05
- Taxation Matters	0.10	0.01
Foreign exchange loss (net)	0.05	-
Total	9.99	1.03

Note 24

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)	(5.72)	(0.93)
Profit attributable to equity shareholders	(5.72)	(0.93)
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	(1.61)	(9.30)
Weighted average number of diluted equity shares (C)	35,52,055	1,00,000
Diluted earnings per share = A/C	(1.61)	(9.30)

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Note 25
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)

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
Mr Seshashayee Sridhara	Director (w.e.f. November 11, 2021)
Mr Vikas Gupta	Director (w.e.f. March 14, 2022)

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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)	(0.40)	(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)	-	-
FSN Global FZE	Listing fees income	(5.22)	5.36	0.13	-
	Notional interest income	(0.18)			
Nykaa International UK Limited	Notional interest income	(0.29)			
Key Management Personnel (KMP)					
Mr. Seshashayee Sridhara	Sitting Fees	0.03	-	-	-

Terms and conditions of transactions with related parties

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

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

Note 26

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. Investments, loans, cash and cash equivalents, trade receivables, other financial assets and of financial liabilities i.e trade and other payables, working capital loan borrowing and other financial liabilities are reasonable approximations of their fair values due to the short maturities of these instruments.

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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				
Investments	4.08	-	4.08	-
Loans	18.82	-	18.82	-
Trade receivables	16.17	0.22	16.17	0.22
Cash and cash equivalents	17.86	0.98	17.86	0.98
Other financial assets	21.39	-	21.39	-
	78.32	1.20	78.32	1.20
Financial Liabilities:				
Amortised cost				
Borrowings	16.86	2.55	16.86	2.55
Trade payables	16.53	0.12	16.53	0.12
Other financial liabilities	10.46	0.70	10.46	0.70
	43.85	3.37	43.85	3.37

Note 27
Segment information

The Chief Operating Decision maker (CODM) focusing on operating matters and allocating resources on the basis of business process. Accordingly, the Group operates only in one reportable segment i.e. beauty and personal care, hence no separate disclosure is required for Segment.

Note 28
Capital Management

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

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the 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	16.85	2.55
Less: Cash and cash equivalents	(17.86)	(0.98)
Net debt (A)	(1.01)	1.57
Equity	44.48	(1.28)
Total Equity (B)	44.48	(1.28)
Net gearing ratio* (A)/(B)	(0.02)	(1.23)

Note 29
Financial Instruments:

The Company'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 Company's operations. The Company's principal financial assets comprise cash and bank balance, trade and other receivables that derive directly from its operations.

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

Market risk

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

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

a) Foreign currency risk

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

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

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

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a) Trade receivables

The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company's experience of delinquencies and customer disputes have been minimal. Also the Company 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 company.

b) Financial instruments and cash deposits

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

Liquidity risk

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

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2022					
Borrowings	16.86	-	16.86	-	16.86
Trade payables	16.53	16.53	-	-	16.53
Other financial liabilities	10.46	10.46	-	-	10.46
Total	43.85	26.99	16.86	-	43.85
As at March 31, 2021					
Borrowings	2.55	-	2.55	-	2.55
Trade payables	0.12	0.12	-	-	0.12
Other financial liabilities	0.70	0.70	-	-	0.70
Total	3.37	0.82	2.55	-	3.37

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Note 30
Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% of variances	Reasons for changes
1	Current ratio	Current assets	Current liabilities	2.32	1.49	55%	Increase is on account of increase in current assets during the year.
2	Debt equity ratio	Total debt	Shareholder's equity	0.38	(1.99)	-119%	Decrease is on account of shareholder's equity converted into positive from the negative during the FY.
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ finance cost	Debt service = Interest & Lease Payments + Principal Repayments	(3.54)	(3.15)	12%	Increase is on account of increase in earnings for debt service during the year.
4	Return on equity ratio	Net Profits/(loss) after taxes	Average Shareholder's Equity	(0.26)	1.11	-124%	Decrease is on account of increment in net loss after tax, whereas shareholder's equity increased during the year.
5	Inventory turnover ratio	Cost of goods sold (COGS)	Average Inventory	9.53	-	100%	Increase is on account of increment in inventory and COGS during year.
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	2.23	0.12	1782%	Increase is on account of increase in sales and Average trade receivables during the year.
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	1.68	-	100%	Increase is on account of increase in purchases during current year.
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	0.51	0.03	1507%	Increase is on account of increase in sales and working capital during the year.
9	Net profit ratio	Net Profit/(Loss)	Net sales = Total sales - sales return	(0.31)	(71.54)	-100%	Decrease is on account of increase in net loss during the year.
10	Return on capital employed	Earnings before interest and taxes (EBIT)	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	(0.10)	(2.51)	-96%	Decrease is on account of increase in net loss during the year.

FSN International Private Limited
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(All amounts are in Rs. million (Mn), except per share data and unless stated otherwise)
Notes to Financial Statements

Note 31

During the year ended March 31, 2022, the Company reassessed recognition of deferred tax assets on carry forward losses. The Company 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 32

Social Security Code

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

Note 33

Other Statutory Information

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

Note 34

Impact of Covid 19

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

Note 35

Subsequent Events

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

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Notes to Financial Statements

Note 36

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