NYKAA 2022

In the **spotlight**, everyday

ANNUAL REPORT 2021-22

IN THE SPOTLIGHT. EVERYDAY.

Inspired by the Sanskrit origin of our name 'Nayaka', which means one in the spotlight, we work towards shining the spotlight on our consumers every day.

We began our humble journey with a glorious dream- to make beauty a mainstream choice and become a source of joy and inspiration for millions of Indians.

Over the years, we became bolder in our ambition and built several platforms dedicated to offering our consumers unparalleled access to the world of beauty and fashion. We brought thousands of homegrown and international popular, premium and luxury brands closer to them. We expanded from an online-only beauty platform to an omni-channel retailer of beauty, fashion and lifestyle, that elevated the journey of shopping from simple purchases to an immersive experience of discovery.

Today, we continue to shape consumer habits and enable the adoption of the latest trends through our vibrant content. Content that educates, excites and encourages our audience to experiment and express themselves to become the star of their own life.

Our motivation comes from knowing that when they turn to Nykaa it is because we brighten up their day and lift their spirits. And that makes the work that we do meaningful and gratifying.

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BOLD

STRIDES AS INDIA'S EMERGING LIFESTYLE & CONSUMER BRAND WITH

71% YoY growth in GMV*

55% YoY growth in revenues

ONE OF THE

BIGGEST

SPECIALTY BEAUTY AND PERSONAL CARE PLATFORM IN INDIA WITH

27 MILLION

orders processed during FY 2021-22 v/s 17 Million orders during FY 2020-21

PROFITABLE

PROFIT AFTER TAX AT

₹413 MILLION

for FY 2021-22

FASTEST

GROWING FASHION PLATFORM WITH

5 MILLION

orders processed during FY 2021-22 v/s 2 Million orders during FY 2020-21

* Gross Merchandise Value

BLOCKBUSTER

DEBUT ON THE BOURSES WITH MARKET CAPITALISATION OF

₹1,043,608* MILLION

₹6,300 MILLION

Raised through IPO to accelerate growth by investing in new customer acquisition and improving customer experience, investing in new growth verticals such as Fashion and expansion of omnichannel presence and fulfilment network.

* As at November 10, 2021 closing (Listing date)

OUR BOARD OF DIRECTORS

Guiding Nykaa's growth strategies with their vision and expertise, our Board passionately steers the company towards long-term sustainability with a sense of deep accountability to stakeholders, employees and customers.

FALGUNI NAYAR
EXECUTIVE CHAIRPERSON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, AGE 59

SANJAY NAYAR
NON-EXECUTIVE DIRECTOR, AGE 61

ADWAITA NAYAR
EXECUTIVE DIRECTOR, AGE 31

ANCHIT NAYAR
EXECUTIVE DIRECTOR, AGE 31

ANITA RAMACHANDRAN
INDEPENDENT DIRECTOR, AGE 67

MILIND SARWATE
INDEPENDENT DIRECTOR, AGE 62

Chairperson Member

50% INDEPENDENT DIRECTORS

40% FEMALE DIRECTORS

	Min (years)	Max (years)	Average (years)
Age	31	67	49
Total tenure of Independent Directors on the Board	3	5	4

ALPANA PARIDA
INDEPENDENT DIRECTOR, AGE 58

PRADEEP PARAMESWARAN
INDEPENDENT DIRECTOR, AGE 49

SESHASHAYEE SRIDHARA
INDEPENDENT DIRECTOR, AGE 56

MILAN KHAKHAR
NON-EXECUTIVE DIRECTOR, AGE 60

COMMITTEES

Chairperson Member

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility & Environmental, Social and Governance Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Fundraise & Investment Committee

FALGUNI NAYAR

EXECUTIVE CHAIRPERSON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ms. Nayar is the founder of Nykaa. She holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. She has over 37 years of experience in e-commerce, investment banking and broking. Prior to founding our Company, she was associated with Kotak Mahindra Capital Company Limited for 18 years where she also served as the Managing Director. She has served on the Boards of various companies, including Tata Motors Limited and Aviva Life Insurance Company India Limited. Presently, she serves as an Independent Director on the Boards of various Companies, including, Kotak Securities Limited, ACC Limited and Dabur India Limited. She has won many accolades over the years.

SANJAY NAYAR

NON-EXECUTIVE DIRECTOR

Mr. Nayar holds a Bachelor's degree in science in Mechanical Engineering from the University of Delhi and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 37 years of experience in banking and private equity. He was associated with Citibank N.A. for over 23 years, where he also served as the CEO of the bank in India for over six years. He was the CEO of KKR India Advisors Private Limited between 2009 and 2020. Presently he serves on the Board of various companies, including Avendus Capital Private Limited.

ADWAITA NAYAR

EXECUTIVE DIRECTOR

Ms. Nayar serves as the Chairperson and CEO of Nykaa Fashion. She co-founded our Company and has been involved in areas of marketing, operations and product development. She holds a Bachelor's degree in Applied Mathematics from the Yale University where she graduated Cum Laude and a Master's degree in Business Administration with distinction from the Harvard Business School. Following her academic pursuits, she re-joined FSN Brands in the year 2017 as CEO in FSN Brands to create and strengthen the offline retail footprint of 'Nykaa'. Since 2018, she has worked to establish our Fashion business and currently oversees nykaafashion.com as well as many of our Company's owned and partner brands.

ANCHIT NAYAR

EXECUTIVE DIRECTOR

Mr. Nayar serves as the Chairperson and CEO of Nykaa E-Retail. He holds a Bachelor's degree from Columbia University. He has previously served as the Vice President of the Investment Banking Division at Morgan Stanley, New York. He is currently responsible for the beauty business and also serves as a member of the investor relations team. He joined FSN Brands in 2018 as the CEO and has overseen the expansion of retail Nykaa stores. He was also the Chief Marketing Officer of the Company between May 31, 2020 and January 12, 2021.

ANITA RAMACHANDRAN

INDEPENDENT DIRECTOR

Ms. Ramachandran holds a Bachelor's degree in commerce and a Master's degree in management studies from the University of Bombay. She has over 46 years of experience in various sectors, including, consultancy, finance, asset management, and manufacturing. She founded Cerebrus Consultants Private Limited in 1995. She has previously worked with A.F. Ferguson & Co. (a former KPMG network company in India). Presently, she serves as a director on the Boards of various companies, including, Aditya Birla Housing Finance Limited, Essel Mining & Industries Limited, Grasim Industries Limited, Godrej and Boyce Manufacturing Company Limited, Happiest Minds Technologies Limited, Kotak Mahindra Life Insurance Company Limited, Metropolis Healthcare Limited and Rane (Madras) Limited.

MILIND SARWATE

INDEPENDENT DIRECTOR

Mr. Sarwate is a Chartered Accountant from the Institute of Chartered Accountants of India, a Cost Accountant from the Institute of Cost Accountants of India and a Company Secretary from the Institute of Company Secretaries of India with ~38 years of post-qualification experience primarily in the FMCG industry. He was a participant of the Fulbright-CII fellowship for leadership in management programme at the Carnegie Mellon Graduate School of Industrial Administration, U.S.A. He also holds a Bachelor's degree in commerce from the University of Bombay. Presently, he serves as an Independent Director on the Boards of Mahindra & Mahindra Financial Services Limited, Metropolis Healthcare Limited, Asian Paints Limited, SeQuent Scientific Limited, Matrimony.com Limited, Hexaware Technologies Limited, OmniActive Health Technologies Limited, Eternis Fine Chemicals Limited and WheelsEMI Private Limited.

ALPANA PARIDA

INDEPENDENT DIRECTOR

Ms. Parida holds a Bachelor's degree in Arts (honours course) from the University of Delhi and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. She has over 21 years of experience in the retail, luxury, branding and design sectors. She is the Founder and Chief Executive Officer of Tiivra Ventures Private Limited. She has served as the Managing Director of DMA Yellow Works Limited. She has also been associated with Titan Industries Limited. Previously, she served on the Boards of SH Kelkar and Company Limited and Prime Research and Advisory Limited, and presently she serves as a Director on the Boards of various Companies, including COSMO Films Limited, and Hindware Limited.

PRADEEP PARAMESWARAN

INDEPENDENT DIRECTOR

Mr. Parameswaran holds a Bachelor's degree in Engineering (instrumentation engineering) and a Master's degree in management studies from the University of Mumbai. He also holds Master of Business Administration from Vanderbilt University. He has over 16 years of experience in engineering, automobile and marketing. He is associated with Uber India Technology Private Limited as Senior Director, RGM Rides – APAC. He was also associated with DEN Networks Limited as the Chief Executive Officer, McKinsey & Company, Inc and Hindustan Unilever Limited.

SESHASHAYEE SRIDHARA

INDEPENDENT DIRECTOR

Mr. Sridhara holds a Bachelor's degree in Mechanical Engineering from the Nagpur University. He has several years of experience in product, engineering, data and artificial intelligence, operations, cyber-security and compliance sector. He also serves as a member of the management Board for Allegro.pl. Previously, he was associated with TUI Travel Plc, and D-Market Elektronik Hizmetlter ve Ticaret AS Kustepe Mah. Mecidiyekoy Yolu Cad (Dogan Online).

MILAN KHAKHAR

NON-EXECUTIVE DIRECTOR

Mr. Khakhar holds a Bachelor's degrees in commerce and law from the University of Bombay. He was awarded a merit certificate under the National Scholarship Scheme by the Government of Maharashtra in 1983. He has over 31 years of experience in natural stones and helping build the Indian material industry sector. Currently he is the Chairman and Managing Director of Solid Stone Company Limited, a BSE listed entity.

Letter from the MD and CEO's desk

Dear Shareholders,

The second wave of COVID-19 pandemic disrupted lives in innumerable ways with a significant human and economic cost. Many within the Nykaa family went through difficult times and I am proud to say that each of us put the physical and mental health and safety of our people as the top priority.

Despite the challenging operating environment, we witnessed a year of strong performance, through a consolidated GMV growth of over 71%, reaching ₹ 6,933 crores. Gross profit reached ₹ 1,644 crores, up 73% Y-o-Y with a margin improvement of 471 bps and EBITDA stood at ₹ 163 crores, up 4%. With a focus on long term growth and profitability objectives, we made significant investments through the year towards technology, operational readiness, and future growth drivers including customer acquisition, new geographies and businesses.

BEAUTY & PERSONAL CARE

Despite it being a year witnessing high inflation and the resultant subdued discretionary spending towards beauty & personal care, our omnichannel beauty business observed GMV growth of over 49% Y-o-Y, a testament to shifting channel preferences as well as our ability to deliver industry leading innovation and experiences for our customers.

Nykaa's expertise in the category coupled with the ability to quickly foresee and adapt to evolving needs ensured that we achieved healthy growth in each of the categories from makeup, skincare, haircare to personal care and wellness. In our quest to further empower the ecosystem by building access for brands and choice for consumers, we expanded our one-stop-shop solution for global brands, now playing the role of importer, distributor, and retailer for 22 global brands. We also added many unique and emerging brands from India to our offerings making our platform vibrant and appealing to our customers.

We acquired 4.4 million new customers in FY 2022, compared to 3 million in FY 2021. Through the year, we have created multiple purchase journeys for our large and diverse base. We introduced new ways of selling on our digital platforms - live stream formats, virtual try-ons and curations such as 'Conscious At Nykaa', 'Beauty Bazaar' and more. To further improve customer experience, we increased warehousing capacity by 40%, adding many regional warehouses that have improved delivery timelines and have extended coverage, reaching 98% of the pin codes in the country. At the same time, we grew our physical store footprint to 105 stores in the 49 cities across the country.

FASHION

The fashion vertical achieved sizable scale in the year, witnessing an accelerated GMV growth of over 168% over FY 2021, demonstrating our ability to cater to multiple lifestyle categories in a differentiated manner. The business has quickly reached this point in just over 3 years of operations, with its share rising from 16% of consolidated GMV in FY 2020-21 to over 25% in FY 2021-22. Nykaa Fashion has been built in a purposeful manner, with a mission to inspire Indian women and men to make fashion & lifestyle choices that best suit them. This approach is

visible through healthy resultant proxy metrics of average order value, share of full price sales and new season sales.

Over the last year, the brand depth has increased to over 1,500 brands and from earlier being a predominantly women's business, we have developed new divisions and categories across men, kids, home and others. Similar to the beauty vertical, we have made concerted efforts to appeal to each member of an ever growing and diverse fashion community through an assortment that comprises brands that are national, international, imported brands, premium & luxury, responsible brands and 'hidden gems'. These rapid developments of assortment, new ways of selling, new curated stores and refined purchase journeys saw fashion acquire 1.6 million new customers in FY 2021-22, compared to 0.6 million in FY 2020-21.

CONSUMER BRANDS

We have been addressing market gaps and consumer needs by creating, acquiring and scaling a portfolio of independent, new age, purpose-led brands in both beauty and fashion segments. Many of our brands such as Nykaa Cosmetics, Nykaa Naturals, Kay Beauty, Wanderlust and Nykaa SkinRx have wide customer acceptance and continue to grow on and off platform. We have also acquired a 51% stake in Dot & Key, further adding to our skincare offering. Dot & Key is a new-age brand that caters to the premium skincare market with products such as serums, face masks, toners and cleansers.

In the fashion business we are building meaningful and significant brands such as Twenty Dresses, RSVP, Nykd by Nykaa and Gajra Gang.

These brands contributed to 11.2% of the BPC GMV and 7.8% of the Fashion GMV in the year, respectively.

In April 2022, we further expanded our consumer brands portfolio through investments towards Earth Rhythm, Kica, and Nudge Wellness. We acquired a minority stake in Earth Rhythm, a science-focused beauty brand, with research-based and results-oriented products. The investment in Earth Rhythm addresses a market for products that are committed to efficacy as well as to the planet. By acquiring Kica, we aim to bring stylish, high-quality activewear products at an affordable price. Through this acquisition, we can connect with the active-wear community of athletes and everyday fitness seekers. With Nudge Wellness, we are venturing into nutricosmetics to unlock a new but high-potential category of edible beauty in India through a joint venture with Onesto Labs.

NEW GROWTH DRIVERS

We combined our expertise in the digital ecosystem and the beauty & personal care market to launch "SuperStore by Nykaa", an eB2B platform bringing access to underserved channels and markets using technology. By catering to retailers such as beauty stores, pharmacies, salons and kirana stores, we aim to solve current challenges in the unorganised beauty ecosystem for all stakeholders - brands, retailers as well as end consumers. This business presents a significant opportunity through a large addressable market coupled with a latent and underserved demand for differentiated and value-added offerings in the offline market across the length and breadth of the country. The early results in the business have been encouraging and we are building this business in a sustainable manner.

LOOKING FORWARD

The stable positive movements on growth as well as profitability over the last few years in our core beauty and fashion business as well as our ability to effectively diversify and extend to new categories and platforms gives us confidence in our future momentum and the long-term sustainability of our performance. Our success so far has come from our philosophy of 'the spotlight being on you', putting the customers first and delivering the right experiences in terms of commerce as well as delight. This focus on customer-centricity is balanced with a view on improving the health of the entire lifestyle ecosystem and every stakeholder in it - brand partners, vendors, and the larger society.

Market dynamics and individual preferences and habits have witnessed increased complexity and maturity over the last few years, and although in the short term the current inflationary pressures will affect discretionary spending, India is poised in the mid to long term to see rapid positive shifts in these lifestyle categories. Long-term drivers of retail consumption in India present an immense opportunity for us in the coming year and beyond - rising per capita incomes, urbanisation, the unprecedented adoption and usage of internet and digital platforms. Younger populations will continue to demand and expect increasingly differentiated consumption journeys, online and offline, and our competitive advantage of agility, ability to innovate and our passion for lifestyle segments will continue to hold us in good stead.

We became a publicly held company in the year that went by and the confidence shown by you, our shareholders, in our abilities has been nothing short of overwhelming. On behalf of the entire Nykaa team, I would like to thank you for your continued trust in our business and vision to become the platform of choice for all consumers.

Warm Regards,
Falguni Nayar

Management Discussion and Analysis

A. Economic and Industry Overview

A1. Indian Economy

As per National Statistical Office, India's real GDP is expected to grow by 8.7%[1] in FY 2022, surpassing the output of the most recent pre-pandemic year of 2020. Even though the speed of recovery was hindered by the severe second wave at the start of the year, it picked up momentum as the infection curve started to flatten and restrictions were lifted in a phased manner. During January 2022 and the third wave, India was significantly better prepared to deal with the outcome vis-a-vis previous waves.

Leading with the highest growth rate amongst large economies, the Indian economy observed a strong recovery that was driven by favourable monetary & fiscal policy, mass vaccinations, and significant progress on structural reforms. This year was also characterized by strong growth momentum in exports and improvement in credit uptake driven by agricultural and industrial sectors.

Outlook

The Indian economy is expected to benefit from recovery in consumption propelled by increasing normalisation of activity, higher rural income, continued emphasis on infrastructure spending by the government, and an incremental boost from pent-up household savings. The Government's CAPEX is budgeted to grow to 2.9% of the GDP in FY 2022-23, highest in nearly two decades. Private corporate investment is also expected to rise with improvement in demand, leading to increased manufacturing sector capacity utilisation and rollout of the Production-Linked Incentive Scheme.

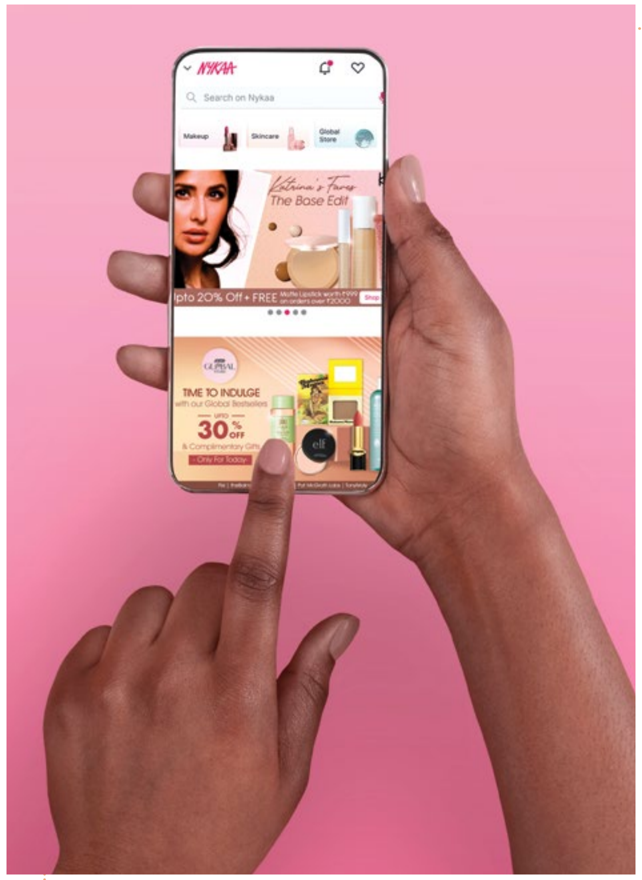
The RBI expects real GDP to grow by 7.2%[1] in FY 2023, however remains conscious that the outlook could potentially be impacted given sustained inflation pressures in the next few quarters (including the impact of Russia - Ukraine conflict), quicker tightening of financial conditions with RBI's rate hikes, high oil prices impacting current account balance and fiscal deficit, while being mindful of subsequent COVID-19 outbreaks.

7.2%

Expected GDP growth rate for FY 2023

[1] RBI Bulletin June 2022

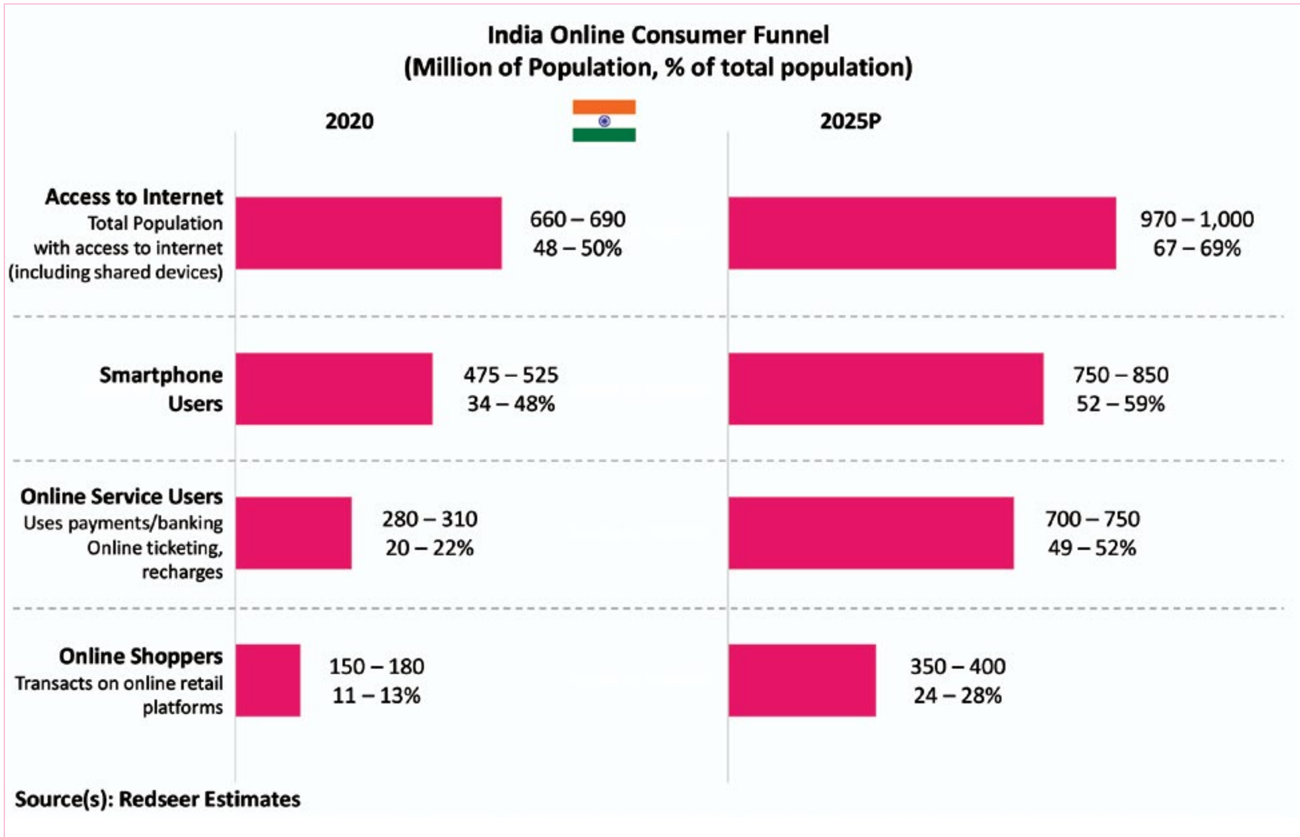
A1.1 Internet economy



COVID-19 resulted in a boost to the internet economy as intermediaries across the value chain (including consumers, suppliers, wholesalers/distributors) came to appreciate the importance of convenience, efficiencies and safety derived from internet-enabled solutions. While India's digital journey has been remarkable, there is significant headroom for growth - expected to be bolstered by the availability of internet access as well as the impetus provided by the Government of India towards digital inclusion.

India will continue to grow across the digital use-case funnel, as there is substantial scope for growth at each level. Additional enrichment like the affordability of internet, continuous improvement in telecommunications infrastructure, increased adoption from Tier 2+ cities, rising popularity of social media, competitively priced online offerings, growing trust and adoption of online payment platforms all contribute to developing this further.

As per a RedSeer Report, internet users in India were estimated at around 660-690 million in 2020. This is expected to reach 970-1,000 million by 2025. This report also highlights how online shoppers in India are expected to more than double from 150-180 million in 2020 to 350-400 million in 2025.

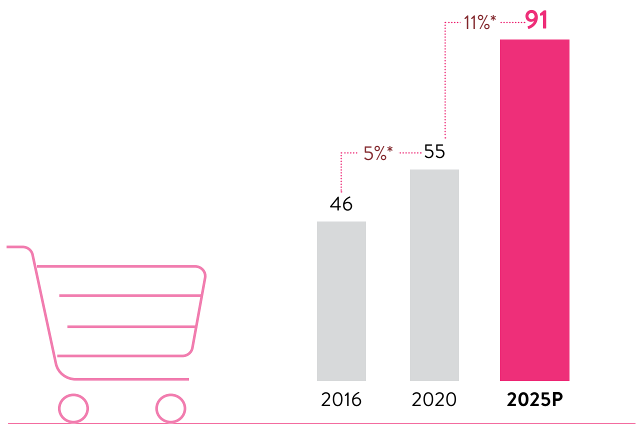


A2. Indian Retail Industry

Accounting for 51% of the Private Final Consumption Expenditure, India's retail market was sized at ₹55 trillion in 2020, reflecting a CAGR of 5% over the last 4 years. This growth was driven by the following factors: rising income levels, upgradation in consumer behaviour, surge in demand from Tier 3, Tier 4 cities and rural markets, increased youth spending, improvement in infrastructure and the entry of new Indian and global brands across product categories. India's retail sector was impacted by the first wave of COVID-19 in 2020, where both the supply and demand of most consumer goods adversely affected. Even post lockdown being lifted, consumers were apprehensive about stepping out of their homes. This led to a 14% decline in the retail market size in 2020. Yet, the impact of the second wave in 2021 was relatively limited due to the localised nature of lockdowns and gradual easing of supply chain disruptions. Therefore as the pandemic eases out, the retail market is expected to bounce back in the coming years and grow at a CAGR of 11% to reach ~₹91 trillion by 2025.

India Retail Market and Growth

(₹ in trillion)



*CAGR

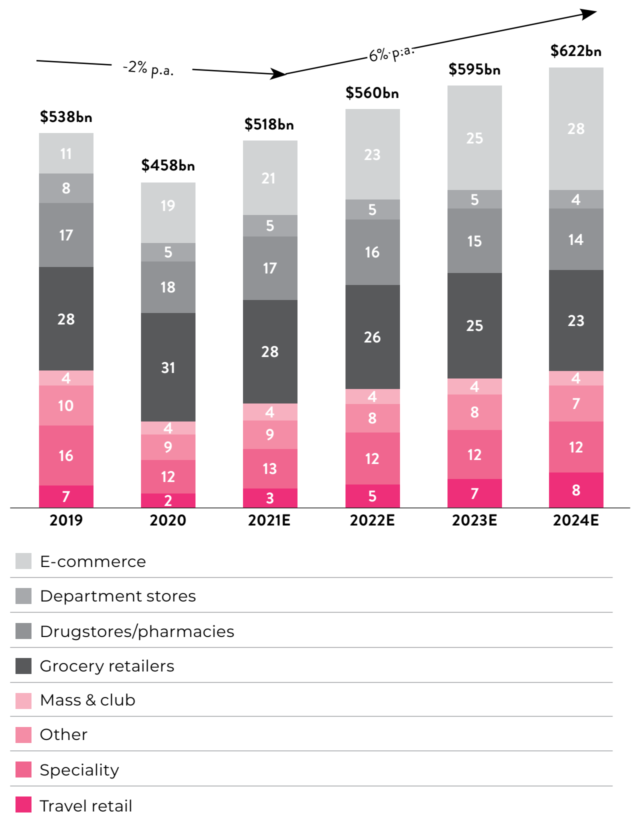
₹91 trillion

Retail opportunity by 2025

A 2.1 Global Beauty and Personal Care (BPC) Market

As observed in other industries, the pandemic had a 'V' shaped impact on the global beauty market. The future appears optimistic with growth expected across various product categories. Key trends to look out for in the industry is an increasing demand for 'clean beauty' products as well as purpose-led brands, drawing a higher focus on ingredients, sourcing, environmental consciousness, diversity, equity and inclusion. Another trend that will drive this future growth is rising e-commerce sales, which will be the fastest-growing channel for beauty sales over the next couple of years. The Beauty and Personal Care Market in India was sized at ₹1,267 billion in 2019, after having grown at a CAGR of 13% over the last 3 years. It shrank to ₹1,120 billion in 2020 due to reduced spending during the first COVID-19 wave. This is now projected to grow at a CAGR of 12% to reach ₹1,981 billion in 2025, primarily because of increasing urbanisation, a young population and other demographic and socio-economic factors.

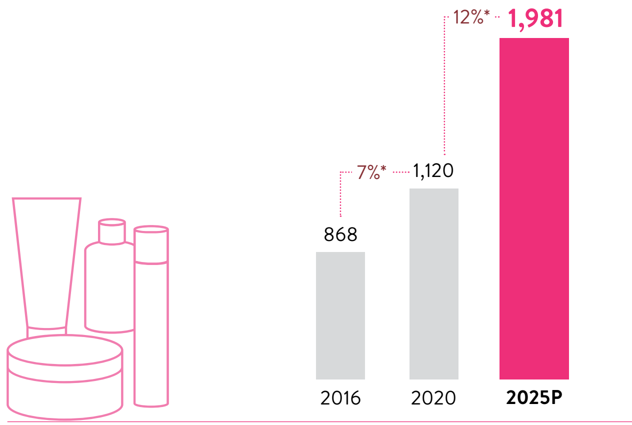
Global Beauty Sales Trend



Source: State of Fashion 2022 by McKinsey & Company

India Beauty and Personal Care Market and Growth

(₹ in billions)



*CAGR

A2.1.1 India Online Beauty and Personal Care Market

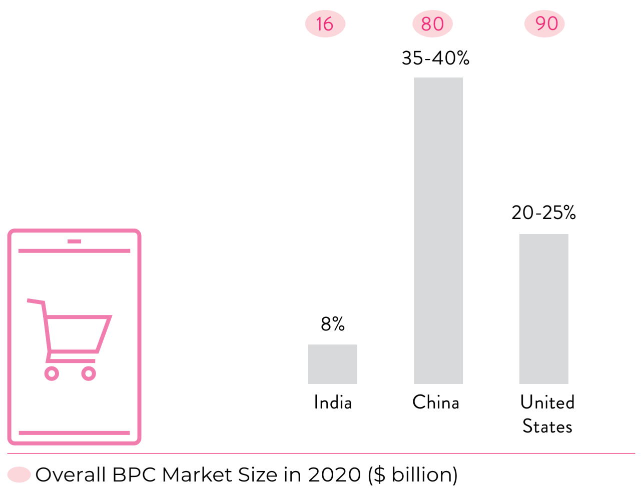
The Online Beauty and Personal Care Market in India grew at a promising 60% CAGR between 2016 and 2020, reaching ₹91 billion in 2020, representing 8-10% of the Indian Beauty and Personal Care Market. The sector is expected to grow at 35%+ CAGR over the next 5 years.

Key drivers of growth here include increasing online shopping penetration in Tier-2+ cities, sustained investments in growth of the sector, rising affinity for branded products, wide assortment, increasing need for convenient shopping experiences, rising adoption of e-commerce by Gen-Zs and millennials, and higher consumer trust on products bought online. There is substantial headroom for greater penetration in India, in the context of online penetration of more developed markets such as the United States (20-25%) and China (35-40%) in 2020.

Online BPC retail platforms are effectively resolving challenges faced by consumers and brands with the help of superior application of technology, efficient supply chain and quality control, access to a wider selection and authentic products and brands (including niche luxury brands), original content with advice from experts, door-step deliveries, and wider geographic reach in a fragmented category.

Online Beauty and Personal Care

(% Penetration)



A2.1.2 Opportunity

Growth in BPC Spend by Youth

Consumers in the 25-35 years age group are the most active BPC buyers, yet the buying behaviour of these consumers is different compared to traditional Indian shoppers. They are more inclined to have a relatively sophisticated make-up and skincare regime where their purchase decisions tend to be influenced by trends. This segment is also open to experimenting with newer product categories.

Consumers between the 18-24 years age group are a digitally native generation that engages through social media to discover, adopt and socialize brands and behaviours.

Increasing BPC Spend from Non-Metro Cities

There has been an increase in aspirational spending on BPC products in non-metro cities enabled by rising disposable income, increasing female workforce participation, growing popularity and influence of social media, and evolving lifestyle choices. BPC spending from Tier-2+ cities is projected to grow faster than metro cities. Tier-1 cities, with their large population base, driven by an increase in their per capita BPC spend.

Rise in Spend on Specialised BPC Categories

Some specialised BPC categories like deep skin and derma care, fragrances, nutraceuticals, men's grooming, sexual wellness and hygiene have found their way into consumers' repertoire, steered by a cultural shift in metro and Tier-1 cities.

Emergence of a Sizable Prestige BPC Segment

In recent years, aided by increased disposable income, rise in aspirational BPC buying and improved access, there has been greater proliferation of prestige brands. The prestige segment grew at a much faster rate than the mass segment and overall BPC market. The premium BPC segment comprises 4.2% of the total segment in India and premiumisation opportunities are multiplying at a higher pace. Globally, this segment is as high as 20-40%.

Rise in Popularity of Online Content-led Discovery

Online content has become one of the primary levers of BPC purchase decisions, which effectively facilitates discovery and understanding of BPC products and brands. This has given a significant push to the market as Gen-Z and millennial consumers (which are the most active BPC buyers) continue to remain active consumers of online content on social media platforms. The live e-commerce market, which comprises influencers, merchants and key opinion leaders selling directly to consumers on the platform via video live streaming, is likely to become an important facilitator of discovery in the BPC category.

Growth of Men's Segment

Traditionally, BPC spending by men has been significantly lower than that of women. However, in recent years, men have become more aware of appearance and conscious of hygiene. This has led to the grooming category for men expanding beyond shaving to extend to beardcare, shower gels, face wash, fragrances, and body lotions. Over the last few years a number of brands focused on men have entered the market. Influencers normalising the use of these products have also played a key role in driving adoption of these different products and categories.

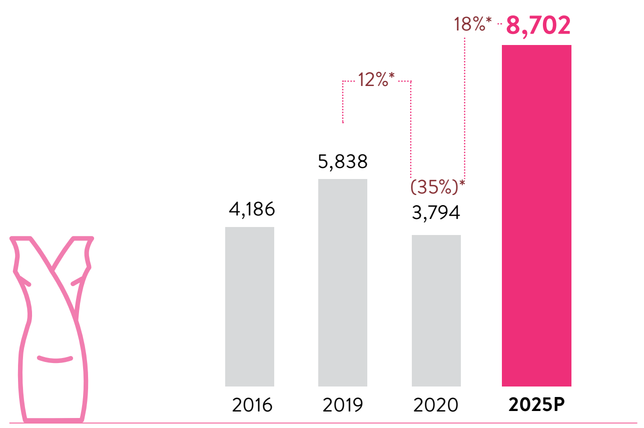
A2.2. Fashion Market

According to the State of Fashion 2022 report released by McKinsey & Company, global fashion sales will reach 96-101% of 2019 levels in 2021, further rising to 103-108% in 2022. Whilst overall sales are expected to make a recovery, performance is uneven across geographies. The global fashion market is projected to benefit from global macroeconomic trends and positive customer sentiment. Pent-up buying power especially in countries with high vaccination rates and savings indicate favourable market conditions for 2022. Sustainable products and operations will be the key challenge and opportunity moving forward. While the move to digital presents another big opportunity for the fashion industry, supply chain and logistic issues continue to weigh heavily.

Complementary to global indicators, the Indian fashion market is expected to be driven by a young population with increasing disposable income. The Fashion Market grew at a 12% CAGR over three years to reach ₹5,838 billion in 2019. It declined by 35% in 2020 during the first COVID-19 wave - driven by the reduction in discretionary spending and disruption in supply chain due to the first lockdown. The Fashion market in India is projected to recover strongly and grow at 18% CAGR over the next five years to reach ₹8,702 billion by 2025. Apparel is projected to continue driving ~73% of the market in 2025.

India Fashion Market and Growth

(₹ in billion)



*CAGR

A2.2.1 India Online Fashion Market

The online fashion retail sector size was at ₹450 billion in 2020 (based on checkout GMV), growing at 25% CAGR over the past 4 years. This led to online penetration growing 3x in 4 years to 12% in 2020, with relatively higher penetration in the footwear and accessories categories compared to apparel. The sector is expected to grow at 36% CAGR over the next 5 years.

The rapid growth was led by the growing online shopper base in Tier-2+ cities, digital maturity of Gen-Z and millennial consumers, willingness to trade up for personalised experience, impact of social media influencers to enable effective product discovery, strong emergence of digital-first brands, adoption of e-commerce by premium and designer brands, increased assortment available across sub-categories and convenience of online shopping along with hassle-free returns.

A2.2.2 Opportunity

Growth in Fashion Spend by Youth

Consumers in the 20-35 years age group are the most active fashion buyers, who aspire to express their individuality through fashion choices. These consumers possess decent paying capacity, high awareness of latest trends and strong digital maturity.

Increasing Spend on Fashion from Tier-2+ Cities

Demand from Tier 2+ cities has grown rapidly over the past few years, propelled by consumers shifting from unbranded products to value-branded products and availability of value-focused brands and retail stores to serve this demand. Spend on fashion from Tier-2+ cities is projected to grow faster than the market.

Rising Influence of social media

Consumers tend to get influenced by the latest trends in apparel, footwear and accessories through their network on social media platforms. This not only educates them on the latest trends in the market, but also pushes them to aspire for newer products and brands to stay updated in their social circle. This eventually translates into increasing spend on fashion products.

Growth of Men's and Kids' Segments

The men's segment, although slightly smaller, has grown at a faster pace than the women segment. The growth is largely due to the rise in assertive male spenders with high disposable incomes and the need to look and feel good. Besides, the kids' segment has grown rapidly between 2016 and 2020, given the consistent demand for clothes and footwear for growing kids.

Emergence of Occasion-Centric Demand

Though casual fashion in India is largely led by western wear owing to its comfort and easy availability, occasion-centric fashion is seeing a considerable rise in demand, wherein both western and ethnic wear are used widely. In western wear, shirts and trousers or skirts for formal/corporate occasions, business suits for interviews/events, tuxedos and gowns for parties and designer suits for weddings, have become ongoing fashion trends and are seeing high demand. On the ethnic wear side, there is a growing fondness and respect for the category, especially during the wedding and festive seasons.

B. Business Review

B1.1 Overview

We are a digitally native, consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. Since our incorporation in 2012, we have invested both capital and creative energy towards designing a differentiated journey of brand discovery for our consumers. We have a diverse portfolio of beauty, personal care and fashion products, including our owned brand products manufactured by us. As a result, we have established ourselves not only as a lifestyle retail platform, but also as a popular consumer brand. We offer consumers an omnichannel experience with an endeavour to cater to diverse consumer preferences and conveniences:

Online: Our online channels include mobile applications, websites and mobile sites. As of March 31, 2022, we had cumulative downloads of 72.5 million (47.3 million in BPC and 25.2 million in Fashion verticals) across mobile applications and during FY 2022, 88.9% of our online GMV came through our mobile applications.

Offline: As of March 31, 2022 our offline channel comprises 105 physical stores across 49 cities in India over three different store formats. Our physical stores offer a select offering of products as well as a seamless experience across the physical and digital worlds.

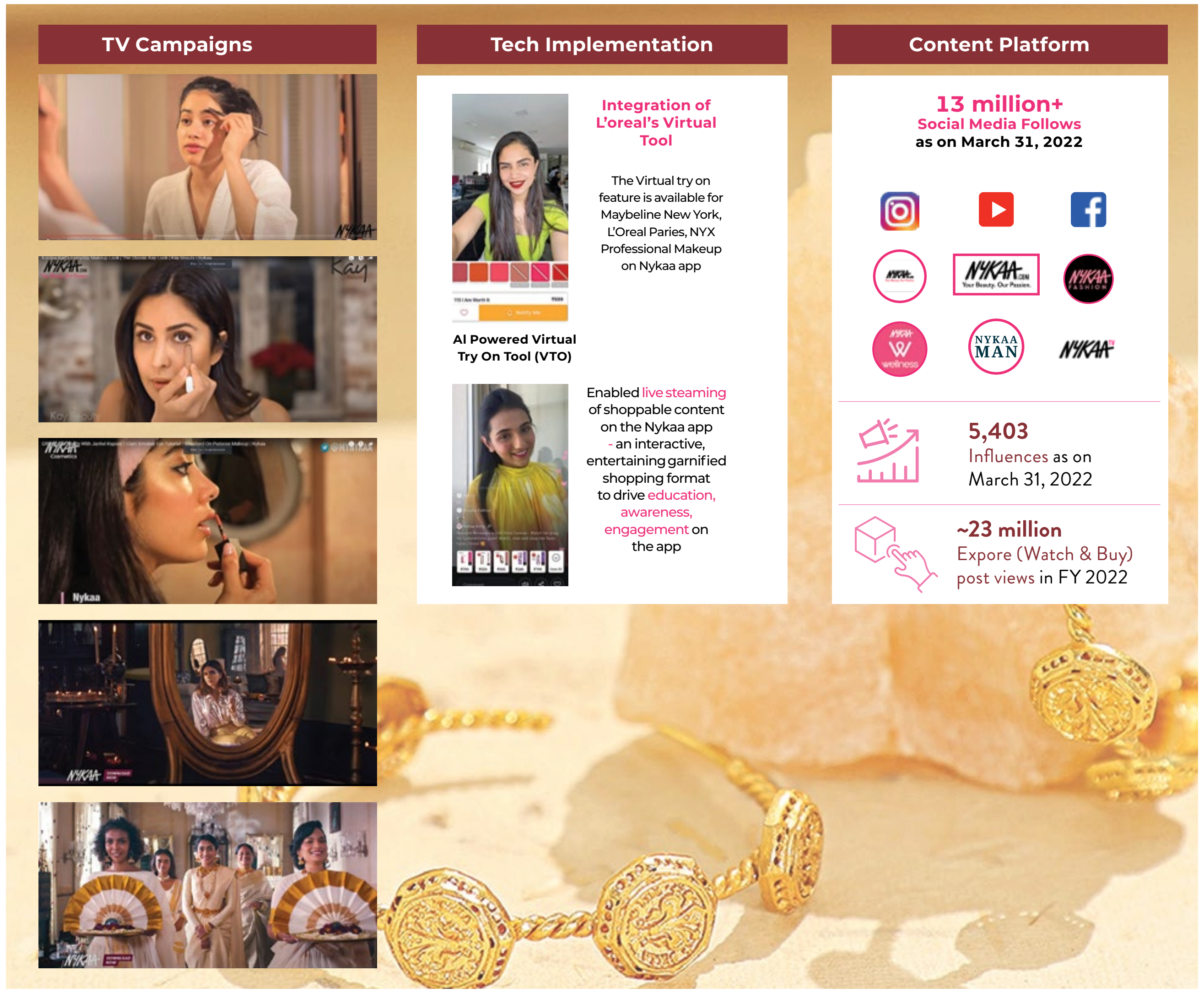
Our lifestyle portfolio spans beauty, personal care and fashion products. We believe that consumers have different journeys for different lifestyle needs, and this has led us to build vertical-specific mobile applications, websites and physical stores. These independent channels allow us to tailor our content and curation optimally for the convenience of consumers and to cater to the different consumer journeys that exist in these business verticals:

Nykaa: Beauty and personal care

Nykaa Fashion: Apparel and accessories

Nykaa Others: EB2B and Nykaa Man and other growth verticals

In addition to leveraging our strengths in comprehensive merchandising, brand relationships and delivery experience, we focus on educating consumers via digital content, digital communities and tech-product innovations, which is an integral component of our business model.



B1.2 Beauty and Personal Care

Our beauty and personal care offering are extensive with 2,96,122 SKUs from 3,118 global and domestic brands primarily across make-up, skincare, haircare, bath and body, fragrance, grooming appliances, personal care, and health and wellness categories as of March 31, 2022.

Having invested in omnichannel distribution, digital marketing, technology and logistic capabilities has enabled us to provide a wide range of services to our brand partners, thereby enabling long-term and mutually beneficial relationships. For online- first brands, we provide them with the ability to rapidly scale by leveraging our online platform; for prestige brands, we help them grow through our omnichannel distribution; and for traditional FMCG and CPG brands, we provide them with the ability to acquire and retain millennial and Gen-Z consumers as they stay relevant to changing consumer trends. As a result, a host of renowned domestic and international brands chose us as their launch platform in the Indian market.

Despite being a consumer technology platform, we recognised the importance of having a sizeable offline network of owned and operated retail stores. We opened our first speciality retail store in 2014, and have as of March 31, 2022, 105 physical stores across 49 cities. Our physical stores currently exist in three formats, Nykaa Luxe, Nykaa On Trend

and Nykaa Kiosks and are developed to cater to a specific consumer demographic and need of the local market.

We manage our BPC business predominantly through an inventory led model. This approach allows us to source directly from brands or their authorised distributors in the country thereby guaranteeing authenticity of products sold to consumers, important in driving consumer trust and thereby adoption. Having an inventory-led model also allows us to ensure availability and timely delivery.

In addition to being a multi brand speciality beauty retailer, we manufacture and distribute our own branded beauty and personal care products through third- party manufacturers contracted by us. We have entered into agreements with several manufacturers in India, for the manufacture of such products, which are sold under our owned brands such as ‘Nykaa Cosmetics’, ‘Nykaa Naturals’ and ‘Kay Beauty’. Our owned brands have their own “Go to Market Strategy “ and are available on our online and offline channels, as well as third-party retailers.

B1.2.1 Achievements of FY 2021-22 – BPC

Business performance

Particulars	FY 2021-22	FY 2020-21	% increase/ (decrease)
Monthly Average Unique Visitors (in million)	20.78	13.52	54%
Annual Unique Transacting Customers (in million)	8.43	5.65	49%
Orders (in million)	26.96	17.09	58%
AOV (₹)	1,864	1,963	(5%)
GMV (in ₹ million)	49,987	33,542	49%

In FY 2022, 26.96 million orders were placed on our platform for beauty and personal care products with a total GMV of ₹49,987 million, a 49% increase over FY 2021.

B1.3 Fashion

We launched Nykaa Fashion in 2018, as a lifestyle platform to inspire consumers to make fashion and lifestyle choices that best suit them. We have a wide assortment of offerings, at varied price points to cater to women, men and children across diverse demographics.

As of March 31, 2022, Nykaa Fashion housed 1,553 brands and over 4.3 million SKUs with fashion products across five consumer divisions: women, men, kids, tech and home. Within these divisions, we merchandise across several categories, including western wear, Indian wear, lingerie, footwear, bags, jewellery, accessories, athleisure, tech accessories, home decor, bath, bed and kitchen to cater to diverse consumer journeys across our platform. We offer a mix of brands across established national brands, international brands, luxury brands, and emerging labels and designers.

While we offer a wide range of products, we place strong emphasis on curation. We identify fashion-forward brands, vetting for style and quality, and further selecting styles within these brands to offer on our platforms. We also place importance on selling full-price products, reducing reliance on discounting, and selling latest season’s designs. Additionally we use digital content, personalised mobile application experiences and proprietary recommendation algorithms, to build differentiated, style-driven, discovery-led experiences for consumers. Nykaa Fashion has seven owned brands, which are available on our online channel, one physical store, and third-party retailers for many brands.

Nykaa Fashion has different operating models such as sale or return (SOR), marketplace and just-in-time (JIT) inventory model. Such model lends capital efficiency for the fashion business where trends change quickly or frequently. We have made investments in technology, people and processes to support and scale these models.

B1.3.1 Achievements of FY 2021-22– Fashion

Business performance

Particulars	FY 2021-22	FY 2020-21	% increase
Monthly Average Unique Visitors (in million)	15.30	5.77	166%
Annual Unique Transacting Customers (in million)	1.82	0.65	182%
Orders (in million)	5.19	2.36	120%
AOV (₹)	3,420	2,739	25%
GMV (in ₹ million)	17,516	6,530	168%

In FY 2021-22, 5.19 million orders were placed for fashion products with a total GMV of ₹17,516 million, 168% increase from FY 2020-21.

B.1.4 Others

Others in FY 2021-22 includes new businesses like Nykaa Man, eB2B platform ‘SuperStore by Nykaa’, International and new brand acquisitions. Of the total GMV of ₹69,332 million, others contributed 2.6% i.e., ₹1,829 million, seeing an increase of 371% from FY 2020-21 where GMV was ₹389 million. Others in FY 2020-21 included Nykaa Man only.

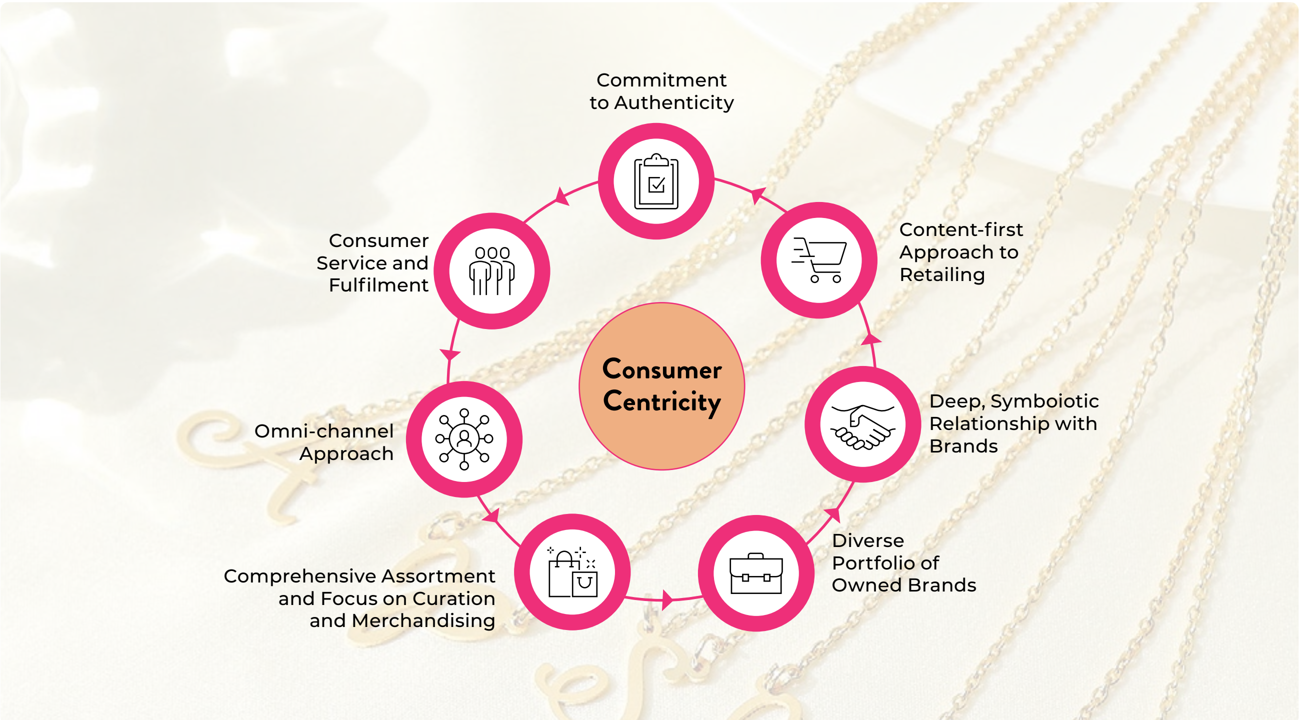
Nykaa strengthened its partnership with ELCA Cosmetics Private Limited with the launch of Aveda X Nykaa unisex salons in India, starting from Bengaluru in April 2022, offering advanced, international, high performance and 100% vegan premium hair services to Indian consumers.

B1.5 Value Proposition

Our business was built iteratively while innovating for consumer satisfaction as well as optimising for purchase behaviour. We believe that the consumer journey for product selection often involves a significant amount of time spent exploring. We endeavour to understand the process of decision-making and provide for the critical moments across different stages of a consumer’s journey on our platform. Through integrations across touchpoints, we target consumers and design personalised browsing and purchase experiences to meet the diverse needs of our consumers.

Our business model is rooted in our value proposition, separating us from the otherwise predominantly transactional e-commerce industry.

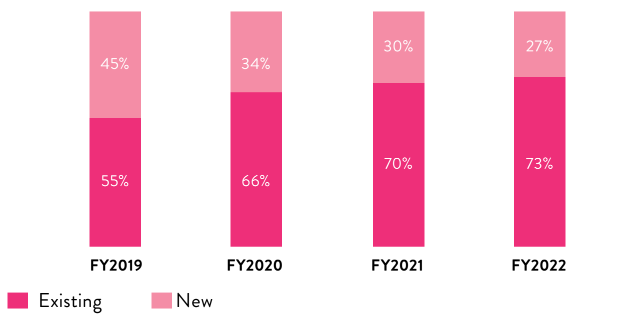
Our Value Proposition



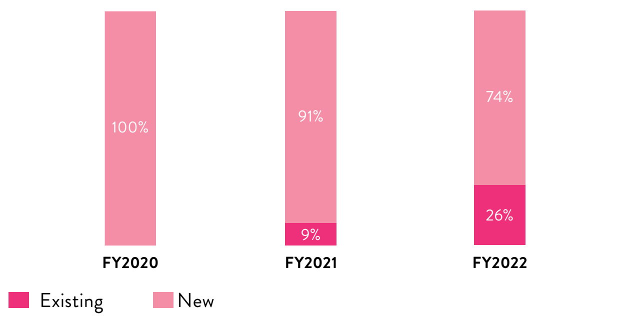
We evaluate the effectiveness of our value proposition by tracking, among others, GMV from existing consumers. We have observed a high level of loyalty for our platform among consumers.

The following charts depict the contribution to GMV from new and existing consumers by financial years, on our website and mobile application for beauty and personal care as well as the fashion verticals. Our new consumers, identified by their email-id or mobile number, are those who placed their first order on our websites or mobile applications during the year under review. Our existing consumers are those who placed at least one order in any prior financial year on our websites or mobile applications.

Existing vs New[1] Customers (GMV Share - BPC)



Existing vs New[1] Customers (GMV Share - Fashion)



[1] New Customer GMV refers to MRP value of all orders placed during the same year by the customer acquired in that financial year

Through Nykaa Prive, our consumer loyalty programme for the BPC vertical, members enjoy exclusive offers and discounts, complimentary gifts, free shipping and access to exclusive members-only content. The Prive members also enjoy priority access to our consumer service team. Our consumers can earn Nykaa reward points by signing up, shopping, writing reviews and answers and referring new consumers to our platform. These rewards points can be redeemed to make purchases on our platform.

Commitment to authenticity

We have developed systems and processes to ensure that the products sold on our platform are authentic and build trust among our consumers and brands. For our beauty and personal care offering, our business is predominantly inventory led. This approach ensures sourcing directly from brands or their authorised distributors in India. It allows us to guarantee authenticity of products, an important consideration for consumers of such products. We also conduct quality checks at our warehouses periodically on our beauty and personal care products. For our fashion offering, we ensure that the sellers we onboard are authorised resellers only. We developed systems to monitor and address consumer complaints in a bid to strengthen our ongoing commitment to authenticity.

Content-First Approach to Retailing

In BPC and Fashion businesses, consumers often require assistance to navigate a fragmented and wide assortment. We believe that purchase decisions can be simplified in lifestyle commerce through inspirational and educational transmedia content.

As per RedSeer Report, we were one of the first online retail platforms in India to drive widespread product and influencer-led education through creative and entertaining content across video and written formats. Our content captures the latest trends, helps ideate and create beauty regimes and outfits and provides insights on various brands available on our platform. We also work closely with our brand relationships to create content that amplifies their brand story and subsequently, their sales. We create and film most of our content in-house through the Nykaa Army, a team of employees who are beauty and fashion content creators. Being mindful of India’s diversity, we create content across eight languages.

We leverage influencers through our Nykaa Affiliate Program, which enables external content creators to publish content on our behalf, across several digital platforms. As of March 31, 2022, we had a network of 5,403 influencers. Over the years, we developed a community of bloggers and content creators who, in most cases, receive a commission for the sales they drive on our platform. As a result of our brand equity and our track record of building digital communities, we can attract influencers.

In FY 2021-22, Nykaa TV, our YouTube based content platform, had a watch time of 6.6 million hours, and content posted on Instagram and Facebook (including videos, reels, posts and stories) was at 31,968 posts. A brief description of some of our content assets is provided below:

Nykaa TV: A YouTube based platform aimed at creating educational content with immersive storytelling across beauty and personal care. Nykaa TV is one of the India’s leading channels exclusively focused on beauty with over 1.2 million YouTube subscribers as of March 31, 2022.

Nykaa Network: A peer-to-peer social community, which is an interactive beauty forum that has reached a scale of 4.4 million members as of March 31, 2022. Here members can chat with other beauty enthusiasts, ask and answer

beauty-related questions, give and seek advice, discover trends and join beauty-centric conversations on topics of their interest.

Nykaa Beauty Book and Style Files: Our beauty and fashion blogs with 1,101 articles published during FY 2021-22.

Explore: Our in-app content aggregation hub, launched in 2020. It is a 'watch and buy' feature that enables a consumer to watch content and shop for the products featured in that content in real time. Such content is uploaded to the mobile application on Explore by our influencers and from social media channels. Its discovery algorithms are responsive to consumer preference based on their search and engagement behaviour on our platform. This allows us to tailor our vast content library to appeal to our specific consumers. The content is predominately multi-brand and education focused, including tutorials, reviews and product trials. During the year ended March 31, 2022, Explore received 12.7 million visits and 23.5 million post views.

Live commerce: An interactive, entertaining and gamified shopping format as part of which special deals were unveiled, valid exclusively during the livestreaming session.

In FY 2021-22, visitors to our beauty and personal care and fashion websites and mobile applications spent over a total of 119.9 million hours, on our channels.

Deep, Symbiotic Relationship with Brands

We value our brand relationships and have a team of brand managers who work closely with brands to strategise and execute growth and brand building strategies. Our beauty and personal care portfolio includes leading luxury and prestige brands such as Armani Beauty, Aveda, Benefit Cosmetics, Charlotte Tilbury, Clinique, Estee Lauder, Huda Beauty, Kama Ayurveda, Kiehl's, M.A.C, Morphe, Pixi, Smashbox, Tom Ford, Tony Moly, Too Faced, and other renowned domestic and international brands such as Biotique, Herbal Essences, Innisfree, Lakme, Laneige, L'Oréal Paris, L'Oréal Professional, Maybelline New York, Mcaffeine, Neutrogena, Olay, Plum, Pond's, and TRESemmé. Our Fashion portfolio includes several brands such as Adisee, Echke, Triumph, Enamor, Payal Singhal, Vitamins, etc.

Our experience and in-depth understanding of the assortment of products, supported by consumer insights allows us to forecast trends, and tailor brand specific marketing and commercial strategies. We leverage our marketing channels to educate and influence our consumers. With the help of social media influencers, we have been able to drive effective marketing of brands on our platform.

BPC: We have 3,000+ brand partners and 22 global brands which were introduced in India by Nykaa and several more through distributors/retailers.

Fashion: We have 1,500+ brand partners and multiple curated style offerings like Hidden Gems for niche market modern Indian design.

Diverse Portfolio of Owned Brands

We have crafted a portfolio of 15 owned brands, which play a key role in increasing the assortment of products for our consumers. Many of our owned brands have a high recall and function as independent brands. The manufacturing for such brands is carried out by third-party vendors.

In addition to our existing portfolio of owned brands such as Nykaa Cosmetics, Nykaa Naturals, Kay Beauty, Twenty Dresses, RSVP, among others, we introduced five additional owned brands recently as stated below:

Dot & Key

Acquired in September 2021, Dot & Key is a new-age brand focused on providing solutions to skincare problems and offers premium skincare products across serums, toners, cleansers and face masks.

Nykaa SkinRx

Science-based skincare brand with clean formulations and effective ingredients launched in August 2021. It provides a range of gender-neutral serums, with clinically proven ingredients in essential concentrations addressing some of the most common concerns for Indian skin, the brand taps into proven scientific research to offer gentle, dermatologically tested formulations.

Pipa Bella

Pipa Bella is a brand for contemporary and personalised fashion jewellery. Pipa Bella was acquired in March 2021 and offers on-trend aesthetic jewellery at accessible prices.

Gajra Gang

Launched in August 2021, Gajra Gang aims to build a niche between trendy fast fashion and luxury, Indian wear.

Gajra Gang offers several product categories, including kurta sets, ethnic dresses, saree, tops and accessories.

IYKYK

Launched in February 2022, IYKYK 'If you know you know' is a trend-forward bags and footwear brand from the Pipa Bella team designed for younger consumers.

On April 22, 2022, Nykaa announced strategic partnerships with three early stage D2C brands to shape the homegrown beauty, fashion and wellness landscape.

Earth Rhythm

We partnered with homegrown science-focused beauty brand, launched in 2015, through a minority stake.

Kica

By acquiring Kica, we have expanded our activewear portfolio which already houses under our owned brand, Nykd All Day to connect with the community of athletes and everyday fitness enthusiasts.

Nudge Wellness Private Limited

We partnered with homegrown, D2C brand incubator, Onesto Labs, to create a new category of nutraceuticals and wellness products under Nudge Wellness Private Limited and unlock a new, high-potential category of edible beauty in India..

Comprehensive Assortment and Focus on Curation and Merchandising

We seek to strike a balance between the breadth and relevance of the assortment of offerings on our platform. We believe in the power of choice and work towards building product offerings that cater to our consumer's specific needs and evolving tastes. Our beauty & fashion product portfolio spanned 4,500+ brands and ~4.6 million SKUs as of March 31, 2022, developed to cater to the varying needs of our diverse consumer base. As part of our merchandising and curation strategy, we focus on market fit for products offered, ongoing demand and consumer trends. We strive to bring in the product

collections that fit our demand profile and at the same time churn out products that are losing relevance. We have a team of curators who work closely with our brand relationships to offer our consumers latest lifestyle trends.

Our platform was designed to drive discovery and inspiration for consumers. Leveraging information across multiple parameters and consumer activity on our platform along with details of attributes against every product, we can show consumers personalised content and products across their shopping journey. Leveraging data science, we developed robust personalisation engines and customised product features, such as landing pages, homepages, search and sort algorithms and recommendation engines to power the discovery experience. We also iterate continuously to enhance our user interface to enable a quality experience for each consumer.

We are investing in Nykaa Pro, a membership-based programme for beauty professionals and makeup artists, providing them access to products, offers and classes, including, educational content.

In FY 2021-22, we launched The Nykaa Cross Border Store (formerly Nykaa Global Store), an online channel that enables Indian consumers to buy select beauty and personal care products of several prominent foreign brands from accredited overseas retailers. Additionally, Nykaa Fashion launched The Global Store by bringing the best of international brands directly to Indian consumers.

Omnichannel Approach

BPC consumers prefer to shop across online channels and physical stores. Many of the products we sell often require a 'touch and feel' experience to arrive at a purchase decision, especially certain higher value and/or complex categories, such as fragrances and make-up. Our physical stores cater to the modern-day Indian consumer, by integrating the offline-online experience seamlessly.

We also have one of the largest physical retail footprints among the multi-brand Specialty Beauty and Personal Care platforms operating across value, prestige and luxury categories, with a dominant share in the luxury segment in India, as of March 31, 2022.

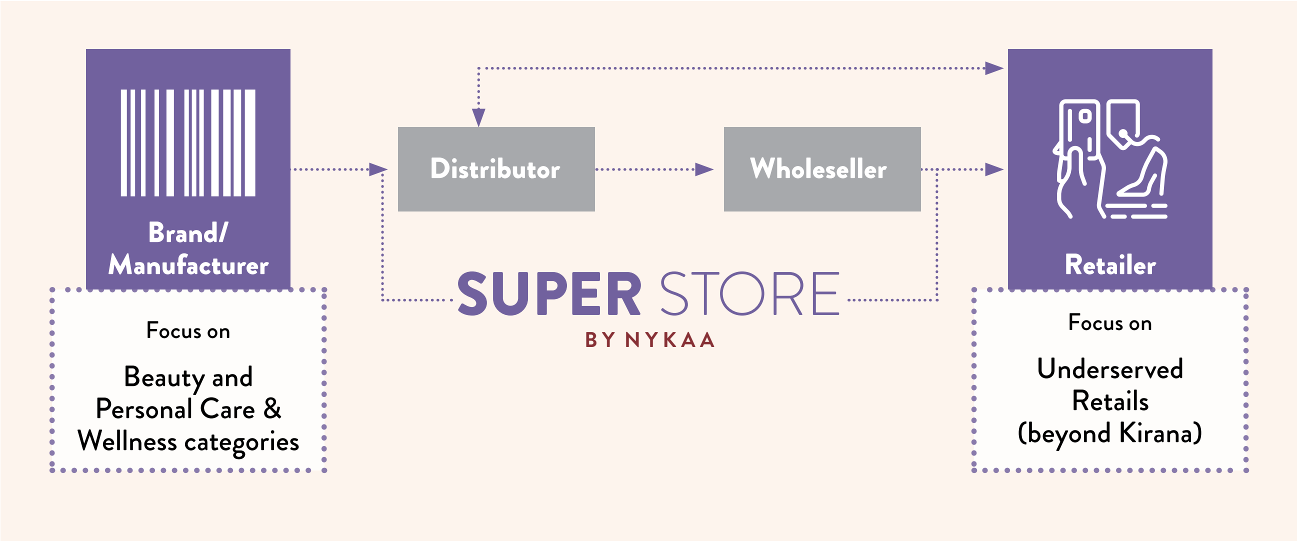
Nykaa Luxe store format offers a luxury beauty experience, which showcases prestige and luxury international and domestic brands.

Nykaa On-Trend stores offer a differentiated experience for our consumers with the current best-selling products chosen across beauty and personal care brands.

Nykaa Kiosks are free-standing units usually in the atriums of shopping malls where we predominantly sell our owned brands.

In FY 2021-22, we launched some of our owned brands such as Kay Beauty in 28 General Trade/Modern Trade (GT/MT) stores and Nykd in 173 GT/MT stores.

Super Store by Nykaa



In October 2021, we launched our Super Store App, an online channel with a separate mobile application for standalone local retailers in India to offer them select BPC products to offer to their consumers. The investment in Super Store, allowed us to connect with retailers across India, and will enable us to create multiple touchpoints. As of March 31, 2022, we had connected with 18,806 transacting retailers across 302 cities in India. Super Store is a democratised distribution channel powered by advisory & advocacy with following objectives:

a) **All-in-One Store:** top brands, international bestsellers and new online products are all in one place for local retailers

b) **Super Service:** enabling 24 hour doorstep delivery, safe credit facility and quick returns

c) **Super Flexibility:** retailer chooses what to buy, how much to buy and when to buy

d) **Super Earnings:** retailer has access to popular products in the locality

Customer Service and Fulfilment

We understand the importance of assisted buying to drive awareness and make sales. As of March 31, 2022, our 479 beauty advisors at our 105 physical stores and 24 virtual beauty and personal care advisors were available to answer questions and offer recommendations to queries online. Online, our consumers can connect one-to-one with our beauty advisors in real time through chat, thereby virtually replicating the in-store, interactive experience.

Our consumer service team also addresses post-order related consumer service queries. We leverage technology to optimise and automate the interactions where relevant. Of our chat queries, 67% are being answered by chatbots as of March 31, 2022, thereby reducing load on our consumer service team, and allowing them to focus on more complex queries.

B1.6 Fulfilment and Operational Excellence

As of March 31, 2022, we served 27,800 pin codes, covering 98.2% of the serviceable pin codes across the country. We have 23 warehouses, with a storage space of 8.2 lakh sq. ft. Orders are monitored and tracked closely to ensure timely dispatch. We have an allocation engine, which helps fulfill orders by utilising inventory efficiently across our warehouses. We drive matching of order to regional fulfillment centre, which optimises shipment costs and inventory management. For fashion products sold through the marketplace platform, we integrated our supply chain with the warehouses of several sellers.

We manage four models – inventory, sale or return (SOR), marketplace and just-in-time inventory models. We have made investments in technology, people and processes to support and scale these models. Our flexibility to operate each model is a core strength as we believe that brands and products require a customised approach to selling. For our inventory and SOR models, our investment in technology is geared to enable fungible inventory across online and offline channels, allowing for efficient inventory management.

Our luxury orders are packed and tracked separately with consistent communication with the brands and sellers to deliver shipments to consumers in an efficient and seamless manner.

C. Financial Review

Revenue from operations comprise of sale of products, services, (primarily marketing support revenue and income from marketplace services) and other operating revenue. Product categories include 'Beauty and Personal Care' (BPC) and 'Fashion and Lifestyle' businesses. Growth in Beauty business accelerated in a relatively normalised COVID-19 environment, with strong revival in the cosmetics category. Fashion, while still an early-stage business in the Nykaa ecosystem, now contributes to nearly 25% of the consolidated GMV.

Summary of Consolidated Financial Performance for the Year Ended March 31, 2022

Consolidated Balance Sheet (₹ in million)

Particulars	FY 2021-22	FY 2020-21	% increase/ (decrease)
Assets			
Property, plant and Equipment, right of use assets, other intangible assets, intangible assets under development and capital work in progress	4,603	2,330	98%
Goodwill	475	5	9,290%
Investments	-	13	(100%)
Other financial assets	5,598	736	660%
Deferred tax assets (net)	1,152	780	48%
Non-current tax assets	139	86	62%
Inventories	8,756	4,981	76%
Trade receivables	945	766	23%
Cash and cash equivalents	2,670	2,477	8%
Other assets	2,122	845	151%
Total Assets	**26,460**	**13,019**	**103%**
Equity and Liabilities			
Equity attributable to equity holders	13,399	4,899	174%
Non-controlling interests	56	8	573%
Total Equity	**13,455**	**4,907**	**174%**
Liabilities			
Borrowings	3,330	1,875	78%
Lease liabilities	2,596	1,452	79%
Trade payables	3,621	3,162	14%
Provisions	167	182	(8%)
Other financial liabilities	2,889	850	240%
Contract Liabilities	160	169	(5%)
Current Tax Liabilities	22	247	(91%)
Other Current Liabilities	220	175	26%
Total Liabilities	**13,005**	**8,112**	**60%**
Total Equity and Liabilities	**26,460**	**13,019**	**103%**

Assets

Total assets increased by 103% to ₹26,460 million for FY 2021-22 from ₹13,019 million for the FY 2020-21, the greater part of which is due to i) Increase in fixed deposits (other financial assets) by 100% to ₹4,375 million, ii) Increase in inventories by 76% to ₹8,756 million due to regional fulfilment strategy and higher sourcing to mitigate supply chain instability due to global disruptions iii) Increase in property, plant and equipment, right of use assets, other intangible assets and tangible assets and capital work in progress under development by 98% to ₹4,603 million on account of opening of new stores and warehouses expansions iv) Increase in goodwill on account of PPA accounting for Dot & Key acquisition by ₹470 million v) Increase in other assets on account of balances with government authorities and advances increased by 324% to ₹1,304 million.

Equity

Total equity increased by 174% to ₹13,455 million for the FY 2021-22 from ₹4,907 million for the FY 2020-21, due to Initial Public Offer raised on 10th November 2021 amounting to ₹6,300 million (fresh issue), of which equity attributable to shareholders increased by 174% to ₹13,399 million in FY 2021-22 from ₹4,899 in FY 2020-21 and non-controlling interest increased to ₹56 million in FY 2021-22 from ₹ 8 million in FY 2020-21, on account of increase in share of NCI holders post Dot & Key acquisition.

Liabilities

Total liabilities increased by 60% to ₹13,005 million for the FY 2021-22 from ₹8,112 million for the FY 2020-21 greater part of which is due to i) Recognition of liability on account of put option available with NCI holders of ₹1,222 million classified under other financial liabilities, ii) Lease liabilities increasing by 79% to ₹2,596 million due to opening of new stores and warehouses expansions, iii) Working capital loan (current borrowings) increasing by 79% to ₹3,321 million on account of increase in inventory iv) Decrease in current tax liabilities by 91% to ₹22 million from ₹247 million in FY 2021.

Consolidated Profit and Loss Account

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	% increase/ (decrease)
Revenue from operations	37,739	24,409	55%
Cost of goods sold	(21,300)	(14,926)	43%
Gross profit	**16,439**	**9,483**	**73%**
Employee benefit expense	(3,259)	(2,330)	40%
Other expenses	(11,547)	(5,586)	107%
Operating expenses	**(14,807)**	**(7,916)**	**87%**
EBITDA	**1,633**	**1,567**	**4%**
Depreciation and amortisation	(964)	(716)	35%
Finance cost	(465)	(307)	51%
Other income	270	118	129%
Profit before tax	**473**	**661**	**(28%)**
Tax expense	(60)	(45)	34%
Profit after tax	**413**	**616**	**(33%)**

Key Financial Ratios

The following table shows a summary of specific key financial ratios:

Key financial ratios	Units	FY 2021-22	FY 2020-21	Y-o-Y change
Return on net worth	%	4.5	13.6	(905) bps
Return on capital employed	%	9.0	17.5	(854) bps
Debt equity ratio	Times	0.25	0.38	(35%)
Basic EPS	Times	0.88	1.38	(36%)
Gross profit margin	%	43.6	38.9	471 bps
EBITDA margin	%	4.3	6.4	(209) bps
Net profit margin	%	1.1	2.5	(143) bps
Current ratio	Times	2.0	1.4	44%
Interest coverage ratio	Times	3.5	5.1	(31%)
Inventory turnover ratio	Times	3.1	5.5	(43%)
Trade receivable turnover ratio	Times	44.1	47.8	(8%)

Return on Net Worth: Return on Net Worth (RONW) is a measure of the profitability of a company expressed in percentage. Return on Net Worth is calculated by dividing the net income of the company by average shareholders' equity. RONW decreased to 4.5% in FY 2021-22 from 13.6% in FY 2020-21 due to increase in shareholder's equity on account of IPO, which will generate return over time.

Return on Capital Employed: Return on capital employed (ROCE) is a financial ratio that can be used to assess a company's profitability and capital efficiency. This ratio can help understand how well a company is generating profits from its capital as it is put to use. Return on Capital Employed decreased to 9.0% in FY 2021-22 from 17.5% in FY 2020-21 due to increase in equity and investment in new verticals such as fashion, Nykaa Man and eB2B which will generate better returns over time as they mature as business.

Debt Equity Ratio: The debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage and is calculated by dividing a company's total debt by its shareholder equity. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds. The debt-to-equity ratio is a particular type of gearing ratio. It decreased to 0.25 times in FY 2021-22 from 0.38 in FY 2020-21 due to increase in equity capital base, on account of IPO.

Basic EPS: Earnings per share (EPS) is calculated as a company's net profit attributable to equity holders divided by the weighted average outstanding number of equity shares. The resulting number serves as an indicator of a company's profitability. Basic EPS decreased to 0.88 times in FY 2021-22 from 1.38 times in FY 2020-21 due to increase in denominator as we raised equity capital through IPO during the year.

Gross Profit Margin: Gross profit margin is calculated as the amount of money left over from product sales after subtracting the cost of goods sold (COGS) as a percentage of its operating revenue. GP Margin increased by 471 bps to 43.6% in FY 2021-22 from 38.9% in FY 2020-21 due to increase in advertisement revenue, owned brand share and better mix in sale of high margin products.

EBITDA Margin: EBITDA margin is a measure of a company's operating profit as a percentage of its revenue. It decreased by 209 bps to 4.3% in FY 2021-22 from 6.4% in FY 2020-21, due to higher investments in acquiring customers, expanding retail stores and fulfillment network as well as new growth verticals.

Net Profit Margin: The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of its revenue. It decreased by 143 bps to 1.1% in FY 2021-22 from 2.5% in FY 2020-21 due to decrease in EBITDA margin as explained above.

Current Ratio: Current ratio is a used to evaluate a company's liquidity position and is calculated by dividing a company's total current assets with current liabilities. The increase is on account of increase in cash and bank balance as a result of capital raised in IPO and increase in inventory.

Interest coverage ratio: Interest coverage ratio is used to determine how easily a company can pay interest on its outstanding debt and is calculated by dividing a company's operating earnings before interest depreciation and tax with finance cost. Decrease is on account of increase in finance cost during the current year.

Inventory turnover ratio: Inventory turnover ratio is a measure showing how many times a company has sold and replaced inventory during a given period. The inventory turnover ratio is calculated by dividing the cost of goods by average inventory for the same period. Decrease is on account of increase in cost of goods sold vis-à-vis increase in average inventory during the current year.

Trade receivable turnover ratio: The trade receivables turnover ratio is a measure that quantifies a company's effectiveness in collecting its trade receivables. The ratio also measures how many times a company's receivables are converted into cash in a certain period of time. There is no major change in ratio compared to previous year.

Cash Generation

The following table sets forth our cash flows for the years indicated as below :

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Net cash flows from/(used) in operating activities	(3,540)	1,332	(366%)
Net cash flows from/(used) in investing activities	(6,028)	(1,297)	365%
Net cash flows from/(used) in financing activities	9,270	(377)	2,559%
Net increase/(decrease) in cash and cash equivalents	**(297)**	**(343)**	**(13%)**

Revenue from Operations

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Sale of Products	32,186	21,809	48%
Sale of Services	5,333	2,503	113%
Other Operating Revenue	220	97	127%
Total	**37,739**	**24,409**	**55%**

Our revenue from operations increased by 55% to ₹37,739 million for the year ended March 31, 2022 from ₹24,409 million for the year ended March 31, 2021, primarily due to an increase in sale of products and sale of services.

- Revenue from sale of products increased by 48% to ₹32,186 million for the FY 2021-22 from ₹21,809 million for FY 2020-21, primarily due to:

  Beauty and Personal Care: i) Increase in Annual Unique Transacting Consumers from 5.6 million for FY 2020-21 to 8.4 million for the FY 2021-22; ii) Increase in number of orders placed on platform from 17.1 million for the FY 2020-21 to 27 million for FY 2021-22; offset by decrease in AOV from ₹1,963 for FY 2020-21 to ₹1,864 for FY 2021-22.

  Fashion: i) Increase in Annual Unique Transacting Consumers from 0.6 million for FY 2020-21 to 1.8 million for FY 2021-22; ii) Increase in number of orders placed on platform from 2.4 million for the FY 2020-21 to 5.2 million for FY 2021-22; iii) Increase in AOV from ₹2,739 for FY 2020-21 to ₹3,420 for the FY 2021-22

- Revenue from sale of services increased by 113% to ₹5,333 million for the FY 2021-22 from ₹2,503 million for FY 2020-21 due to the growth in revenue from marketing support services by 92% to ₹3,742 million due to increase in advertisement income from brand partners, and income from marketplace services by 188% to ₹1,592 million primarily driven by growth in fashion business.

- Other operating revenue increased to ₹220 million for FY 2021-22 from ₹97 million for FY 2020-21 due to increase in shipping charges recovered from customer by 117% to ₹190 million.

Vertical-wise Breakup of GMV

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change	% in FY 21-22	% in FY 20-21
Beauty and Personal Care	49,987	33,542	49%	72%	83%
Fashion	17,516	6,530	168%	25%	16%
Others	1,829	389	371%	3%	1%
Total	**69,322**	**40,460**	**71%**	**100%**	**100%**

Vertical-wise Breakup of Revenue

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change	% in FY 21-22	% in FY 20-21
Beauty and Personal Care*	33,831	22,836	48%	89.6%	93.6%
Fashion	3,254	1,438	126%	8.6%	5.9%
Others	654	135	384%	1.7%	0.6%
Total	**37,739**	**24,409**	**55%**	**100%**	**100%**

*After eliminating inter-segment revenue, which is below 1% of the total revenue

Beauty and Personal Care is the most significant vertical accounting for nearly 89.6% and 93.6% of the total revenues for FY 2021-22 and FY 2020-21, respectively. However, Fashion is a fast-growing vertical showing an increase of 126.4% during FY 2021-22.

Others includes our new business NykaaMan, eB2B platform "SuperStore by Nykaa", International and new brand acquisitions. There is a substantial increase in Others vertical, majorly on account of start of operations in Nykaa International and Super Store.

Vertical-wise Breakup of EBITDA

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Beauty and Personal Care	2,772	1,902	46%
Fashion	(682)	(261)	161%
Others	(457)	(74)	517%
Total	**1,633**	**1,567**	**4%**

The EBITDA for Beauty and Personal Care vertical increased in line with increase in revenue. Since the fashion vertical and others are in early growth stages, expenses are more than income and, therefore, there is negative EBITDA for FY 2021-22 and FY 2020-21.

Cost of Goods Sold

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Cost of material consumed	843	382	120%
Purchase of traded goods	24,078	14,956	61%
Changes in finished goods and stock-in-trade	(3,621)	(413)	777%
Total cost of goods sold	**21,300**	**14,926**	**43%**

Cost of goods sold increased by 43% to ₹21,300 million for FY 2021-22 from ₹14,926 million for FY 2020-21, primarily due to an increase in sale of products that we purchase from brand partners or their authorised distributors, and manufacture under our owned brands, which we sell directly to our consumers in line with the growth in the number of orders on our platform, which was driven by an increase in the number of Annual Unique Transacting Consumers.

Employee benefit expense: Employee benefits expenses increased by 40% to ₹3,259 million for FY 2021-22 from ₹2,330 million for FY 2020-21, primarily due to an increase in salaries, wages and bonus to ₹2,972 million for FY 2021-22 from ₹2,076 million for FY 2020-21. The increase in salaries, wages and bonuses was due to an increase in employee headcount to 2,764 as on March 31, 2022 from 2,047 as on March 31, 2021 and increase in ESOP charge due to grants given during the year to attract and retain talent.

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Salaries, wages and bonus	2,972	2,076	43%
Contribution to provident fund	58	44	34%
Gratuity expenses	35	38	(7%)
Compensated absences expenses	1	103	(99%)
Shared based expenses	143	53	172%
Staff welfare expenses	50	17	188%
Employee benefit expense	**3,259**	**2,330**	**40%**

Other expenses

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Marketing and advertisement expense	4,781	1,689	183%
Freight expenses	2,856	1,580	81%
Outsourced manpower cost	815	506	61%
Consumption of packing materials	869	439	98%
Web and technology expenses	628	401	56%
Payment gateway charges	231	158	46%
Selling expenses	285	71	299%
Others	1,083	742	46%
Total Other Expenses	**11,547**	**5,586**	**107%**

Our other expenses increased by 107% to ₹11,547 million for FY 2021-22 from ₹5,586 million for FY 2020-21, primarily due to (i) an increase in marketing and advertisement expenses to ₹4,781 million for FY 2021-22 from ₹1,689 million for FY 2020-21, which was driven by increase in new consumer acquisition and brand building initiatives, (ii) Increase in freight expenses to ₹2,856 million for FY 2021-22 from ₹1,580 million for FY2021, which was driven by the increase in the volume of orders processed through our platform and improvement in order to deliver (O2D) turnaround time (iii) An increase in consumption of packing materials to ₹869 million for FY 2021-22 from ₹439 million for FY 2020-21, which was due to an increase in shipments in line with an increase in order volumes.

Depreciation and amortisation: Our depreciation and amortisation expense increased by 35% to ₹964 million for FY 2021-22 from ₹716 million for FY 2020-21, primarily due to an increase in depreciation of rights-of-use assets to ₹573 million for FY 2021-22 from ₹408 million for FY 2020-21, increase in depreciation of property, plant and equipment to ₹262 million for FY 2021-22 from ₹186 million in FY 2020-21 driven by retail stores and warehouses expansion and increase in amortisation of intangible assets from ₹121 million for FY 2020-21to ₹129 million for FY 2021-22.

(₹ in million)

Particulars	FY 2021-22	FY 2020-21	Y-o-Y % change
Depreciation on property, plant and equipment	262	186	41%
Depreciation on right-to-use of assets	573	408	40%
Amortisation of intangible assets	129	121	6%
Total depreciation and amortisation	**964**	**716**	**35%**

Finance cost: Our finance costs comprise interest on borrowings, lease liabilities and other finance charges. The increase by 51.5% to ₹465 million for FY 2021-22 from ₹307 million for FY 2020-21 was primarily on account of working capital loan from banks and increase in lease liability (driven by expansion of stores and warehouses).

Other income: Other income comprises interest income on security deposit, bank deposit and forex gain. Our other income increased by 129% to ₹270 million for FY 2021-22 from ₹118 million for FY 2020-21, majorly due to increase in interest on bank deposits.

Tax expense/(income): Our total tax expense increased by 34.4% to ₹60 million for FY 2021-22 from ₹45 million for FY 2020-21. Our tax expenses for FY 2021-22 comprised a current tax of ₹423 million and a deferred tax income of ₹328 million, adjustment of tax related to earlier periods of ₹23 million and a deferred tax credit for unrecognised business loss of earlier years of ₹58 million, while our tax expenses for FY 2020-21 comprised a current tax of ₹401 million, a deferred tax income of ₹310 million, an adjustment of tax related to earlier periods of ₹15 million and a deferred tax credit for unrecognised business loss of earlier years of ₹31 million. Our effective tax rate was 20.04% and 13.09% for FY 2021-22 and FY 2021, respectively due to improvement in profitability in BPC vertical.

D. People & Culture

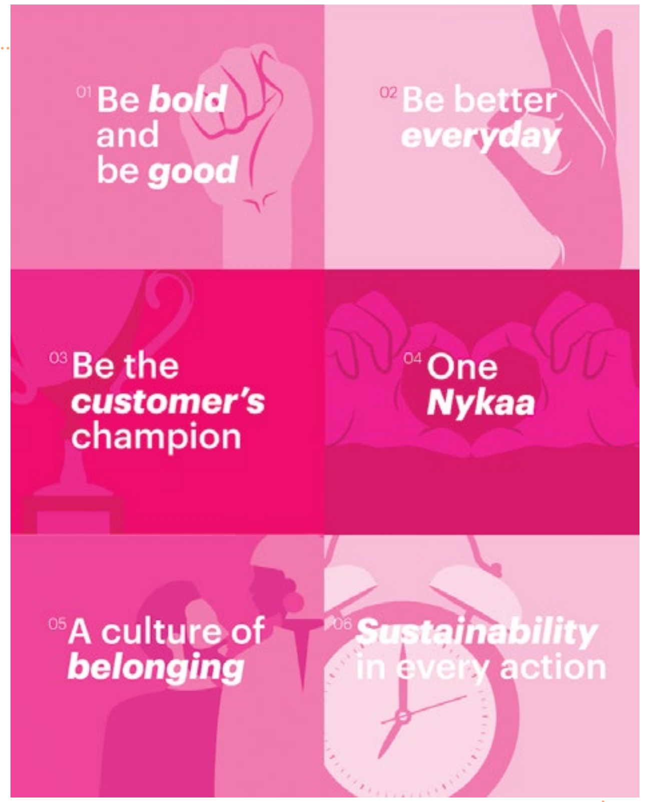
Building on its strong fundamentals, Nykaa has continued its journey of high growth, business expansion and significant milestones including going public. With the pandemic and the resulting uncertainty in the environment, we reiterated our priority and focus on employee care and safety through various initiatives for our employees and their families. During the year, we focused on enhancing our management bandwidth and depth for future scale and fitness. We employed 2,764 and 2,047 permanent employees as of March 31, 2022 and 2021, respectively.

Attracting and Retaining Talent for High growth

In a highly competitive talent market, we were able to attract and retain quality and relevant talent across domains to cope with high growth, complexity, and scale. We enhanced vitality in talent through diversity in hiring lateral talent from large scale Indian, global and new age organisations. We retained our focus on gender diversity with a healthy mix of 46% women. Our voluntary attrition rate was well within new age industry indices, and we could retain our critical and hot skill talent with effective engagement and reward programmes.

Focus on Culture & Values

In 2020, the Company initiated a large-scale engagement exercise to articulate a set of values that will guide Nykaa's success, its cultural fabric, and ways of working for years to come. In 2021 we focused on deeply embedding the values in our people starting with new employee onboarding, storytelling, recognising and building the DNA of the firm, while incorporating values in people processes, systems and policies. In November 2021, we also partnered with Gallup, a leading global consulting firm, to measure our employee engagement and culture. We have been driving initiatives to build greater connections, inclusiveness, sense of belonging, and a culture of recognition.



NYKAA Cares

The last 2 years have been difficult for most, and the value of safety, wellbeing and emotional resilience of our people continued to be top priority. Employee health and safety is the core of our people strategy and under the 'Nykaa Cares' umbrella, a special task team came together to strengthen this by implementing social outreach and helping employees during the pandemic. The Company also facilitated vaccination drives across cities alongwith doctor consulting facilities for employees across the country. We believe that the key to a healthy life is having a healthy mind and with that ethos we provided counselling support for employees and their families through our external partners. Additionally, we continued extending support towards the emotional and financial well-being of our employees through workshops and access to experts.

Investing in Employee Experience Excellence & Systems

With the goal of achieving excellence in employee experience and brilliant basics, we took initiatives to automate our HR processes. We worked towards bringing operational efficiencies in our processes. Our goal is to build systems and processes that are compliant, forward looking and provide an excellent experience to our employees. During the year, the Company invested in strengthening the Performance & Reward management systems to drive high performance and our talent retention strategy. This is an ongoing endeavour and we are creating an operating model which leverages HR Operations, Tech HR, Centres of Excellence (COE) and HR Business Partnering for effectiveness and future fitness.

Learning Organisation

Employees are encouraged to have an entrepreneurial mindset, innovate current ways of working and are exposed to new opportunities and cross-functional learnings. To enhance our learning culture, towards the end of 2021, we invested in creating an online platform called "Nykaa Academy" with best-in-class content to enable learning and certifications for our employees.

E. Environment, Health and Safety

We are committed to ensuring the highest standards of health, safety, and environmental practices at Nykaa. Towards this we have developed a robust framework to ensure health, safety, and sustainability to ensure workplace safety and operational sustainability as per environmental regulations.

Achievement of FY 2021-22

Our policy on health and safety for employees was rolled out in FY 2021-22. Policy explains our beliefs, values and priorities for Health, Safety & Environment.

To prevent the spread of COVID-19, we took necessary precautions across our offices, warehouses, and stores, which included sanitation facilities, social distancing, installation of thermal scanners, removal of biometric scanners, among others. Detailed standard operating procedures and guidelines/advisories were issued periodically to the employees of Nykaa. We initiated/completed the Vaccination drive/camps to safeguard our employees from COVID-19.

Company initiated audits to build structured intervention in phases to achieve high-quality standards in Health & Safety.

Our water usage is restricted to human consumption at our workplace only. In most of our offices, sensor-based taps are installed in office washrooms to economise water consumption.

E-Waste generated in our workplaces are disposed to authorised recyclers as per the standards. We also applied for registration as Brand-owner and Importer with the Central Pollution Control Board (CPCB). The Extended Producer Responsibility (EPR) for each subsidiary is in action since April 2021 with an authorised recycler ("RECYKAL") to collect waste from fields across different states.

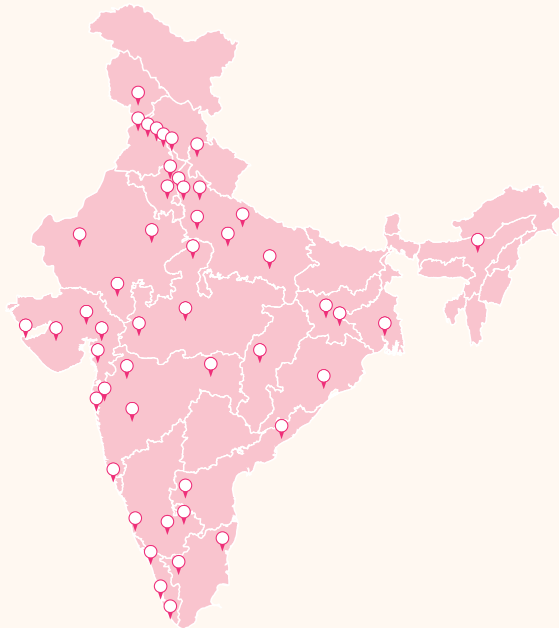
F. TECHNOLOGY

We are a digitally native consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. We consider our technology platform to be a key enabler and pillar of our business strategy. We operate a proprietary, custom-built and component-based technology platform that connects our consumers, brand partners, influencers and internal teams, catering to the needs of our different lifestyle businesses, and delivering a comprehensive omnichannel e-commerce experience. We have a technology team that focuses on enhancing the platform capabilities and the consumer shopping experience. We built our platform in a simple, fault-tolerant, scalable, maintainable and secure manner, which helps us efficiently launch new businesses or provide richer experiences to our users within existing businesses.

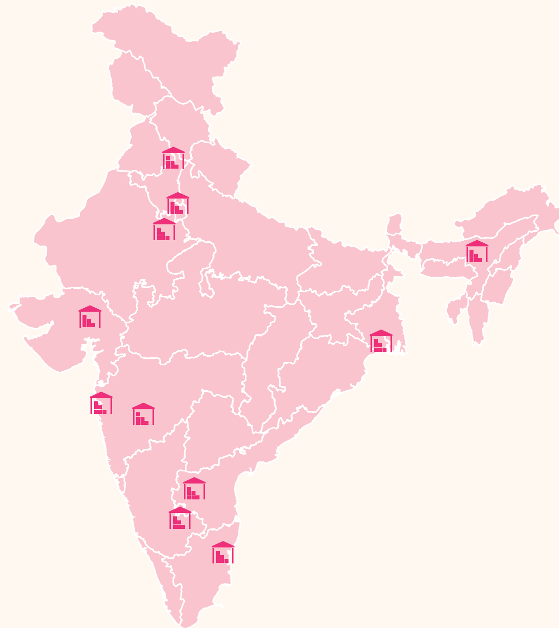
G. Supply Chain

As of March 31, 2022, we had an integrated supply chain comprising 23 warehouses (of which two are outsourced) across India, with a total capacity of 8.2 lakh sq. ft., supported by 105 physical stores (32 new stores added across India in FY 2021-22).

Stores and Warehouse Footprint



Retail Stores (105)



Warehouse (23)

Achievements of FY 2021-22

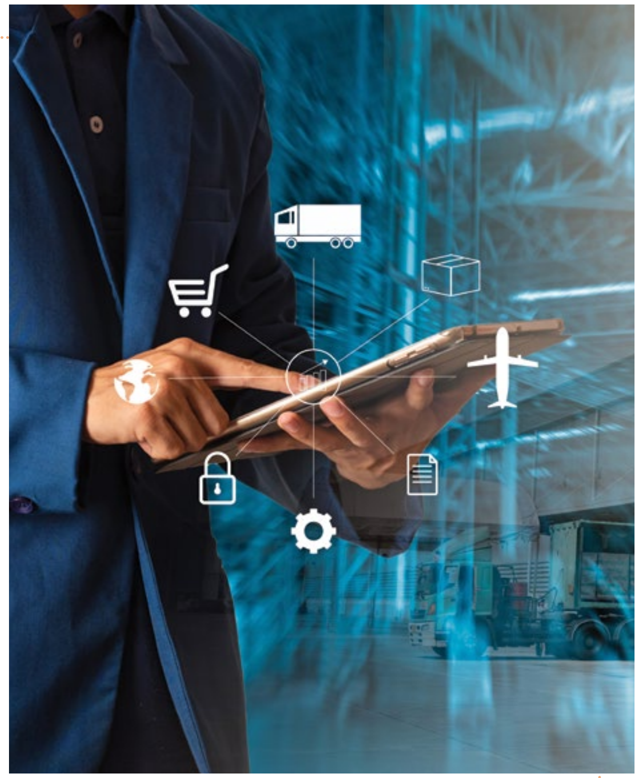
FY 2021-22 was a year of growth and expansion for the supply chain Network of Nykaa. We pivoted from national fulfilment model to regional fulfilment model. We expanded and added five new warehouses in different cities for our Beauty and Personal Care vertical with focus on faster order to delivery and control on split shipments.

We focused on regional fulfilment which helps ensuring that the right stock is available at the right location and at the right time. The shift from national fulfilment model to regional fulfilment model by adding five new warehouses in areas beyond metros helped us reach closer to customers and as a result of these initiatives, our order to delivery (O2D) timelines reduced by one day, and air shipments as well as split shipments ratio have reduced resulting in lower cost per shipment by Q4 of FY 2020-21-22. It has also helped us to de-risk supply chain against localised shut down amidst COVID-19 pandemic.

As of March 31, 2022, we served 27,800 pin codes, covering 98% of the serviceable pin codes across the country. Orders are monitored and tracked closely to ensure timely dispatch. We are optimising our Supply Chain Network to ensure delivery from the nearest fulfilment centre, which optimises shipment costs and inventory utilisation and also help improving customer experience. To maximise efficiency in our supply chain, we implemented an allocation engine, which minimises split shipments, delivery lead times and inventory liquidation.

95% of our BPC orders and 79% of our fashion orders were delivered within five days for the year ended March 31, 2022.

We have developed capabilities to manage four operating models – inventory, sale or return (SOR), marketplace and just-in-time inventory models. We invested in technology, people and processes to support and scale these models. Our flexibility to operate each model is a core strength as we believe that brands and products require a customised approach to selling. For our inventory and SOR models, our investment in technology is geared to enable fungible inventory across online and offline channels, allowing for efficient inventory management.



For fashion products sold through the decentralised sourcing model, we integrated our supply chain logistic partners with the warehouses of several sellers.

Our fashion vertical is based primarily on curation where we provide a platform to market third-party vendor products and facilitate their sale and delivery. Here, we also employ a just-in-time delivery model that does not entail inventory risk, which enables our supply chain to be nimble and adaptive to our product catalogue addressing current trends and consumers' needs without taking on the risk of obsolescence and making objective determinations on new categories minimising inventory risk.

We work with delivery companies such as Blue Dart Express Limited, Delhivery Private Limited, Ecom Express Private Limited, Xpressbees Private Limited, and have added Amaze Courier Private Limited this year to execute our deliveries and ensure smooth and efficient delivery of products to our consumers.

Inventory Management

Our inventory management is guided by supply chain forecast, which depends on factors like historical sales trends by region, lead time, safety stock, minimum order quantity and replenishment frequency agreed with our brand relationships and vendors. We have negotiated stock correction and return to vendor clauses in our agreements with third-party vendors to mitigate the exposure of excess inventory and close-to-expiry products.

There have been major initiatives taken to automate and digitise processes to increase accuracy and optimise the supply chain. One such major initiative is Electronic Data Interchange (EDI). We partnered with a block chain vendor to capture the entire lifecycle of all brand partner related transactions. This will eliminate all manual activities and provide data visibility to both parties involved leading to seamless supply chain alignment.

We manage ~4.6 million SKUs across categories and warehouses. We have a robust concurrent inventory audit mechanism, which is one of our unique propositions. The in-house teams based out of warehouses conduct concurrent audits of inward material, put-aways, allocation into right bins, daily cycle counts and all related inventory management activities round the year.

During the pandemic, retail sector witnessed volatilities. Sales in Q1 FY21 dipped, which led to huge build-up of inventory. This led to an abnormal high day of cover, which was optimised by FY 2021-22 Exit through controlled buying and automation of store replenishment processes via the Automated Replenishment System (ARS) tool. This tool also helped improve on-shelf availability to 92%.

H. Internal Control Systems and Their Adequacy

Our internal controls are founded on the principles of sustainable growth and proactive risk management. A robust framework of internal controls was implemented across business processes to facilitate efficient conduct of business operations in accordance with our policies. The management, along with an external consultant, formulated an internal control framework based on bottom-up risk assessment on directional inputs from Audit Committee and tested the design, implementation and operating effectiveness of financial controls.

The management has identified mitigating controls for operating deficiencies identified and design gaps unremedied, as on March 31, 2022, with no significant deficiencies reported. Our internal auditor executes audits to ensure that the ERP and other IT systems used for transaction processing have adequate preventive and detective internal controls embedded. The audit process includes validation of transactions on sample basis to check if our operations are conducted in compliance with internal policies and ethical standards defined by us. The audit report is reviewed by the management for corrective action and the same is also presented to and reviewed by the Audit Committee of the Board.

The key constituents of the internal control system are:

- Establishment and periodic review of business plans
- Identification of key risks and opportunities and regular reviews by top management and Board of Directors
- Policies on operational and strategic risk management
- Clear and well-defined organisation structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls
- Standard operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures to evaluate new business proposals/capital expenditure
- Robust management information system
- Agile information security policies and guidelines
- Comprehensive internal audit and review system
- Well-defined internal financials controls framework and IT General Controls
- An effective whistle-blowing mechanism
- Training/awareness sessions on policies and code of conduct compliance

As per section 134 (5) (e) of Companies Act 2013, Internal Financial Controls (IFC) means the policies and procedures adopted by company for ensuring:

- Accuracy and completeness of accounting records
- Orderly and efficient conduct of business, including adherence to policies
- Safeguarding of its assets
- Prevention and detection of frauds

The Internal Financial Controls have been documented and embedded in the business processes. Design and operating effectiveness of controls are tested by the management annually with the support of external consultants and later audited by statutory auditors. Statutory auditors have issued an unqualified report after checking the effectiveness of these controls. The management believes that strengthening IFC is a continuous process and therefore, it will continue its efforts to make the controls smarter with focus on preventive and automated controls as opposed to mitigating manual controls. The Company continues to constantly leverage technology in enhancing the internal controls.

I. Enterprise Risk Management

In a rapidly changing business environment with dynamic customer requirements, business risks are constantly evolving. As a result, there is significant variation in the emerging risks landscape across businesses. Hence, risk management is core to Nykaa's strategy and long-term objectives.

We continuously monitor the internal and external environment to identify, assess and mitigate potential and emerging risks and their impact on our businesses.

Nykaa's Risk Management Framework

Nykaa has an integrated approach to risk management across the organisation through cross functional business teams, senior leadership and management committee along with oversight at the board, with a dedicated Risk Management Committee. Nykaa's risk management process strives to analyse all significant business processes across the value chain keeping in mind short and long term risks, as well as emerging potential risk areas, being conscious of:

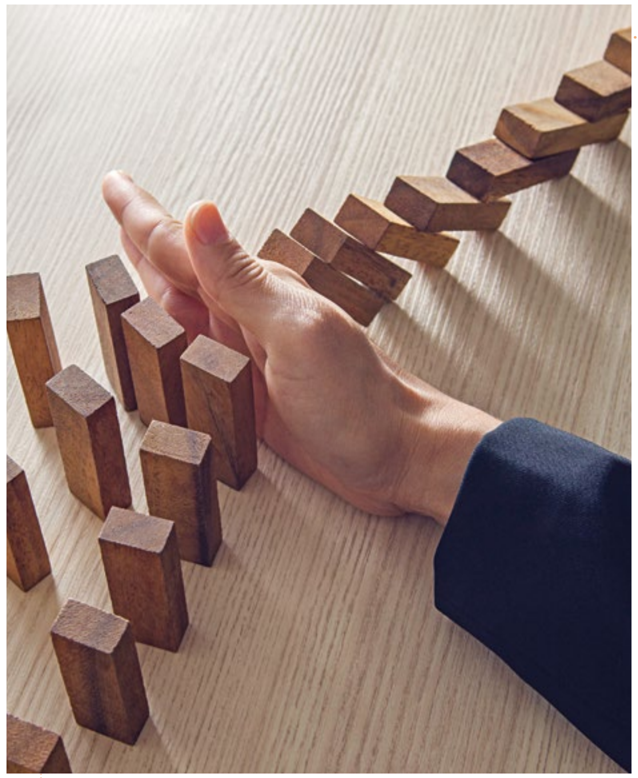
- Strategic risk (Competition/Macro Economic)
- Business and Operational risk
- Compliance and Governance risk
- Tech & Cyber risk
- People Related risk
- Financial and Reporting risk

Risks are identified and measured on the basis of their nature, potential impact as well as likelihood of occurrence. Action plans are built to manage key material risks, and effectiveness of risk management strategies are continuously monitored across the value chain.

These processes are reviewed and evaluated on an ongoing basis by the Risk Management Committee.

Governance Framework

Our risk management framework ensures identification of emerging risks through a well laid governance structure led by the Risk Management Committee .



The Board provides oversight through the Risk Management Committee for the identification, evaluation and management of significant material risks and regularly reviews the effectiveness of controls in place to mitigate risk exposure.

The Risk Management Committee comprises members of the Board and the Chief Risk officer, tasked with the objective of assisting the Board and Audit Committee on matters pertaining to risk management.

Key Risks & Mitigating actions

Below we have outlined the risks that we have identified as most relevant and material to our business and its performance. We recognise that this is not an exhaustive overview of all risks applicable to the Company. New risks may emerge and current and existing risks may evolve as well.

Nature of Risk: Changing Customer Preferences

Risk Description: Customer tastes, preferences and purchasing behaviour is evolving at a pace faster than ever before. Customers' interest in categories, brands and product types can change along with their preferred medium of purchase across digital and physical formats.

Management of risk: We continuously expand our lifestyle portfolio to enter new categories and increase the width of brand and product offering. This reduces our dependency on any individual product type, category or brand reducing risk concentration on any specific customer preference. At the same time, our digital offering spans across multiple mobile applications, desktop and web formats, and we evaluate and implement new formats of selling. Our offline retail footprint includes 3 distinct formats. We have also invested in a technology enabled distribution model, SuperStore By Nykaa, which further reduces our dependence on our physical retail format.

Nature of Risk: Customer Acquisition, Retention and Experience

Risk Description: Evolving marketing environment, dependence on third parties and evolving customer expectations in terms of features, assortment, digital and offline shopping environments can impact our user acquisition and customer retention.

Management of Risk: We make significant efforts towards building the right customer acquisition through a 360-degree marketing strategy spanning digital marketing, mass media, multiple content channels and offline marketing. Hence, we do not have any over-dependence on a single channel of marketing. Customer loyalty is delivered through differentiated experiences, rewards and loyalty programme and targeted reactivation strategies. We continuously monitor retention metrics across segments of customers to proactively take measures to ensure we deliver the right experience for all. We make continual future looking investments in technology and innovation to deliver a superior customer experience.

Nature of Risk: Competitive Landscape

Risk Description: The retail industry, and e-commerce industry in particular, is extremely competitive in nature. Our potential and existing consumers are presented with multiple options including online retailers, offline retailers as well as direct-to-consumer distribution models to choose from. There may be new retail entrants in the lifestyle categories we operate in.

Management of Risk: We have made significant investments in various models of selling– digital as well as a wide store network across the country along with differentiated offerings for beauty and fashion. We also retail a diverse range of brands, including being the distribution partners for many brands we directly import into the country. We also invest in long term brand building through responsible customer-centric marketing and education practices to build long-term customer value.

Nature of Risk: Skill Development and Talent Retention

Risk Description: Our business innovation and excellence depends on the skill development of our workforce along with Nykaa's agile ways of working. Our ability to attract and retain talent is critical to the success of our operations. Employees not possessing the right skills in an evolving landscape could further affect our ability to innovate. The competitive labour market for key skillsets and possible attrition of key staff and managerial personnel could affect our growth.

Management of Risk: We make future looking investments in people and attract top talent from diverse backgrounds and identities. We have been able to quickly scale up our employee base with growing business and functional needs, while maintaining our agile ways of working. While championing diversity and inclusion, we adopt a high-performance culture, while ensuring we equip people with the right tools for upskilling and reskilling.

Nature of Risk: Compliance and Regulatory Risks

Risk Description: Changing regulations in India as well as globally, for the retail industry, digital industries and ecommerce in specific, as well as consumer products, can have risk with regards to operating structures. The regulatory environment across these industries continue to evolve.

Management of Risk: Nykaa ensures statutory compliance are met and complies with the regulations of the land. We invest in IT-enabled compliances system, processes and continuous education of business systems on compliance. We routinely engage with government as well as industry bodies to keep track of developments in this area.

Nature of Risk: Cyber and Data Security

Risk Description: Technology and data infrastructures are susceptible to security breaches and cyber-attacks that may pose reputational and operational risks. We interact with suppliers and customers through digital infrastructures and also rely on third party integrations.

Management of Risk: Nykaa invests significant resources towards cyber-security and data protection measures. We perform independent third-party assessments of critical IT systems holding any sensitive data and perform continuous improvements in the tech infrastructures holding such data.

We also implement latest cyber-security technologies to control and monitor access to IT systems. Our information technology teams routinely improve server security, implementation of firewalls, and web security. We conduct, on an ongoing basis, company wide training sessions for all our employees to ensure best practices.

Nature of Risk: Macroeconomic Factors

Risk Description: Global and local macroeconomic fluctuations, including interest rates, inflation, and economic growth can impact consumer confidence as well as disposable incomes. As a retailer, this may impact our revenue and growth.

Management of Risk: Nykaa retails a diverse portfolio of products across price segments, accounting for different customer segments along with differing spending power. We retail discretionary as well as essential items and have the ability to quickly enable discovery of products that suit the customers' evolving needs during economically volatile periods. We also build detailed long term and short-term business forecasts, which are re-evaluated periodically leading to efficient resource re-allocation and deployment.

J. OUTLOOK

While current inflationary pressures will affect consumer discretionary spends in the near term, medium term and long-term growth of both beauty & personal care as well as fashion remains strong. India is at a nascent stage in the consumption of these categories and as incomes increase, the per capita spend for these categories will witness disproportionate growth compared to the per capita income growth. With the increase in disposable income in younger consumers, and online content-led discovery, beauty & personal care, wellness and fashion consumption is seeing increased share of the wallet.

E-commerce in particular is growing rapidly across Asian emerging markets, as well as more mature markets where category growth is almost zero. Indian Beauty & Personal Care and Fashion segments are at their early stage of evolution with an opportunity to turn into a ₹1,981 billion and ₹8,702 billion market by 2025 respectively, of which online BPC and online fashion are estimated to become ~20-25% and ~22-27% of their respective overall markets in India.

Despite a challenging operating environment, we witnessed strong growth momentum in FY2022. In FY2023, as a multibrand omnichannel retailer driven by technology, we will continue to work towards the right assortment and discovery to be the platform of choice for beauty, personal care and fashion consumers. We also continue to build unique and meaningful brands in both BPC and Fashion segments, developed through a consumer-first lens. With a focus on innovation and agility, our ability to create digitally powered experiences that enable awareness, education, transparency, choice and delight for consumers will allow us to remain differentiated and outpace market growth.

Cautionary Statement

Statements in this Management Discussion and Analysis of financial condition and results of operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in Government regulations, tax laws, economic developments within the country and such other factors globally. The financial statements of the Company are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Indian Accounting Standards specified under Section 133 of the Act. The management of FSN E-Commerce Ventures Limited ("FSN" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year. The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report. Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", or "FSN" are to FSN E-Commerce Ventures Limited and its subsidiary companies.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ms. Falguni Nayar
Executive Chairperson, Managing Director and CEO

Mr. Sanjay Nayar
Non-Executive Director

Mr. Anchit Nayar
Executive Director

Ms. Adwaita Nayar
Executive Director

Ms. Anita Ramachandran
Independent Director

Mr. Milind Sarwate
Independent Director

Ms. Alpana Parida
Independent Director

Mr. Pradeep Parameswaran
Independent Director

Mr. Seshashayee Sridhara
Independent Director

Mr. Milan Khakhar
Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr. Arvind Agarwal

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Rajendra Punde

STATUTORY AUDITORS

M/s. S. R. Batilboi & Associates LLP, Chartered Accountants

M/s. V. C. Shah & Co., Chartered Accountants (resigned w.e.f. June 28, 2022)

SECRETARIAL AUDITORS

M/s. S. N. Anathasubramanian & Co., Company Secretaries

BANKERS

Axis Bank Ltd.

IDFC First Bank Ltd.

Kotak Mahindra Bank Ltd.

HDFC Bank Ltd.

ICICI Bank Ltd.

Citibank N.A.

REGISTERED OFFICE

104, Vasan Udyog Bhavan,
Sun Mill Compound, Tulsi Pipe Road,
Lower Parel, Mumbai – 400 013.
Tel No.: 022-6614 9696

CORPORATE OFFICE

A2, 4th Floor, Cnergy IT Park,
Appasaheb Marathe Marg,
Opposite Tata Motors,
Prabhadevi, Mumbai – 400 025.
Tel No.: 022-3095 8700

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083
Email: linkcs@linkintime.co.in
Website: linkintime.co.in

10TH ANNUAL GENERAL MEETING

Wednesday, August 10, 2022 at 05.00 P.M. through Video Conference/Other Audio Visual Means

CORPORATE IDENTITY NUMBER

L52600MH2012PLC230136

WEBSITE

https://www.nykaa.com/

DIRECTORS' REPORT

Dear Members,

Your Board of Directors ("Board") present the Tenth (10th) Annual Report of FSN E-Commerce Ventures Limited ("your Company" or "the Company") together with the Audited Financial Statements of the Company, for the financial year ended March 31, 2022 ("the year under review" or "the year" or "FY 2021-22").

Financial Performance – An Overview

(₹ in Million)

Particulars	Standalone		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue from Operations	1,876.99	1,458.13	37,739.35	24,408.95
Other Income	1,157.07	602.50	269.72	117.59
Total Income	**3,034.06**	**2,060.63**	**38,009.07**	**24,526.54**
Total Expenditure	1,817.14	1,612.37	37,536.01	23,865.30
Profit/(Loss) before Tax	**1,216.92**	**448.26**	**473.06**	**661.24**
Current Tax	43.91	-	422.93	400.78
Deferred Tax Expenses/(Credit)	137.88	86.38	(362.75)	(356.02)
Profit/(Loss) after Tax	**1,035.13**	**361.88**	**412.88**	**616.48**
Other Comprehensive Income (OCI)	**(19.06)**	**(20.37)**	**5.56**	**(21.81)**
Total Comprehensive Income	**1,016.07**	**341.51**	**418.44**	**594.67**
Balance in the Profit/(Loss) Account in the Balance Sheet	751.29	(283.84)	(581.50)	(992.25)

REVIEW OF OPERATIONS

In FY 2021-22, your Company reported a revenue of ₹ 1,876.99 million which was ₹ 418.86 million higher than the previous year and EBITDA of ₹ 165.56 million with EBITDA margin at 8.82 % *(previous year ₹(28.76) million with EBITDA margin at (1.97)%).*

At consolidated level, your Company reported a revenue of ₹ 37,739.35 million *(previous year ₹ 24,408.95 million)* and EBITDA of ₹ 1,632.58 million with EBITDA margin at 4.33% *(previous year ₹ 1,566.55 million with EBITDA margin at 6.42%).*

The operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

DETAILS OF MATERIAL CHANGES AND COMMITMENTS FROM THE END OF THE FINANCIAL YEAR

There are no material changes and commitments affecting the financial position of your Company, which have occurred between the end of the FY 2021-22 and the date of this report. Further, there has been no change in the nature of business of your Company.

RESERVES

There is no amount proposed to be transferred to the Reserves.

DIVIDEND

Your Board do not recommend any Dividend on the Equity Shares of the Company for Financial Year ended March 31, 2022 considering that the company is in growth stage and require funds to support its growth objectives.

DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), your Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out. The policy is annexed as **Annexure - I** to this Report and is also available on the website of the Company at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Dividend-Distribution-Policy.pdf.

STRATEGIC INITIATIVES DURING THE YEAR UNDER REVIEW AND TILL THE DATE OF THIS REPORT

A. INITIAL PUBLIC OFFERING & LISTING OF EQUITY SHARES OF THE COMPANY

During the year under review, your Company made an Initial Public Offering ("IPO" or "Issue") of 47,575,326 equity shares of face value of ₹ 1 each of the Company for cash at a price of ₹1,125 per equity share, including a premium of ₹ 1,124 per equity share aggregating to ₹53,497.24 million, comprising of a fresh issue of 5,602,666 equity shares aggregating to ₹ 6,300 million and an offer for sale of 41,972,660 equity shares aggregating up to ₹ 47,197.24 million by the selling shareholders. The issue included a reservation of 250,000 equity shares for purchase by eligible employees.

The issue opened on October 28, 2021 and closed on November 02, 2021. The issue was led by book running Lead Managers viz. Kotak Mahindra Capital Company Limited, Morgan Stanley Investment Management Private Limited, BofA Securities India Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited and JM Finance Limited.

The issue drew bids worth $32.5 billion and was oversubscribed around 82 times (i.e., around 12 times in Retail Individual Investor ('RII'), 91 times in the Qualified Institutional Buyer ('QIB') and 112 times in the Non-Institutional Investor ('NII') category). The Company successfully completed the IPO process and the equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on November 10, 2021.

Proceeds from Initial Public Offering

The details of the proceeds of the Fresh Issue are set forth below:

Particulars	Amount
Gross Proceeds of the Fresh Issue	₹ 6,300 million
(Less) Net of provisional IPO Expenses	₹ 290.49 million
Net Proceeds	₹ 6,009.51 million

The utilisation of funds raised through IPO have been mentioned hereunder:

Mode	Object	Amount Allocated	Amount Utilised as on March 31, 2022
IPO	Investment in certain Subsidiaries for setting up of retail stores	₹ 420 million	₹ 4.20 million
	Capital expenditure and Investment in certain Subsidiaries for setting up of warehouses	₹ 420 million	₹ 13.47 million
	Repayment of certain borrowings of the Company	₹ 1,560 million	₹ 1,560 million
	Acquire and retain customers by enhancing the visibility and awareness of our brands	₹ 2,340 million	₹ 369.52 million
	General Corporate Purposes	₹ 1,269.51 million	₹ 401.05 million
	Net Proceeds	₹ 6,009.51 million	₹ 2,348.24 million

Your Company has appointed ICICI Bank Limited as Monitoring Agency in terms of Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"), as amended from time to time, to monitor the utilisation of IPO proceeds and the Company has obtained monitoring reports from the Monitoring Agency from time to time confirming no deviation or variation in the utilisation of proceeds of the IPO from the objects stated in the Prospectus dated November 02, 2021. The Company has submitted the statement(s) and report as required under Regulation 32 of the Listing Regulations to both the exchanges where the shares of the Company are listed, namely, National Stock Exchange of India Limited and BSE Limited and on timely basis.

Your Directors would like to thank the merchant bankers - Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, BofA Securities India Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited and JM Financial Limited and legal counsels involved with the IPO - AZB & Partners, Cyril Amarchand Mangaldas, Sidley Austin LLP and Trilegal for helping the Company achieving successful IPO and listing.

Your Directors would also like to thank the regulators SEBI and ROC for enabling the Company to take its equity story to the public market.

Last but not the least, your Directors extend their heartfelt gratitude to the shareholders for investing in the IPO and reposing their continuous trust and faith in the Company & its management.

B. SHARE CAPITAL

Details of changes in paid-up equity share capital during the year under review, are as under:

	Paid-up Equity Share Capital	₹ in Million
	Pre-Split	
A	At the beginning of the year, i.e. as on April 01, 2021	150.57
B	Allotments made pursuant to:	
	Employee Stock Option Scheme 2012	0.17
	Employee Stock Option Scheme 2017	0.43
	Issue of Equity Shares upon conversion of Optionally Convertible Redeemable Preference Shares (OCRPS)	4.51
C	**Sub-Total of C (A+B)**	**155.68**
	Post-Split*	
D	Allotments made pursuant to:	
	Issue of bonus shares in the ratio 2:1	311.36
	Issue of shares in Initial Public Offering	5.60
	Employee Stock Option Scheme 2012	0.01
	Employee Stock Option Scheme 2017	1.46
	Sub-Total of D	**318.43**
	At the end of the year, i.e. as on March 31, 2022 (C+D)	**474.11**

* Pursuant to board resolution dated July 15, 2021 and shareholders' resolution dated July 16, 2021, equity shares of face value of ₹ 10 each of the Company were sub-divided into equity shares of face value of ₹ 1 each.

C. ACQUISITION OF 51% STAKE IN DOT & KEY WELLNESS PRIVATE LIMITED

On September 28, 2021, your Company acquired 51% of the outstanding equity shares of Dot & Key Wellness Private Limited ("Dot & Key") through the subscription and purchase of equity shares. Pursuant to the shareholder's agreement, the Company has written put option on the balance 49% of the equity share capital. The put option liability will be settled for a consideration not exceeding ₹ 1,530 million for stake upto 49%. Dot & Key is engaged in the business of manufacturing, marketing, branding and sale of skincare and personal care products, including serums, toners, cleansers, face masks and face creams. Dot & Key has also launched few products in the nutraceuticals category. Its products are listed on Company's and other online retailers' platforms as well as in physical retail stores. Following this investment, Dot & Key became one of Company's owned brands and this investment will allow the Company to expand its skincare, personal care and nutraceuticals offerings.

D. ACQUISITION OF 18.51% STAKE IN EARTH RHYTHM PRIVATE LIMITED

Your Board at its meeting held on April 22, 2022 had approved entering into Share Subscription Agreement, Share Purchase Agreement and Shareholders' Agreement by the Company to acquire by way of subscription and/or purchase of Compulsory Convertible Cumulative Preference Shares and/ or Equity shares, up to 18.51 % of the fully diluted share capital of Earth Rhythm Private Limited (Earth Rhythm), for a consideration of up to ₹ 416.5 million.

Your Company continues to partner with homegrown D2C brands. Earth Rhythm was incorporated on October 12, 2020 under the Companies Act, 2013 in India. It is a personal care brand which manufactures and sells sustainable/non-toxic beauty products on their website and other e-commerce websites. This investment will further strengthen your Company's product portfolio into sustainable beauty segment and its positioning in the growing market for products that are committed to efficacy as well as the planet.

E. ACQUISITION OF 60% STAKE IN NUDGE WELLNESS PRIVATE LIMITED

On April 22, 2022, your Board approved entering into Share Subscription and Shareholder's Agreement and Share Purchase Agreement by the Company to acquire by way of subscription and/or purchase of Equity shares, initially up to 60% (with a right to go up to 100%) of the fully diluted share capital of Nudge Wellness Private Limited ("Nudge") for a consideration of up to ₹ 36 million.

Nudge, incorporated under the Companies Act, 2013 on March 10, 2022, is a nutricosmetics wellness company which will be in the business of manufacturing and selling dietary supplement products on their website and other e-commerce websites. The investment will mark Company's entry into owned brand of dietary supplement and other nutricosmetics products. This will address the growing demand for high-potential category of edible beauty in India.

F. **ACQUISITION OF THE BRAND 'KICA'**

On April 22, 2022, your Board approved entering into definitive agreements/documents by Nykaa Fashion Private Limited (a wholly-owned subsidiary of the Company) for acquisition of the brand 'KICA' including Brand Trademark, other Intellectual Property Rights etc. for a consideration of up to ₹ 45.1 million.

KICA is an activewear athleisure brand which offers stylish, high-quality garments (tops, shorts, sports bra, legging, tracks, etc.) on their website and other e-commerce websites. The transaction will be in the direction of Nykaa Fashion Private Limited's mission to strengthen its active-wear play providing greater variety and curation for the growing active-wear community of athletes and everyday fitness seekers. This transaction will also augment current offerings under the Company's brand "Nykd".

Pursuant to the approval of the Board, the Company and Nykaa Fashion Private Limited have finalised and executed the relevant agreements for the proposed transactions mentioned in above points (D) to (F) which are subject to fulfilment of various terms and conditions as specified in the relevant agreements and statutory approvals, if any.

SUBSIDIARIES AND JOINT VENTURE

As on March 31, 2022, the Company has seven subsidiaries. Following were the additions during the year under review:

(i) FSN Distribution Private Limited became a Wholly Owned Subsidiary of the Company w.e.f. July 30, 2021; and

(ii) Dot & Key Wellness Private Limited became Subsidiary of the Company w.e.f. September 28, 2021.

The details of business carried on by the subsidiaries of the Company are as follows:

Nykaa E-Retail Private Limited ('Nykaa E-Retail') was incorporated on February 22, 2017 and is a 100% subsidiary of your Company. Nykaa E-Retail operates primarily using an inventory-led model and is engaged in the business of purchasing beauty, hygiene and wellness products directly from the manufacturers and selling such products through online channels i.e., its online platforms or websites, and other online applications.

Nykaa Fashion Private Limited ('Nykaa Fashion') was incorporated on February 04, 2019 and is a 100% subsidiary of your Company. Nykaa Fashion runs on marketplace, sale or return (SOR), and just-in-time inventory models. It is engaged in the business of selling and distribution of fashion garments and fashion accessories through online channels i.e., its online platforms or websites, other online applications and retail outlets, general trade and modern trade.

FSN Brands Marketing Private Limited ('FSN Brands') was incorporated on February 19, 2015 and is a 100% subsidiary of your Company. FSN Brands is engaged in the business of import, purchase, selling and distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade.

FSN International Private Limited ('FSN International') was incorporated on December 10, 2019 and is a 100% subsidiary of your Company. FSN International 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.

FSN International Private Limited has two wholly owned subsidiaries namely, FSN Global FZE, Dubai and Nykaa International UK Limited, United Kingdom (UK).

i. **FSN Global FZE ('FSN Global')** was incorporated on June 21, 2020 and is engaged in the business of sale of cosmetics, beauty, personal care, skin care, hair care, beauty and personal care products and equipment through marketplace model.

ii. **Nykaa International UK Limited ('Nykaa International')** was incorporated on November 15, 2020 to engage in the business of sale of cosmetics, beauty, personal care, skin care and hair care products in UK. Nykaa International has not yet commenced its business operations, while it is in process of getting the products registered in UK.

FSN Distribution Private Limited ('FSN Distribution') was incorporated on July 30, 2021 and is a wholly-owned subsidiary of your Company. FSN Distribution is in the business of selling beauty, hygiene and wellness products through its distribution network to the wholesalers and retailers using online and offline channels of sales.

Nykaa-KK Beauty Private Limited ('Nykaa-KK Beauty') was incorporated on July 13, 2018. Your Company entered into a Joint Venture Agreement with Katrina Kaif, Matrix India Entertainment Consultants Private Limited and Nykaa-KK Beauty on December 11, 2018 and holds 51% shares in Nykaa-KK Beauty which is engaged in the business of manufacturing, selling & distribution of 'Kay Beauty' products on the online platforms or websites such as e-commerce, m-commerce, internet as well as through physical stores, stalls, general trade and modern trade etc.

Dot & Key Wellness Private Limited ('Dot & Key') was acquired on September 28, 2021 and your Company holds 51% shares in it. Dot & Key is engaged in the business of manufacturing, marketing, branding and sale of skincare and personal care products, including serums, toners, cleansers, face masks and face creams.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("Act") read with the Companies (Accounts) Rules, 2014 and in accordance with applicable accounting standards, a statement containing the salient features of financial statements of your Company's subsidiaries in Form No. AOC-1 is annexed as **Annexure – II** to this Report.

In accordance with the provisions of Section 136 of the Act and the amendments thereto, and the Listing Regulations, the audited Financial Statements, including the consolidated financial statements and related information of the Company and financial statements of your Company's subsidiaries and joint ventures have been placed on the website of your Company viz. https://www.nykaa.com/investor-relations

Your Company has formulated a Policy for determining Material Subsidiaries. The said policy is available on the website of the Company at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-for-determining-Material-Subsidiary.pdf. During the year under review Nykaa E-Retail and FSN Brands were material subsidiaries of the Company, as per the Listing Regulations.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, is presented in a separate section, forming part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT (BRR)

Your Company believes that transparent, accurate and comprehensive disclosure practices not only aid in strategic decision-making but also help in demonstrating incremental value created for all groups of stakeholders.

The Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of the Listing Regulations, describing the initiatives taken by your Company from social and governance perspective, forms an integral part of the Annual Report.

STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS

The audited financial statements of the Company are drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2022, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) notified under Section 133 of the Act, read with relevant Rules and other accounting principles. The Consolidated Financial Statement has been prepared based on the financial statements received from subsidiaries, as approved by their respective Board of Directors.

CORPORATE GOVERNANCE

Your Company embeds sound Corporate Governance practices and constantly strives to adopt emerging best practices. It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices. A Report on Corporate Governance forms part of this Report as **Annexure – III**.

M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company vide their certificate dated May 25, 2022, have confirmed that the Company is and has been compliant with the conditions stipulated in the chapter IV of the Listing Regulations. The said certificate is annexed as '**Annexure – IV**' to this Report.

ANNUAL RETURN

The Annual Return of the Company as on March 31, 2022 in Form MGT – 7 in accordance with Section 92(3) and Section 134(3)(a) of the Act as amended from time to time and the Companies (Management and Administration) Rules, 2014, will be made available on the website of the Company at https://www.nykaa.com/investor-relations.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, the Directors of the Company confirm that:

(a) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards had been followed and there are no material departures from the same;

(b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profits of the Company for the year ended on that date;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND THEIR REPORT

(i) Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the Rules framed thereunder, M/s. V. C. Shah & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company, for a term of five consecutive years to hold office from the conclusion of 8th Annual General Meeting ("AGM") till the conclusion of 13th AGM of the Company to be held for the FY 2024-25. Further, during the year under review, M/s. S. R. Batilboi & Associates LLP, Chartered Accountants were reappointed as Joint Statutory Auditors of the Company, for a term of five consecutive years to hold office from the conclusion of 9th AGM of the Company held on September 29, 2021 till the conclusion of 14th AGM to be held in the FY 2026-27.

Pursuant to Section 139 and 141 of the Act and relevant Rules prescribed thereunder, the Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

(ii) Secretarial Auditor

In terms of the provisions of Section 204 of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014 and Regulation 24A of the SEBI LODR Regulations, your Company has appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit of the Company for FY 21-22.

Further, in compliance of Regulation 24A of the Listing Regulations, Company's unlisted material subsidiaries also undergo Secretarial Audit and the Secretarial Audit Reports of the Company and its unlisted material subsidiaries thereto in the prescribed Form No. MR-3 is attached as **Annexure – V, V(A) and V(B)** forming part of this Report. The same are also available on the website of the Company.

The Secretarial Audit Report of your Company and its unlisted material subsidiaries does not contain any qualification, reservation, adverse remark or disclaimer.

DISCLOSURES IN TERMS OF THE PROVISIONS OF THE ACT & THE LISTING REGULATIONS

A. Board of Directors (*"Board"*)

(i) Number of meetings

The Board met 18 times during the year under review. The details of such meetings are disclosed in the Corporate Governance Report forming part of this Annual Report.

The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act.

(ii) Director retiring by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Anchit Nayar, Executive Director and Mr. Sanjay Nayar, Non-Executive Director of the Company, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board of Directors on the recommendation of the Nomination and Remuneration Committee ("NRC") has recommended their re-appointment.

Resolution seeking their re-appointment along-with their profile as required under Regulation 36(3) of Listing Regulations forms part of the Notice of Tenth Annual General Meeting.

(iii) Board evaluation

Pursuant to applicable provisions of the Act and the Listing Regulations, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, *inter alia*, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, in accordance with the new compliance requirements.

The annual performance evaluation of the Board, its Committees and each Director has been carried out for the financial year 2021-22 in accordance with the framework. The details of evaluation process of the Board, its Committees and individual directors, including independent directors have been provided under the Corporate Governance Report which forms part of this Report.

The Policy on Board of Directors' Evaluation Framework can be accessed at: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Board-of-Directors-Evaluation-Framework.pdf

(iv) Declaration of independence

The Company has received necessary declaration from each Independent Director of the Company stating that:

(i) they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations; and

(ii) as required vide Rule 6 (1) & (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 they have registered their names in the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs.

Based on the declarations received from the Directors, the Board confirms, that the Independent Directors fulfil the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

(v) Familiarisation Programme for Independent Directors

Disclosure pertaining to familiarisation programme for Independent Directors is provided in the Corporate Governance Report forming part of this Annual Report.

B. Committees of the Board

The Board has constituted five committees which are mandated by the Act and the Listing Regulations, viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility & Environmental, Social, and Governance Committee. In addition to the said committees, the Board has also constituted Fundraise and Investment Committee.

i. Audit Committee

The Audit Committee comprises of Mr. Milind Sarwate - Independent Director (Chairperson), Ms. Anita Ramachandran - Independent Director, Ms. Alpana Parida - Independent Director, Mr. Seshashayee Sridhara - Independent Director, Mr. Milan Khakhar - Non-Executive Director and Mr. Anchit Nayar - Executive Director. Majority of the Members including the Chairperson of the Committee are Independent Directors and possess strong accounting and financial management knowledge. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

ii. Nomination & Remuneration Committee

Nomination & Remuneration Committee comprises of Ms. Anita Ramachandran - Independent Director (Chairperson), Ms. Alpana Parida - Independent Director and Mr. Milan Khakhar - Non-Executive Director.

iii. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Ms. Alpana Parida - Independent Director (Chairperson), Mr. Anchit Nayar - Executive Director and Ms. Adwaita Nayar - Executive Director.

iv. Risk Management Committee

The Risk Management Committee comprises of Mr. Sanjay Nayar - Non-Executive Director (Chairperson), Mr. Pradeep Parameswaran - Independent Director and Mr. Sanjay Suri - Chief Technology Officer.

v. Corporate Social Responsibility & Environmental, Social, and Governance Committee

The Corporate Social Responsibility & Environmental, Social, and Governance Committee comprises of Ms. Anita Ramachandran - Independent Director (Chairperson), Mr. Sanjay Nayar - Non-Executive Director and Ms. Adwaita Nayar - Executive Director.

Details of all the committees, along with their charters, composition and meetings held during the year, are provided in the Corporate Governance Report forming part of this Annual Report.

C. Key Managerial Personnel

In accordance with the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the following are the Key Managerial Personnel of the Company:

(i) Ms. Falguni Nayar – Executive Chairperson, Managing Director and Chief Executive Officer;

(ii) Mr. Arvind Agarwal – Chief Financial Officer; and

(iii) Mr. Rajendra Punde – Company Secretary and Compliance Officer

During the year under review, there has been no changes in the Key Managerial Personnel of the Company.

D. Remuneration of Directors and Employees

Disclosure comprising particulars with respect to the remuneration of directors and employees and other details, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as "**Annexure - VI**" to this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may write to the Company Secretary or e-mail at nykaacompanysecretary@nykaa.com.

Your Company has adopted Policy on Remuneration for Directors, Key Managerial Personnel and other Employees which sets out criteria for the remuneration for Directors, Key Managerial Personal ('KMP') which can be accessed at: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Remuneration-Policy-for-Directors-KMP-and-other-employees.pdf

E. Vigil Mechanism/Whistle-Blower

The Company has established a Vigil Mechanism/ Whistle-blower policy in accordance with the provisions of the Act and the Listing Regulations. Vigil Mechanism/Whistle blower policy has been formulated with a view to provide a mechanism for Employees, Directors and other stakeholders of the Company to approach the designated Ombudsperson and/or the Chairperson of the Audit Committee of the Company to report actual or suspected unethical behaviour, fraud or violation of the Company's Code of Conduct/ ethics/ principles and matters specified in the Policy.

Employees and other stakeholders are required to report actual or suspected violations of applicable laws and regulations and the Code of Conduct. Such genuine concerns disclosed as per Policy are called "Protected Disclosures" and can be raised by a Whistle-blower through an e-mail or a letter to the Ombudsperson/ Chairperson of the Audit Committee. The Company affirms that in compliance with the Whistle-Blower Policy/ Vigil Mechanism no personnel had been denied access to the Audit Committee. The Vigil Mechanism and Whistle-blower policy is available on the Company's website and can be accessed at: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Vigil-Mechanism-Whistle-Blower-Policy.pdf

F. Corporate Social Responsibility *("CSR")*

The Company has in place a CSR policy in line with Section 135 read with Section VII of the Act. As per the CSR policy of the Company Upliftment and Mentoring across age groups Education, Skilling & Entrepreneurship, Access to healthcare, Sustainability and environmental responsibility are the focus areas for CSR engagement. Over and above these, from time to time, on a need and criticality basis your Company undertakes / will undertake CSR activities which are prescribed under Schedule VII of the Act.

A brief outline of the CSR Philosophy, salient features of the CSR Policy of the Company, the CSR initiatives undertaken during the financial year 2021-22 together with progress thereon and the report on CSR activities in the prescribed format, as required under Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, are set out in **Annexure - VII** to this Report and the CSR Policy can be accessed using the link https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/CSR-Policy.pdf.

G. Employee stock option scheme *("ESOS")*

Your Company grants Employee stock options that would enable the employees to share the value they create for the Company in the years to come. Accordingly, pursuant to the approval of the Board and the members of the Company and in terms of the provisions of applicable laws, your Company has duly implemented the:

a) Employee Stock Option Scheme –2012 ("ESOS 2012")

b) FSN Employees Stock Option Scheme 2017 ("ESOS 2017")

Collectively referred as "ESOS 2012 & 2017 Scheme" or "ESOP Schemes"

The Nomination and Remuneration Committee is entrusted with the responsibility of administering the ESOS 2012 & 2017 Scheme.

During the financial year 2021-22, 1,74,000 Stock Options under ESOS 2012 Scheme and 20,26,200 Stock Options under ESOS 2017 Scheme were issued to eligible employees. 1,74,000 Stock Options under ESOS 2012 Scheme and 44,18,650 Stock Options under ESOS 2017 Scheme are outstanding as on March 31, 2022.

During the year under review, prior to the Initial Public Offer ('IPO') of its equity shares, your Company amended the ESOS 2012 & 2017 Scheme of the Company by passing special resolutions at its general meeting held on September 30, 2021 so as to meet the regulatory requirements, as mandated by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations"). Further post IPO of its equity shares, as per requirement of Regulation 12(1) of the SEBI SBEB Regulations, ESOP Schemes were ratified by the Shareholders of the Company by way of postal ballot on February 09, 2022. There is no material change in the ESOP Schemes and they are in compliance with the provisions of SEBI SBEB Regulations and other applicable provisions of law.

The applicable disclosures as stipulated under Regulation 14 of SEBI SBEB Regulations with regard to Employees Stock Option Plan of the Company are available on the website of the Company and weblink for the same is https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/annual-report/21-22/esop-sebi-disclosure-fy-21-22.pdf

A certificate from M/s. S. N, Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company, confirming that the aforesaid schemes have been implemented in accordance with the SEBI SBEB Regulations, will be open for inspection at the ensuing Tenth Annual General Meeting.

H. Investor Education and Protection Fund *('IEPF')*

'Transfer of unclaimed/unpaid amount to the Investor Education and Provident Fund' has been covered in the Corporate Governance Report forming of the Annual Report.

I. Related party transactions

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on dealing with and materiality of Related Party Transactions and the Related Party Framework, formulated and adopted by the Company. An omnibus approval from the Audit Committee is obtained for the related party transactions which are unforeseen in nature.

All contracts/arrangements/transactions entered into by the Company during the year under review with Related Parties were in the ordinary course of business and on arm's length. During the year under review, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions or which is required to be reported in Form No. AOC-2 in terms of Section 134(3) (h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. Accordingly, there are no transactions that are required to be reported in Form AOC-2.

The Company's Policy on Materiality of Related Party Transactions and on dealing with Related Party Transaction is available on the website of the Company at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Related-Party-Transaction-Policy.pdf.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 43 to the Standalone Financial Statement of the Company. The Company in terms of Regulation 23 of the Listing Regulations submits within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the specified format to the stock exchanges. The said disclosures can be accessed on the website of the Company at https://www.nykaa.com/stock-exchange-filings.

J. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Considering the nature of business of your Company, the particulars with respect to conservation of energy and technology absorption required as per Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

The foreign exchange earnings and outgo are as below:

Particulars	2021-22	2020-21
Earnings in Foreign Exchange	₹ 15.69 million	Nil
Expenditure in Foreign Exchange	₹ 271.66 million	₹ 84.78 million

K. Risk Management

Risk Management is integral to your Company's strategy and for the achievement of our long-term goals. Our success as an organisation depends on our ability to identify and leverage the opportunities while managing the risks.

Your Company has a risk management framework in place working at various levels across the enterprise designed to identify, assess and mitigate risks appropriately. These levels form the strategic defence cover of the Company's risk management with an organisational structure for managing and reporting on risks. Furthermore, the Enterprise Risk Management ('ERM') Governance Structure of your Company identifies the key internal stakeholders responsible for creating, implementing and sustaining ERM in the organisation.

The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and ensuring that the risks are brought within acceptable limits.

Our approach to risk management is designed to provide reasonable assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to Company's Senior Management, the Audit Committee, the Risk Management Committee and the Board.

The Company endeavours to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. There are no risks which in the opinion of the Board threaten the existence of the Company. Details of various risks faced by your Company are provided in the Management Discussion & Analysis Report.

Your Company has framed and implemented a Risk Management Policy in terms of the provisions of Regulation 17 of the Listing Regulations, for the assessment and minimisation of risk, including identification therein of elements of risk, if any, which may threaten the existence of the Company which may be accessed at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Risk-Management-Policy.pdf

L. Internal financial control

According to Section 134(5)(e) of the Act the term Internal Financial Control (IFC) means the policies and procedures adopted by the Company 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. The Act also mandate the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report.

The Company has adequate Internal Financial Control System over financial reporting ensuring that all transactions are authorised, recorded, and reported correctly in a timely manner to provide reliable financial information and to comply with applicable accounting standards which commensurate with the size and volume of business of the Company.

The key internal financial controls have been documented, automated wherever possible and embedded in the respective business processes.

Assurance to the Board on the effectiveness of internal financial controls is obtained through 3 Lines of Defence which include:

a) Management reviews and self-assessment;

b) Continuous controls monitoring by functional experts; and

c) Independent design and operational testing by the external professional firm.

The Company believes that these systems provide reasonable assurance that the Company's internal financial controls are adequate and are operating effectively as intended. During the year under review, such controls were tested by the Statutory Auditors of the Company and no material weaknesses or significant deficiencies in the design or operations were observed and reported by the Statutory Auditors. Details of the internal controls system are provided in the Management Discussion & Analysis Report.

M. Policy on Directors' Appointment and Remuneration

In terms of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Board of your Company, on recommendation of the Nomination and Remuneration Committee ("NRC"), had adopted a "Remuneration Policy for Directors, Key Managerial Personal ('KMP') and other employees ('Remuneration Policy') and "Policy on Board Diversity".

The Company's Remuneration Policy is directed towards designing remuneration so as to attract, retain, and reward talent who will contribute to long-term success of the Company and build value for its shareholders. Objective of Board Diversity Policy is to ensure that the Board is fully diversified and comprises of an ideal combination of Executive and Non-Executive Directors, including Independent Directors, with diverse backgrounds.

The salient features of the Policies are outlined in the Corporate Governance Report and the Policies are made available on the Company's website, which can be accessed using the link https://www.nykaa.com/policies

N. Particulars of Loans, Guarantees and Investments

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security provided is proposed to be utilised by the recipient are provided in the Standalone Financial Statement (Refer Note 7, 8, 16, 24 and 44B to the Standalone Financial Statement).

O. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is committed to create and provide an environment free from discrimination and harassment including sexual harassment for all its employees. Your Company has in place Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 which mandates no tolerance against any conduct amounting to workplace sexual harassment. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and conclusively handled during the year 2021-22:

Particulars	Number of Complaints
Number of complaints received	Nil
Number of complaints disposed off	Nil
Number of complaints pending as on end of the financial year	Nil

P. Environment & Safety

Your Company is conscious of the importance of environmentally clean and safe operations and has framed and adopted Health, Safety and Environment (HSE) Policy which can be accessed at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Nykaa-Health-Safety-and-Environment-Policy.pdf. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

Your Company is committed to the highest standards of health, safety and environment practices within the organisation and the extended areas within our influence, with an aim to provide safe and healthy working environment to our employees, customers, business partners, suppliers and visitors.

During the year under review, the Company continued its waste management efforts through various environment friendly measures i.e., use of eco-friendly packaging material, recycling of plastic waste and redesigning packaging to reduce plastic waste. Scrap disposal is in line with industry benchmarks.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- There was no change in the nature of business of your Company as stipulated under sub-rule 5(ii) of Rule 8 of Companies (Accounts) Rules, 2014.
- Details relating to deposits covered under Chapter V of the Act since your Company has not accepted any deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.
- No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Schemes referred to in this Report.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- There is no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the FY 2021-22.
- The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.
- Your Company has not issued Equity shares with differential rights as to dividend, voting or otherwise; and
- Your Company has not raised funds through preferential allotment or qualified institutions placement as per Regulation 32(7A) of the Listing Regulations.

SECRETARIAL STANDARDS

During the year under review, your Company has complied with the Secretarial Standards 1 and 2 on meetings of the Board of Directors and on General Meetings, respectively, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, in terms of Section 118(10) of the Act.

MAINTENANCE OF COST RECORDS

Your Company is not engaged in the business of production of goods or providing of services as specified in Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 ("Rules"). Accordingly, the requirement of maintaining cost records in accordance with Section 148(1) of the Act read with the Rules is not applicable to the Company for the period under review.

ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for the assistance, co-operation and encouragement extended to the Company by the Company's customers, business partners, brands, bankers and other stakeholders.

The Directors take this opportunity to place on record their warm appreciation for the valuable contribution, untiring efforts and spirit of dedication demonstrated by the employees and officers at all levels, in the sure and steady progress of the Company, despite the unprecedented challenges posed by the Covid pandemic. The Directors would also like to thank the shareholders for their support and contribution. We look forward to their continued support in future.

For and on behalf of the Board of Directors

Falguni Nayar
Executive Chairperson, Managing Director & CEO
DIN:- 00003633

Place: Mumbai
Date: May 27, 2022

ANNEXURE – I

DIVIDEND DISTRIBUTION POLICY

1. OBJECTIVE

This policy applies to the distribution of dividend by FSN E-Commerce Ventures Limited (the "Company") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

This Policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

2. DEFINITIONS

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the Listing Regulations.

3. BACKGROUND

SEBI has, through its notification dated July 08, 2016, released the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, incorporating Regulation 43 A – Dividend Distribution Policy requiring the top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

This policy is not an alternative to the decision of the Board of Directors for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board of Directors.

The CFO and Compliance Officer of the Company will be jointly responsible for administration and compliance of this Policy.

a) The circumstances under which the shareholders may or may not expect dividend:

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the question of declaration of dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy. Among other considerations, broadly, dividend may not be declared if the Board believes there is a need to conserve capital for growth or other exigencies.

b) The financial /internal parameters that would be considered while declaring dividend:

The Board of Directors of the Company would consider the following financial parameters while declaring dividend or recommending dividend to shareholders:

- Capital allocation plans or growth plans (both, organic and inorganic) including:
    - o Expected cash requirements of the Company towards working capital, capital expenditure in technology and Infrastructure etc.;
    - o Investments required towards execution of the Company's strategy;
    - o Funds required for any acquisitions that the Board of Directors may approve; and
    - o Any share buy-back plans.
- Financial performance of the Company for the year for which dividend is recommended;
- Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax, as applicable) recommended for the year to the net profit for that year);
- Tax implications if any, on distribution of dividends;
- Cost of raising funds from alternate sources of capital;
- Any interim dividend paid;
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios;
- Cash flows;
- Earning stability;
- Any other significant developments or corporate actions (including but not limited to capital restructuring, debt reduction and capitalisation of shares) that require cash investments.

c) External factors that would be considered for declaration of dividend:

The Board of Directors of the Company would consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any change in inflation;
- Cost of external financing or cost of raising funds from alternate sources;
- Any changes in the competitive environment requiring significant investment.

d) Policy as to how the retained earnings shall be utilised:

The Company would utilise the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of liquidity, meeting the Company's future business growth/expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders (including but not limited to market expansion plan, product expansion plan, modernisation plan, diversification of business and balancing the capital structure by de-leveraging the Company).

e) Provisions in regard to various classes of shares:

The provisions contained in this policy shall apply to all classes of Shares of the Company. Currently, the Company does not have any other class of shares (including shares with differential voting rights) other than equity shares.

4. REVIEW

This policy will be reviewed and amended as and when required by the Board.

5. DISCLOSURE OF THE POLICY

This policy will be uploaded on the website of the Company. The Company also announces from time to time its capital allocation policy which is available at www.nykaa.com

6. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment/modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

This policy is available on the Company's website at:

https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Dividend-Distribution-Policy.pdf

ANNEXURE – II

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

PART - "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ millions)

Sr. No.	Particulars	Details						
1	Name of the subsidiary	FSN Brands Marketing Pvt. Ltd.	Nykaa E-Retail Pvt. Ltd.	Nykaa-KK Beauty Pvt. Ltd.	Nykaa Fashion Pvt. Ltd.	FSN International Pvt. Ltd.*	FSN Distribution Pvt. Ltd.	Dot & Key Wellness Private Limited#
2	The date since when the subsidiary was acquired	(since incorporation)						28.09.2021
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31.03.2022						
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-						
5	Share capital	1,020.00	95.10	10.00	250.10	51.00	0.10	13.57
6	Reserves & surplus	(816.20)	2,045.47	58.11	(858.76)	(22.68)	(48.29)	444.25
7	Total assets	5,268.84	10,402.77	302.73	2,104.18	74.20	29.16	536.61
8	Total Liabilities	5,065.05	8,262.20	234.62	2,712.89	45.88	77.33	78.79
9	Investments	-	-	-	-	-	-	-
10	Turnover	6,159.71	31,906.29	275.60	3,294.47	31.17	-	155.75
11	Profit/(Loss) before tax	(404.19)	1,122.44	53.28	(843.47)	(23.47)	(64.52)	(53.64)
12	Less: Provision for taxation							
	-Current Tax	-	364.34	14.67	-	-	-	-
	-Deferred Tax	(97.07)	(90.41)	(0.99)	(214.60)	(1.65)	(16.23)	(18.60)
	-Tax expense relating to earlier years	-	2.67	0.23	-	-		
13	Profit/(Loss) after tax	(307.12)	845.84	39.37	(628.87)	(21.80)	(48.29)	(35.05)
14	Proposed Dividend	-	-	-	-	-	-	-
15	% of shareholding	100%	100%	51%	100%	100%	100%	51%

**On consolidated basis including its wholly-owned subsidiaries i.e. FSN Global FZE and Nykaa International UK Limited*

#Details considered in line with consolidated financial statement from the date of acquisition.

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations – FSN Distribution Private Limited and Nykaa International UK Limited
2. Names of subsidiaries which have been liquidated or sold during the year – None

PART - B: Associates And Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures ***Not Applicable***

	Name of Associates/Joint Ventures
1.	Latest audited Balance Sheet Date
	Shares of Associate/Joint Ventures held by the Company on the year end
2.	Shares of Associate/Joint Ventures held by the Company on the year end
	i. Number
	ii. Amount of Investment in Associates/Joint Venture
	iii. Extend of Holding %
3.	Description of how there is significant influence
4.	Reason why the associate/joint venture is not consolidated
5.	Net worth attributable to shareholding as per latest audited Balance Sheet
6.	Profit/Loss for the year
	i. Considered in Consolidation
	ii. Not Considered in Consolidation

Notes: The following information shall be furnished at the end of the statement.

1. Names of associates or joint ventures which are yet to commence operations: ***None***

2. Names of associates or joint ventures which have been liquidated or sold during the year: ***None***

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors

Falguni Nayar
Executive Chairperson, Managing Director & CEO
DIN: 00003633

Milan Khakhar
Non-Executive Director
DIN: 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M. No. A9785

Place: Mumbai
Date: May 27, 2022

ANNEXURE – III

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

NYKAA's philosophy and ideology on Corporate Governance are driven by our values and principles, which are imbibed at all levels in the Company to ensure that we gain and retain the trust of our stakeholders. Good governance practices are a norm at the Company. The Company and its subsidiaries have a wider range of stakeholders like shareholders and investors, customers, business partners etc. and the Company recognises that these relationships make up an important portion of our overall corporate value. The Company is committed to focus on long-term value creation and protecting stakeholders' interests by applying proper care, skill and diligence to business decisions. To achieve this objective, the company is ensuring fair and transparent decision-making and bolstering dynamic management through swift and decisive decision-making based on an effective use of the corporate resources.

Our legacy of deep commitment and care for our stakeholders resonates throughout the organisation. Our vision of bringing inspiration and joy to people, everywhere, everyday guides our organisational decisions and anchors our every action. Value creation is a cornerstone and is being consistently followed. Over the last 10 years, we at Nykaa, have developed a strong set of values and profound principles, where "be the customer's champion" and "sustainability in every action" are vital. We are committed to the highest standards of Corporate Governance and have in place appropriate structures and reporting systems.

In order to have a robust governance, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the system. The Board is the apex body constituted by the shareholders to oversee the company's overall functioning. They are responsible for providing strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs. While the Company's day to day affairs are managed by a competent management team under the overall supervision of the Board.

The Board has constituted several Committees to focus on well-defined areas of responsibility, with a mandate to make time-bound recommendations. The Company has also adopted various Codes/Policies towards achieving the best corporate governance practices which *inter alia* includes Code of Conduct for Board and Senior Management, Vigil Mechanism/Whistle-Blower Policy, Policy on Insider Trading and Related Party Transactions Policy.

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") and the report contains the details of Corporate Governance systems and processes at FSN E-Commerce Ventures Limited. There are no non-compliances of any requirements of Corporate Governance Report, as per sub-paras (2) to (10) of Schedule V Part C of the Listing Regulations.

2. BOARD OF DIRECTORS

The Board is at the core of the corporate governance system of the Company. The Board is committed towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long-term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Boards operations are duly supported by Executive Chairperson, Managing Director and Chief Executive Officer, Executive Directors, Key Managerial Personnel ("KMPs") and the Senior Management, while discharging its fiduciary duties and in ensuring effective functioning of your Company.

Board Composition

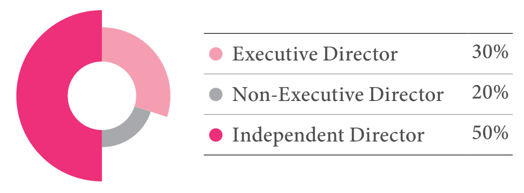
An independent and well-informed Board goes a long way in protecting the stakeholders' interest.

The composition of your Company's Board represents an optimal mix of professionalism, knowledge and experience that enables the Board in discharging its responsibilities and providing effective leadership and support to the business. The composition, diversity and strength of the Board is reviewed from time to time for ensuring that the same is in line with the applicable laws and also that it remains aligned with the strategy and long-term needs of the Company.

The composition of your Board is in conformity with Regulation 17(1) of the Listing Regulations and the Companies Act, 2013 ('Act'). As on March 31, 2022, your Company has 10 (Ten) Directors including an Executive Chairperson, Managing Director & Chief Executive Officer and two other Executive Directors. Out of 7 (Seven) Non-Executive Directors, 5 (Five) are Independent Directors. The profile of Directors can be found at our website at www.nykaa.com

Classification of the Board

Board Classification



Category	Number of Directors	% to total number of Directors
Executive Directors	3	30
Independent Directors	5	50
Non-executive and Non-Independent Directors	2	20
Woman Directors	4	40

Board Procedures and flow of information

The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of special and urgent business needs, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

In order to facilitate effective discussions at the Board meetings, the agenda is bifurcated into items requiring approval and items which are to be noted by the Board. Clarification/queries, if any, on the items which are to be noted/taken on record by the Board are sought and resolved before the meeting itself. This ensures focused and effective discussions at the meetings.

Number of Board/Committee Meetings

A total of 64 (Sixty-Four) Board/Committee Meetings were held during the year under review comprising 18 (Eighteen) Board Meetings, 45 (Forty-Five) Meetings of various Committees (including those Committees of board, which were restructured/reorganised during the year under review) and 1 Independent Directors Meeting. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under the Act, Regulation 17 of the Listing Regulations and Secretarial Standards. The requisite quorum was present at all the meetings. In view of the massive outbreak caused due to COVID-19 pandemic and severe restrictions imposed to contain the spread, including travel in most parts of the Country, all the Committee and Board Meetings were held through Video Conferencing facility (VC) during the year under review. All Directors were provided VC facility to participate in the Meetings of the Board and of Committees.

The Composition and categories of the Directors on the Board, their attendance at Board meetings and at the last Annual General Meeting ('AGM') held during the financial year 2021-22:

None of the Directors of the Company is a Member of more than 10 (Ten) Committees or a Chairman/Chairperson of more than 5 (Five) committees across all the Listed Companies in which he/she is a Director, as per Regulation 26(1) of the Listing Regulations. Further as mandated by Regulation 17A of Listing Regulations, no Director of the Company serves as Director in more than seven listed companies, as an Independent Director in more than seven listed companies and in case he/she is serving as a Whole-Time Director/ Managing Director in any listed company, does not hold the position of Independent Director in more than three listed companies. Further, all Directors have informed about their Directorships and Committee memberships/chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2022 are given below:

Name	Category	No. of Board Meetings held and attended during FY 2021-22			Whether attended last AGM held on September 29, 2021
		Held	Entitled	Attended	
Ms. Falguni Nayar	Promoter, Executive Chairperson, Managing Director and Chief Executive Officer	18	18	18	✓
Mr. Sanjay Nayar	Promoter, Non-Executive Director	18	17	16	✓
Mr. Anchit Nayar	Executive Director	18	18	17	✓
Ms. Adwaita Nayar	Executive Director	18	18	18	×
Ms. Alpana Parida	Independent Director	18	18	15	×
Ms. Anita Ramachandran	Independent Director	18	18	17	✓
Mr. Milind Sarwate	Independent Director	18	13	12	✓

Name	Category	No. of Board Meetings held and attended during FY 2021-22			Whether attended last AGM held on September 29, 2021
		Held	Entitled	Attended	
Mr. Milan Khakhar	Non-Executive Director	18	18	17	✓
Mr. Seshashayee Sridhara	Independent Director	18	12	4	×
Mr. Pradeep Parameswaran	Independent Director	18	13	6	×

Details of Board Meeting

18 (Eighteen) Board meetings were held during the financial year, as against the statutory requirement of 4 (Four) meetings. The details of Board meetings are given below:

Sr. No.	Date	Board Strength	No. of Directors present	% of Directors present
1	April 9, 2021	12	11	92
2	June 8, 2021	12	11	92
3	June 30, 2021	12	11	92
4	July 9, 2021	12	10	83
5	July 15, 2021	8	8	100
6	July 26, 2021	11	8	73
7	July 30, 2021	10	7	70
8	August 19, 2021	10	7	70
9	August 31, 2021	10	10	100
10	September 18, 2021	10	8	80
11	September 27, 2021	10	8	80
12	October 20, 2021	10	7	70
13	November 2, 2021	10	7	70
14	November 8, 2021	10	9	90
15	November 14, 2021	10	7	70
16	November 14, 2021	10	10	100
17	February 14, 2022	10	9	90
18	March 17, 2022	10	9	90

The relation of Directors *inter se* with each other, names of other Indian listed entities where Directors of the Company hold directorship, its category and the number of directorships and committee Chairmanships/ Memberships held by them in other public limited companies as on March 31, 2022, is given below:

Name of Director	Relation with other Directors	Directorship held in other Listed entities along with Category	No. of Directorships in other Indian Public Limited Companies (As on March 31, 2022)	Membership and Chairmanship of the Committees of the Board of other Companies*		Number of Equity shares held (As on March 31, 2022)
				Chairman/ Chairperson	Member	
Ms. Falguni Nayar	• Spouse of Mr. Sanjay Nayar • Mother of Mr. Anchit Nayar and Ms. Adwaita Nayar	Independent Director of Dabur India Limited and ACC Limited	3	-	1	NIL
Mr. Sanjay Nayar	• Spouse of Ms. Falguni Nayar • Father of Mr. Anchit Nayar and Ms. Adwaita Nayar	-	-	-	-	NIL
Mr. Anchit Nayar	• Son of Ms. Falguni Nayar and Mr. Sanjay Nayar • Brother of Ms. Adwaita Nayar	-	-	-	-	1,60,080 Eq. Shares (0.03%)
Ms. Adwaita Nayar	• Daughter of Ms. Falguni Nayar and Mr. Sanjay Nayar • Sister of Mr. Anchit Nayar	-	-	-	-	30,060 Eq. Shares (0.01%)
Ms. Alpana Parida	-	Independent Director of GRP Limited and Cosmo Films Limited	4	-	2	1,79,967 Eq. Shares (0.04%)
Ms. Anita Ramachandran	-	Independent Director of Metropolis Healthcare Limited, Happiest Minds Technologies Limited, Rane (Madras) Limited and Grasim Industries Limited	8	2	5	73,064 Eq. Shares (0.02%)
Mr. Milind Sarwate	-	Independent Director of Sequent Scientific Limited, Mahindra and Mahindra Financial Services Limited, Matrimony.com Limited, Asian Paints Limited and Metropolis Healthcare Limited	8	3	5	10,526 Eq. Shares (0.00%)
Mr. Milan Khakhar	-	Managing Director of Solid Stone Company Limited	3	-	1	Nil
Mr. Seshashayee Sridhara	-	-	-	-	-	Nil
Mr. Pradeep Parameswaran	-	-	-	-	-	5,264 Eq. Shares (0.00%)

For the purpose of considering the limit of Committee membership and chairmanship of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered. Also excludes the membership & chairmanship in FSN E-Commerce Ventures Limited.

Matrix setting out the core skills/ expertise/ competence of the Board of Directors

Your Board comprises of qualified members who collectively bring in the skills, expertise and competencies stated below that allow them to make effective contribution to the Board and its Committees as required in context of its business sector and to ensure highest standards of corporate governance. The Directors have identified the list of core skills/expertise/competencies as required for them to function effectively and the Board believes that Directors of the Company possess these skills/expertise/competencies, which helps the Company function effectively. While all the Board members possess the skills identified, their respective area of core expertise is given below:

Core Area of Expertise	Falguni Nayar	Sanjay Nayar	Anchit Nayar	Adwaita Nayar	Alpana Parida	Anita Rama-chandran	Milind Sarwate	Milan Khakhar	Seshashayee Sridhara	Pradeep Parames-waran
Entrepreneurship	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership/ Operational Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing – digital, Consumer & E commerce	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Industry knowledge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Core Area of Expertise	Falguni Nayar	Sanjay Nayar	Anchit Nayar	Adwaita Nayar	Alpana Parida	Anita Rama-chandran	Milind Sarwate	Milan Khakhar	Seshashayee Sridhara	Pradeep Parames-waran
Brand Building	√	√	√	√	√	-	-	√	√	√
Governance and Regulatory oversight	√	√	√	√	√	√	√	√	√	√
Financial literacy	√	√	√	√	√	√	√	√	√	√
Human Capital Management	√	√	√	√	√	√	-	√	-	-
M&A, Investment Management, Risk Management	√	√	√	√	-	-	√	√	-	√

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the financial year ended March 31, 2022 except for payment of sitting fees, commission and reimbursement of expenses incurred in the discharge of their duties. None of the Directors hold convertible instruments of the Company.

Code of Conduct

Your Company firmly believes that with success comes more responsibility & accountability of being a credible corporate citizen with highest standards of compliance & governance. Your Company has adopted a Code of Conduct for its Directors and Senior Management which reflects the values cherished and practiced at the organisation. The same is hosted on the website of your Company at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf.

All the Board Members and Senior Management Personnel have affirmed compliance with the applicable Code of Conduct. A declaration signed by the Executive Chairperson, Managing Director and Chief Executive Officer to this effect is enclosed at the end of this Report.

Independent Directors

The Company has received declarations from the Independent Directors that they meet the criteria of Independence laid down under the Act and the Listing Regulations. The Independent Directors have also confirmed that they have registered themselves in the databank of persons offering to become Independent Directors.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and the Act and are independent of the Management of the Company.

All Independent Directors of the Company have been appointed as per the provisions of the Act and the Listing Regulations. The terms and conditions of their appointment are disclosed on the Company's website https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Terms-and-Conditions-of-Appointment-of-ndependent-Directors.pdf

Separate Meeting of Independent Directors

Schedule IV of the Act, Listing Regulations and Secretarial Standard – 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non-Independent Directors.

The Independent Directors Meeting was held on March 28, 2022. The Independent Directors, *inter alia*, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairperson of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Independent Directors and with the Chairperson, and rest of the Board.

Familiarisation Programme for Independent Directors

The Company's familiarisation programmes for its Independent Directors includes an overview of the business model of the Company and its subsidiaries, the socio-economic environment in which the Company operates, the operational and financial performance of the Company and the significant developments taking place on a continuous basis. The Company also familiarise the independent directors with their roles, rights and responsibilities in the Company.

The details of familiarisation programmes imparted to Independent Directors are also disclosed on the Company's website:https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf

Directors and Officers Insurance

The Company has undertaken Directors and Officers insurance ('D and O insurance') for all its Directors, including independent directors, for a quantum and risks as determined by the Board of directors of the Company.

3. COMMITTEES

The Board Committee are the pillars of the governance structure of the Company. The Board Committees are formed as a means of improving board effectiveness and efficiency in areas where more focused, specialised and technically oriented discussions are required. These committees prepare the groundwork for decision-making and enhance the objectivity and independence of the Board's judgement. The Members constituting the Committees are majority Independent Directors and each Committee is guided by its Charter or Terms of Reference, which outlines the composition, scope, roles & responsibilities of the Committees. The Chairperson of the Committees apprises the Board about the executive summary of the discussions held and decisions arrived at the Committee Meetings.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board. The Company currently has six board level committees namely Audit committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Corporate Social Responsibility & Environmental, Social, and Governance Committee and Fundraise and Investment Committee.

COMPOSITION OF THE COMMITTEES

The composition of the Committees is in accordance with the provisions of the Listing Regulations and the Act, details of which are as follows:

Audit Committee		Risk Management Committee	
1.	Mr. Milind Sarwate *(Chairperson)*	1.	Mr. Sanjay Nayar *(Chairperson)*
2.	Ms. Anita Ramachandran	2.	Mr. Pradeep Parameswaran
3.	Ms. Alpana Parida	3.	Mr. Sanjay Suri (Chief Technology Officer)
4.	Mr. Seshashayee Sridhara		
5.	Mr. Milan Khakhar		
6.	Mr. Anchit Nayar		

Nomination and Remuneration Committee		Corporate Social Responsibility & Environmental, Social, and Governance Committee	
1.	Ms. Anita Ramachandran *(Chairperson)*	1.	Ms. Anita Ramachandran *(Chairperson)*
2.	Ms. Alpana Parida	2.	Mr. Sanjay Nayar and
3.	Mr. Milan Khakhar	3.	Ms. Adwaita Nayar

Stakeholders' Relationship Committee		Fundraise and Investment Committee	
1.	Ms. Alpana Parida *(Chairperson)*	1.	Ms. Falguni Nayar *(Chairperson)*
2.	Mr. Anchit Nayar and	2.	Mr. Sanjay Nayar
3.	Ms. Adwaita Nayar	3.	Mr. Milind Sarwate
		4.	Mr. Anchit Nayar and
		5.	Mr. Milan Khakhar

Mr. Rajendra Punde, Head – Legal, Company Secretary and Compliance Officer, is the secretary of all the Committees constituted by the Board.

Meetings of Committees held during the year and directors' attendance:

Committees of the Company	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Risk Management Committee	Corporate Social Responsibility & Environmental, Social, and Governance Committee
Meetings held	**13**	**10**	**1**	**2**	**5**
Directors' Attendance					
Milind Sarwate	8/8	*	*	*	*
Alpana Parida	11/13	6/7	1/1	*	*
Anchit Nayar	13/13	*	1/1	*	*
Anita Ramachandran	13/13	10/10	*	*	5/5
Seshashayee Sridhara	2/8	*	*	*	*
Milan Khakhar	7/8	10/10	*	*	*
Adwaita Nayar	*	3/3	1/1	*	5/5
Falguni Nayar	*	4/4	*	*	*
Sanjay Nayar	*	*	*	2/2	4/4
Sanjay Suri	*	*	*	2/2	*
Pradeep Parmeswaran	*	*	*	1/2	*

*Not a Member of the Committee

Fundraise and Investment Committee was constituted w.e.f. March 17, 2022 and no meeting was held during the year under review.

DETAILS OF COMMITTEES

Audit Committee

Terms of Reference

The scope and function of the Audit committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

(i) The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee of the Company;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise if it considers necessary; and
5. Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

(ii) The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
3. Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
   (b) Changes, if any, in accounting policies and practices and reasons for the same;
   (c) Major accounting entries involving estimates based on the exercise of judgement by the management of the Company;
   (d) Significant adjustments made in the financial statements arising out of audit findings;
   (e) Compliance with listing and other legal requirements relating to financial statements;
   (f) Disclosure of any related party transactions; and
   (g) Qualifications/modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the issue document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
9. Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

   Explanation: *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*
10. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
11. Scrutiny of inter-corporate loans and investments;
12. Undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there on;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. Recommending to the board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
21. Reviewing the functioning of the whistle blower mechanism;
22. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
23. Carrying out any other functions as provided under the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws;
24. To formulate, review and make recommendations to the Board to amend the Terms of Reference of Audit Committee from time to time;
25. Establishing a vigil mechanism for Directors and employees to report their genuine concerns or grievances;
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
27. Reviewing the utilisation of loans and/or advances from/investment by the holding Company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiaries, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
28. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders; and
29. Carrying out any other functions as may be required/mandated and/or delegated by the Board as per the provisions of the Companies Act, 2013, SEBI Listing Regulations, uniform listing agreements and/or any other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(iii) The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
3. Internal audit reports relating to internal control weaknesses;
4. The appointment, removal and terms of remuneration of the chief internal auditor.
5. Statement of deviations:
   - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
   - annual statement of funds utilised for purposes other than those stated in the issue document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
6. To review the financial statements, in particular, the investments made by any unlisted subsidiary; and
7. Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Audit Committee shall have authority to investigate into any matter in relation to the items as set out above or referred to it by the Board and for this purpose shall have the power to seek information from any employees, obtain outside legal or other professional advice from external sources, have full access to information contained in the records of the Company and secure the attendance of outsiders with relevant expertise, if it considers necessary.

Details of Audit Committee Meeting

The Committee met 13 (Thirteen) times during the year under review on April 08, 2021, May 18, 2021, June 07, 2021, June 29, 2021, July 26, 2021, August 31, 2021, September 14, 2021, September 08, 2021, September 27, 2021, November 14, 2021, December 14 , 2021, February 09, 2022 and March 16, 2022 as against the statutory requirement of four meetings and the attendance is given in the report. The requisite quorum was present at all the meetings of the Audit Committee.

General

As required under the Secretarial Standards, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him on his behalf shall attend the General Meeting of the Company. Mr. Milind Sarwate, the Chairman of the Audit Committee was present at the 9th AGM of the Company held through Video Conferencing facility on September 29, 2021 to address the Shareholders' queries pertaining to Annual Accounts and Financial Results of the Company.

During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism/Whistle-Blower Policy

The Vigil Mechanism/Whistle-Blower Policy has been explained in detail in the Directors' Report.

Nomination and Remuneration Committee

Terms of Reference

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act read with Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

1. To allot equity shares upon exercise of Employee Stock Options under the ESOP Scheme(s);
2. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

   a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run our Company successfully;

   b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
3. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a) use the services of an external agencies, if required;

   b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c) consider the time commitments of the candidates.
4. Formulation of criteria for evaluation of performance of independent Directors and the Board;
5. Devising a policy on Board diversity;
6. Identifying persons who are qualified to become Directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
7. Analysing, monitoring and reviewing various human resource and compensation matters including the compensation strategy;
8. Determining the Company's policy on specific remuneration packages for executive Directors including pension rights and any compensation payment, and determining remuneration packages of such Directors;
9. Recommending the remuneration, in whatever form, payable to Non-Executive Directors and to the senior management personnel and other staff (as deemed necessary);
10. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
11. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
12. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
13. Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme") including the following:

   (i) Determining the eligibility of employees to participate under the ESOP Scheme;

   (ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;

   (iii) Date of grant;

   (iv) Determining the exercise price of the option under the ESOP Scheme;

   (v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;

   (vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;

   (vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;

   (viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

   (ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;

   (x) The grant, vest and exercise of option in case of employees who are on long leave;

   (xi) Allow exercise of unvested options on such terms and conditions as it may deem fit;

   (xii) The procedure for cashless exercise of options;

   (xiii) Forfeiture/ cancellation of options granted;

   (xiv) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

   - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
   - for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
14. Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme") and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
15. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

   a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and

b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended, by the Company and its employees, as applicable;

16. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and

17. Such terms of reference as may be prescribed under the Companies Act and Listing Regulations or applicable laws or by other regulatory authority.

Details of Nomination and Remuneration Committee Meeting

The Committee met 10 (Ten) times during the year under review on April 09, 2021, May 05, 2021, June 28, 2021, July 08, 2021, July 15, 2021, July 22, 2021, July 30, 2021, September 27, 2021, February 02, 2022 and March 14, 2022 as against the statutory requirement of one meeting and the attendance is given in the report. The requisite quorum was present at all the meetings of the Committee.

General

As per Section 178(7) of the Act and Secretarial Standards, the Chairman/Chairperson of the Nomination and Remuneration Committee or, in his absence, other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Anita Ramachandran, Chairperson of the Committee was present at the 9th AGM of the Company held on September 29, 2021.

During the year under review, all the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Board, Director and Committee evaluation and criteria for evaluation

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees.

The Company has a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairperson.

During the year under review, Nomination and Remuneration Committee ("NRC") carried out the performance evaluation of the Board, Committees of Board and individual Directors. The process involved a questionnaire-based approach followed by independent one on one discussions with all Board members. The various steps involved in the evaluation process are as under:

Step I: Circulation of Evaluation forms to all members.

Step II: Sharing of responses in the questionnaire by the Members with NRC Chairperson.

Step III: Preparation of Summary report by NRC Chairperson.

Step IV: Presentation of Summary report to the Board & decide appropriate actions.

The parameters for performance evaluation of the Board, Committees of Board and individual Directors are as follows:

- Contribute to and monitor corporate governance practices.
- Commitment to the fulfilment of a Director's obligation.
- Fiduciary responsibilities.
- Any other aspects agreed by Board from time to time.

The performance evaluation exercise was carried out through a structured questionnaire covering various aspects i.e., composition of Board, governance process, board/committee meetings and procedure, overall functioning of the Board, domain expertise, integrity, inclusive leadership, awareness about Company's strategy/objectives, effective participation in the meetings, appropriateness and timeliness of information, awareness about role and responsibilities, stakeholders' interest etc.

The Board evaluation process was completed for FY 2021-22. The outcome of the performance evaluation was presented to the Nomination and Remuneration Committee and the Board of Directors of the Company.

The overall performance evaluation exercise was completed to the satisfaction of the Board. The Board of Directors deliberated on the outcome and agreed to take necessary steps going forward.

The Policy on Board of Directors' Evaluation Framework can be accessed at: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Board-of-Directors-Evaluation-Framework.pdf

Stakeholders' Relationship Committee

Terms of Reference

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as follows:

1. Transfer/transmission of shares;
2. Split up/sub-division and consolidation of shares;
3. Dematerialisation/rematerialisation of shares;
4. Issue of new and duplicate share certificates;
5. Transfer of shares to IEPF Authority;
6. Release of shares from unclaimed suspense account of the Company;
7. Registration of Power of Attorneys, Probate, Letters of transmission or similar other documents.;
8. To open/ close bank account(s) of the Company for depositing share/debenture applications, allotment and call monies, authorise operation of such account(s) and issue instructions to the Bank from time to time in this regard;
9. To look into redressal of shareholders' and investors' complaints relating to transfer/transmission of shares, non- receipt of annual report, non-receipt of declared dividends, issue of new/duplicate share certificates, general meetings, etc.;
10. Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for;
11. Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., assisting with quarterly reporting of such complaints and formulating procedures in line with statutory guidelines to ensure speedy disposal of various requests received from shareholders;
12. Reviewing of measures taken for effective exercise of voting rights by shareholders;
13. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
14. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
15. Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
16. Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services;
17. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority;
18. To approve allotment of shares, debentures or any other securities as per the authority conferred/to be conferred to the Committee by the Board of Directors from time to time;
19. To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialisation, rematerialisation etc. of shares, debentures and other securities;
20. To monitor and expedite the status and process of dematerialisation and rematerialisation of shares, debentures and other securities of the Company; and
21. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Details of Stakeholders' Relationship Committee Meeting

The Committee was constituted on July 09, 2021 and the Committee Members met on December 14, 2021. The meeting had full quorum and the attendance is given in the report.

General

As per Section 178(7) of the Act and Secretarial Standards, the Chairman/Chairperson of the Committee or, in his/her absence, other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Ms. Alpana Parida, Chairperson of the Committee could not attend the Meeting due to her pre-occupations and on her behalf Mr. Anchit Nayar, Member of the Committee was present at the 9th AGM of the Company held on September 29, 2021.

Grievance Redressal Mechanism

The details of shareholders' complaints received and disposed off from the date of listing till the end of the year under review are as follows:

Complaints as on the date of Listing	Received during the period	Resolved during the period	Pending as on March 31, 2022
Nil	2751	2751	Nil

Risk Management Committee

Terms of Reference

The terms of reference of the Risk Management Committee are as follows:

1. To periodically review the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;
2. To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes;
3. The policy shall include:
   (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the committee;

(b) Measures for risk mitigation including systems and processes for internal control of identified risks;

(c) Business continuity plan.

4. To approve the process for risk identification and mitigation;
5. To decide on risk tolerance and appetite levels, recognising contingent risks, inherent and residual risks including for cyber security;
6. To monitor the Company's compliance with the risk structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;
7. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
8. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
9. To approve major decisions affecting the risk profile or exposure and give appropriate directions;
10. To consider the effectiveness of decision-making process in crisis and emergency situations;
11. To balance risks and opportunities;
12. To generally, assist the Board in the execution of its responsibility for the governance of risk;
13. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
14. To consider the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
15. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
16. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of Directors;
17. To attend to such other matters and functions as may be prescribed by the Board from time to time; and
18. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Details of Risk Management Committee Meeting

The Committee was constituted on July 09, 2021 and during the period under review, 2 (Two) meetings were held on September 27, 2021 and March 16, 2022. The requisite quorum was present at both the meetings and the attendance is given in the report.

Corporate Social Responsibility & Environmental, Social, and Governance Committee ("Corporate Social Responsibility Committee")

Terms of Reference

1. To formulate and recommend to the Board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;
2. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;
3. To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
4. To review and recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
5. To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
6. To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
7. To perform such other duties and functions as the Board may require the Corporate Social Responsibility Committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.
8. To take note of the Compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company.
9. The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:

   (a) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;

   (b) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;

   (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

   (d) monitoring and reporting mechanism for the projects or programmes; and

   (e) details of need and impact assessment, if any, for the projects undertaken by the Company; and

10. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Under the aegis of the ESG initiative, the Committee will have oversight responsibility on the Company's business operations from the standpoint of impact on environment and society. This underscores the Company's commitment as a responsible corporate citizen to improve execution of its business operations in a sustainable, environment friendly manner in the society and markets it operates in. The ESG initiatives will be aimed at favourably impacting creation of opportunities for people, businesses and communities the Company works with.

The Committee will present proposed initiatives to the Board in this regard.

Details of Committee Meeting

The Committee met 5 (Five) times during the year under review on April 29, 2021, September 27, 2021, December 22, 2021, February 03, 2022 and March 16, 2022 and the requisite quorum was present at all the meetings. The details of attendance of Committee members are given in this Report.

4. REMUNERATION OF DIRECTORS

Remuneration Policy

In terms of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Board of your Company, on recommendation of the Nomination and Remuneration Committee ("NRC"), adopted Remuneration policy for Directors, Key Managerial Personnel and other Employees which sets out criteria for the remuneration for Directors, Key Managerial Personal ('KMP') and other employees so as to attract, retain and reward talent who will contribute to our long-term success and thereby build value for the shareholders.

As per Remuneration Policy, the Company expects its employees to foster a culture of growth and high performance. Our Policy supports the design of programmes that align rewards – including incentive programmes, retirement benefit programmes, promotion and advancement opportunities – with the long-term success of our stakeholders. The Policy enables and encourages employees to live by and demonstrate the Nykaa Values in its true spirit.

Remuneration of Directors:

- Executive Directors shall be eligible for remuneration as may be approved by the Board on recommendation of the Committee. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Act and the rules made thereunder.
- Non-Executive/Independent Directors will be eligible for sitting fees for attending meetings of Board or Committee as fixed by the Board on the recommendation of the Committee in accordance with the provisions of the Act, and the rules made thereunder.
- Commission may be paid subject to the limits as per the applicable provisions of the Act.

Remuneration to KMP and other employees:

- The KMP and other employees shall be paid remuneration as per the Company's Compensation Policy, designed around the following primary pay components: fixed pay, annual variable pay, long-term incentives, perks and benefits. The break-up of the pay scale and other components shall be governed by HR Policies of the company. The remuneration is reviewed annually through the cyclical compensation review process.

The Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Remuneration-Policy-for-Directors-KMP-and-other-employees.pdf

- **Remuneration to Executive Directors for the Financial Year 2021-22**

  1. **Ms. Falguni Nayar**

     The remuneration paid to Ms. Falguni Nayar as an Executive Chairperson, Managing Director and Chief Executive Officer during the FY 2021-22 is as follows:

     Fixed Compensation: 20 million, *Variable Pay: Nil, Perquisites/Benefits: 0.67 million, Ex-gratia amount: Nil.

     *2% of the profit before tax of our Company on consolidated basis, subject to applicable statutory limits as approved by the Shareholders pursuant to their resolution dated March 08, 2021.

     Term: Ms. Falguni Nayar was designated as the Executive Chairperson, Managing

Director and Chief Executive Officer for a period of five years with effect from February 12, 2021 until February 11, 2026 pursuant to the Nomination and Remuneration Committee resolution dated February 09, 2021, Board resolution dated February 12, 2021 and Shareholders' resolution dated March 08, 2021

Service contract: 5 years

Notice period: 6 months

Severance fees: 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years profit shares paid to Ms. Falguni Nayar)

Stock Options: Nil

2. **Ms. Adwaita Nayar**

The remuneration paid to Ms. Adwaita Nayar as an Executive Director from June 30, 2021 for the FY 2021-22 is as follows:

Fixed Compensation: 15 million, *Variable Pay: 2.37 million, Perquisites/Benefits: Nil, Ex-gratia amount: Nil.

* 0.5% of profit before tax of the Company on a consolidated basis, subject to applicable statutory limits as approved by the Shareholders pursuant to their resolution dated July 16, 2021.

Term: Ms. Adwaita Nayar was designated as an Executive Director for a period of five years with effect from 1 July 2021 until June 30, 2026 pursuant to the Nomination and Remuneration Committee resolution dated June 28, 2021, the Board resolution dated June 30, 2021 and the Shareholders' resolution dated July 16, 2021

Service contract: 5 years

Notice period: 6 months

Severance fees: 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years profit shares paid to Ms. Adwaita Nayar)

Stock Options: Nil

3. **Mr. Anchit Nayar**

The remuneration paid to Mr. Anchit Nayar as an Executive Director from June 30, 2021 for the FY 2021-22 is as follows:

Fixed Compensation: 3.75 million, *Variable Pay: Nil, Perquisites / Benefits: Nil, Ex-gratia amount: Nil.

* 0.5% of profit before tax of the Company on a consolidated basis, subject to applicable statutory limits as approved by the Shareholders pursuant to their resolution dated July 16, 2021.

Term: Mr. Anchit Nayar was designated as an Executive Director for a period of five years with effect from 1 July 2021 until June 30, 2026 pursuant to the Nomination and Remuneration Committee resolution dated June 28, 2021, the Board resolution dated June 30, 2021 and the Shareholders' resolution dated July 16, 2021

Service contract: 5 years

Notice period: 6 months

Severance fees: 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years profit shares paid to Mr. Anchit Nayar)

Stock Options: Nil

Bonus or profit-sharing plan for the Directors

Other than the variable pay plan as envisaged in the agreement entered into with the Company by Ms. Falguni Nayar, Ms. Adwaita Nayar and Mr. Anchit Nayar, individually, the Company does not have any performance linked bonus or a profit-sharing plan for the said Directors.

- **Remuneration to Non-Executive Directors for the Financial Year 2021-22**

Sitting Fees

The Independent Directors are entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof. Sitting fees paid to Independent Directors are within the prescribed limits under the Act, and as determined by the Board of Directors from time to time.

Commission

The Shareholders at the Extra-Ordinary General Meeting held on 28 July 2021 approved payment of commission to be paid to the Independent Directors not exceeding 1% of the profits of Company and/or its Subsidiaries and sitting fees, as applicable, for the year or such limits as may be prescribed under the Act, provided that such sitting fees and commission is recommended by the Nomination and Remuneration Committee of the Board and approved by Board and shareholders of the Company or of the subsidiaries, as applicable.

Reimbursement of expenses

The Non-Executive Directors are also entitled to reimbursement of expenses for participation in the Board and other meetings in terms of the Act.The details of sitting fees and commission paid to Independent Directors during the financial year 2021-22 are as under:

(₹ in Million)

Sr. No.	Name of the Director	Sitting fees paid	Commission Paid	Total Remuneration
1	Ms. Alpana Parida	1.68	1.00	2.68
2	Ms. Anita Ramachandran	2.02	2.00	4.02
3	Mr. Milind Sarwate	1.33	3.00	4.33
4	Mr. Pradeep Parameswaran	0.45	0.50	0.95
5	Mr. Seshashayee Sridhara	0.43	0.50	0.93

No sitting fees or commission was paid to Mr. Sanjay Nayar and Mr. Milan Khakhar during the Financial Year 2021-22.

During the year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors apart from sitting fees and commission. The Company has not granted any stock options to any of its Non-Executive Directors.

Remuneration paid by Subsidiaries of the Companies:

- None of the Non-Executive Directors (including Independent Directors) have received or were entitled to receive any remuneration (apart from sitting fees) or commission from any of subsidiary company of the Company in FY 2021-22. The Executive Directors of the Company as per their terms of agreement entered with the Company and as approved by the Nomination and Remuneration Committee, has received the following remuneration from Nykaa E-Retail Private Limited, a wholly-owned subsidiary Company of the Company:

Name & Designation	Fixed Compensation	Variable Pay	Total
Ms. Falguni Nayar, Executive Chairperson & Managing Director and Chief Executive Officer	₹ 30 million	₹ 9.46 million	₹ 39.46 million
Mr. Anchit Nayar, Executive Director	₹ 11.25 million	₹ 2.37 million	₹ 13.62 million

5. GENERAL BODY MEETING

Previous 3 (Three) Annual General Meetings

Year	Date	Time	Location	Special Resolutions passed
2021*	September 29, 2021	5:00 P.M.	104 Vasan Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai – 400 013	Nil
2020*	September 30, 2020	12:00 P.M.	104 Vasan Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai – 400 013	Issue of Optionally Convertible Redeemable Non-Cumulative Preference Shares
2019	July 12, 2019	11:00 A.M.	#A2-4th Floor, Cnergy IT Park, Old Standard Mill Compound, Prabhadevi, Mumbai – 400 025	Nil

*In compliance with the provisions of the Ministry of Corporate Affairs ("MCA") General Circular No. 2/2021 dated January 13, 2021 and MCA General Circular No. 20/2020 dated 5 May 2020 read together with MCA General Circular Nos. 14 & 17/2020 dated April 08, 2020 and April 13, 2020 respectively, and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, the Company conducted the AGM through Video Conferencing/Other Audio Visual Means ("VC"/"OAVM").

Further, in accordance with the Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards –1 and 2 dated April 15, 2020 issued by the ICSI, the proceedings of the AGM are deemed to be conducted at the Registered Office of the Company being the deemed venue of the AGM.

Postal Ballot

Pursuant to Section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, during the year under review, five resolutions were passed by members of the Company through Postal Ballot process.

The details of Postal Ballot process during the financial year 2021-22 is as under:

Resolutions for which approval was sought from the members through the Postal Ballot:

Financial Year	Date & Time	Special Resolutions passed
2021-22	February 09, 2022	• Approval of Article 114(a) and Article 134 of the Articles of Association of the Company • Ratification of the Employee Stock Option Scheme –2012 of the Company • Ratification to extend benefits of Employee Stock Option Scheme –2012 to the employees of the subsidiary companies of the Company • Ratification of the FSN Employees Stock Option Scheme – -2017 of the Company • Ratification to extend benefits of FSN Employees Stock Option Scheme 2017 to the employees of the subsidiary companies of the Company

The Board of Directors of your Company had appointed Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423), Designated Partner, M/s. S. Anantha & Ved LLP (LLPIN: AAH-8229), Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. 23841/CP. No. 22407), Designated Partner, M/s. S. Anantha & Ved LLP, (LLPIN: AAH-8229), as Scrutiniser for conducting the Postal Ballot/e-voting process in a fair and transparent manner. All e-votes received up to 5.00 p.m. on February 09, 2022 were considered for scrutiny. E-votes received after this date were not considered for scrutiny. The results of the Postal Ballot were announced on February 11, 2022 declaring that the special resolutions set out in the Postal Ballot Notice were duly passed by the Members of the Company, with requisite majority.

Procedure adopted for Postal Ballot:

- The Notice of the Postal Ballot containing the Draft Resolution and Explanatory Statement, were e-mailed on Monday, January 10, 2022 to those Members whose names appeared on the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as on Friday, December 31, 2022 ("cut-off date") and were sent only in electronic mode to those Members whose e-mail addresses were registered with the Company or RTA or the Depository Participant(s). The details of E-Voting Event Number ("EVEN"), User ID and Password were e-mailed by RTA to those Members whose e-mail IDs were registered with the Company/Depository Participant(s). The Notice also specified the procedure for registering the e-mail addresses and obtaining the Notice of Postal ballot and remote e-voting instructions by the Members whose e-mail addresses were not registered with the depositories.
- The advertisement was published in the Newspapers (including e-Newspapers) viz. 'The Free Press Journal' (English) and 'Navshakti' (Marathi) on Tuesday, January 11, 2022 giving the requisite details as per the provisions of the Act and Secretarial Standard - 2.
- The remote voting period began on Tuesday, January 11, 2022 at 09:00 a.m.. (IST) and ended on Wednesday, February 09, 2022 at 05:00 p.m. (IST).
- The Scrutiniser submitted his Report on Thursday, February 10, 2022 and the resolution was deemed to have been passed on the last date of remote e-voting i.e., on Wednesday, February 09, 2022.

6. MEANS OF COMMUNICATION

- **Financial Results:** Your Company's quarterly financial results are submitted to the stock exchanges within forty-five days from the end of the quarter and the audited annual results are announced within sixty days from the end of the financial year as required under the Listing Regulations which are also available on the website of your Company at https://www.nykaa.com/investor-relations. The results are usually published in (Financial Express/ Free Press Journal) English newspaper having country-wide circulation and in (Loksatta/Navshakti) Marathi newspaper where the registered office of the Company is situated.
- **Investors/analysts Meets:** Your Company's officials interact on a regular basis with stakeholders through investor meetings, investor calls, media interactions, interviews, etc. Intimation and outcome of such meets are uploaded on the website of stock exchanges and displayed on your Company's website at https://www.nykaa.com/stock-exchange-filings.
- **Press/Media releases:** Official news and press/media releases are uploaded on the website of stock exchanges and displayed on your Company's website at https://www.nykaa.com/stock-exchange-filings.
- **Compliance reports, corporate announcements, material information and updates:** Your Company disseminates the requisite compliance reports and corporate announcements/updates to the stock exchanges through their designated portal.

- **Website:** Your Company's website https://www.nykaa.com/investor-relations contains a separate section for investors. Information on various topics such as the Board of Directors, Committees of the Board, Annual Reports, various policies, intimation to stock exchanges etc. are available on the website.
- **Designated Exclusive E-mail IDs:** Your Company has designated the following E-mail IDs exclusively for investor servicing:

  (a) For Investor Queries and Grievance Redressal:

  nykaacompanysecreatary@nykaa.com

  (b) For queries in respect of shares in physical mode:

  linkcs@linkintime.co.in
- In line with the "Green Initiative" undertaken by the Ministry of Corporate Affairs, the Company will be sending this year's Annual Report (including subsequent notices and communications, as permissible) to the shareholders who have registered their email address with the Company/ Depository. The Annual Reports of your Company are also available in the Investor Relations section of the Company's website.

7. GENERAL SHAREHOLDER INFORMATION

- **Corporate Identification Number:** L52600MH2012PLC230136
- **Registered Office Address:** 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel Mumbai – 400 013.
- **Annual General Meeting through Video Conferencing / Other Audio-Visual Means Facility**

  Date : Wednesday, August 10, 2022

  Time : 05:00 p.m. (IST)

  Venue : Meeting through VC/OAVM

  [Deemed Venue for Meeting: Registered Office of the Company at 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel Mumbai – 400 013]
- **Financial Year**

  The financial year covers the period from April 01, 2021 to March 31, 2022.
- **Listing details**

BSE Limited,	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
Stock Code : 543384	Symbol : NYKAA

- **Transfer of unclaimed/unpaid amount to the Investor Education and Provident Fund**

  Your Company had not declared dividends during the FY 2014-2015, hence no unpaid/unclaimed dividend for FY 2014-2015 is required to be transferred to the Investor Education and Provident Fund.
- **Market Price Data for the period – November 10, 2021 to March 31, 2022:**

  Share price performance in comparison on BSE Limited:

Month (Financial Year 2021-22)	BSE			Sensex		
	High (₹)	Low (₹)	Volume (No.)	High (₹)	Low (₹)	Volume (No.)
November	2,574.00	1,994.10	4,37,833	61,036.56	56,382.93	802,37,41,579
December	2,559.25	1,886.00	2,02,797	59,203.37	55,132.68	1900,42,74,843
January	2,134.70	1,571.30	1,50,013	61,475.15	56,409.63	1995,02,52,205
February	1,920.00	1,218.80	1,76,246	59,618.51	54,383.20	1337,53,62,897
March	1,718.20	1,281.75	1,04,903	58,890.92	52,260.82	1249,27,51,846

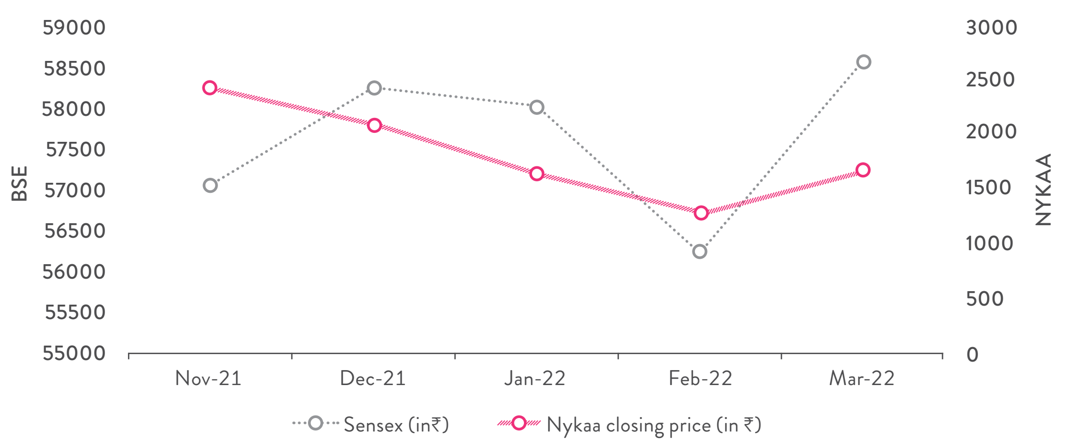
Share price performance in comparison on National Stock Exchange of India Limited (NSE):

Month (Financial Year 2021-22)	NSE			Nifty		
	High (₹)	Low (₹)	Volume (No.)	High (₹)	Low (₹)	Volume (No.)
November	2,573.70	2,000.00	7,10,78,977	18,210.15	16,782.40	428,71,42,585
December	2,560.00	1,910.05	3,97,65,496	17,639.50	16,410.20	549,92,73,903
January	2,135.00	1,571.00	1,85,21,203	18,350.95	16,836.80	543,54,47,093
February	1,917.70	1,219.05	2,95,14,873	17,794.60	16,203.25	562,02,92,631
March	1,719.00	1,281.00	1,68,16,255	17,559.80	15,671.45	795,97,08,234

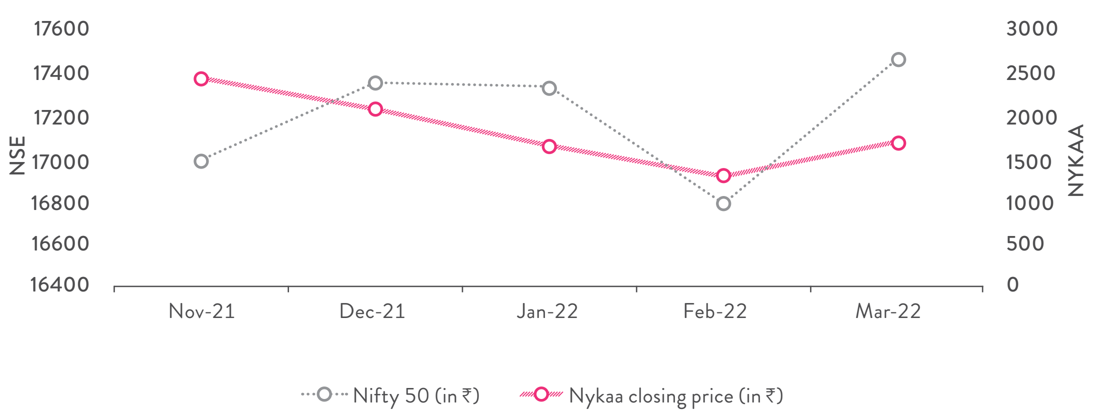
**Above information is considered from the date of Listing of the Company's equity shares viz. November 10, 2021.*
(Source: The above information is compiled from the data available on the websites of BSE and NSE)

Share Price Performance in comparison to broad-based indices – BSE Sensex and Nifty 50

BSE Sensex vs NYKAA Share Price



NIFTY 50 vs NYKAA Share Price



- **Suspension from trading:**

  No Securities of your Company were suspended from trading during the financial year 2021-22.

- **Registrar to an issue and share transfer agent:**

  Link Intime India Private Limited
  C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083, India.
  Tel. No. : 022 4918 6000
  Fax : 022 4918 6060
  Email : rnt.helpdesk@linkintime.co.in
  Website : linkintime.co.in
  Toll Free No. : 1800 1020 878

- **Address for correspondence:**

  For Shares held in Physical form

  Shareholders may correspond with the Registrar and Transfer Agents at:
  Link Intime India Private Limited
  C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083, India.
  Tel. No. : 022 4918 6000
  Fax : 022 4918 6060
  Email : rnt.helpdesk@linkintime.co.in
  Website : linkintime.co.in
  Toll Free No. : 1800 1020 878

  For Shares held in Demat form

  Investors' concerned Depository Participant(s) and/or Link Intime India Private Limited.

  Your Company has also designated nykaacompanysecretary@nykaa.com as an exclusive E-mail ID for Investors for the purpose of registering complaints.

- **Share Transfer System:**

  Pursuant to Regulation 40 of Listing Regulations, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with respective Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited. However, this restriction shall not be applicable to the request received for effecting transmission or transposition of physical shares. Shareholders are accordingly advised to avail the facility of dematerialisation holding shares in physical form by getting in touch with any Depository Participant having registration with SEBI.

  Equity Shares in physical form are processed by the RTA viz. Link Intime India Private Limited and approved by the Stakeholders' Relationship Committee. The requests received by the Company/RTA for dematerialisation/rematerialisation are disposed off expeditiously. During the year under review, one request of rematerialisation has been received and the same has been processed expeditiously. Your Company obtained, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, sub-division, consolidation, renewal, exchange and deletion of names were issued as required under Regulation 40(9) of the Listing Regulations and were duly filed with the Stock Exchanges.

- **Dematerialisation of shares:**

  As mandated by the Securities and Exchange Board of India ("SEBI"), securities of the Company can be transferred/traded only in dematerialised form. As on March 31, 2022, 97% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

MODE OF HOLDING	NO. OF SHARES	% OF SHARE CAPITAL
Physical Segment	1,21,48,141	3.00
Demat Segment		
NSDL (A)	45,47,78,792	96.00
CDSL (B)	71,77,943	1.00
Total (A + B)	46,19,56,735	97.00
TOTAL	**47,41,04,876**	**100.00**

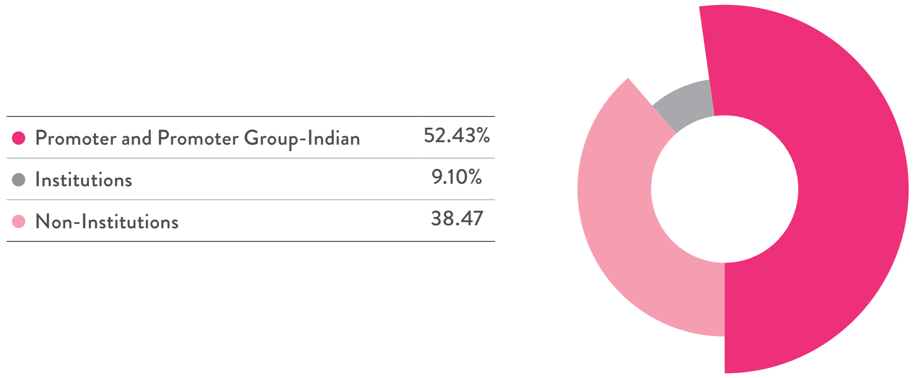
- **Distribution of Shareholding by Size as on March 31, 2022:**

Category (shares)	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
1 to 500	326075	99.3516	5851734	1.2343
501 to 1000	846	0.2578	620806	0.1309
1001 to 2000	403	0.1228	588500	0.1241
2001 to 3000	175	0.0533	436081	0.0920
3001 to 4000	85	0.0259	300795	0.0634
4001 to 5000	57	0.0174	267232	0.0564
5001 to 10000	118	0.0360	826967	0.1744
10001 and Above	444	0.1353	465212761	98.1244
Total	**328203**	**100.00**	**474104876**	**100.00**

Shareholding Pattern as on March 31, 2022:

Sr. No.	Category of Shareholder	No. of shareholders	Total number of shares (fully paid up)	Total number of shares (partly paid up)	Total number of shares (fully and partly paid up)	% of total no. of shares
(A)	**Shareholder of Promoter and Promoter Group**					
1	Indian	9	24,85,65,357	-	24,85,65,357	52.43
2	Foreign	-	-	-	-	-
	Total shareholding of Promoter and promoter group	**9**	**24,85,65,357**	**-**	**24,85,65,357**	**52.43**
(B)	**Public Shareholding**					-
1	Institutions	223	4,31,46,792	-	4,31,46,792	9.10
2	Non-Institutions	3,23,932	18,23,92,727	-	18,23,92,727	38.47
	Total public shareholding	**3,24,155**	**22,55,39,519**	**-**	**22,55,39,519**	**47.57**
	Total (A+B)	**3,24,164**	**47,41,04,876**	**-**	**47,41,04,876**	**100.00**

Category-wise Shareholding (%)



- **Liquidity:**

  The shares of the Company are among the most liquid and actively traded shares. Relevant data for the average daily turnover for FY 2021–22 is given below:

Particulars	BSE	NSE	BSE + NSE
Shares (in No.)	10778787	175696804	186475591
Value (in ₹ crores)	2124.82	34463.47	36588.30

(Source: The above information is compiled from the data available on the websites of BSE and NSE)

- **Outstanding GDRs/ ADRs/ Warrants and Convertible Instruments:**

  Your Company has approved the ESOS –2012 Scheme and ESOS – 2017 Scheme for issue of employee stock options at its meeting held on May 31, 2012 and October 10, 2017 respectively and granted Stock Options to eligible employees pursuant to the schemes out of which 1,74,000 options under ESOS – 2012 and 44,18,650 options under ESOS – 2017 are outstanding to be converted as on March 31, 2022.

- **Plant Locations:**

  Considering the nature of business in which your Company is engaged it does not have any manufacturing plant.

- **List of all Credit Ratings obtained by the Company along with revisions for the FY 2021-22:**

  CRISIL Ratings Limited had assigned the credit rating to your Company as follows:

Type of Credit rating	During the Financial year 2021-22	Post the Financial year 2021-22
Long Term Rating on Bank Debt	CRISIL BBB+/Positive	CRISIL A-/Stable
Corporate Credit Rating	CRISIL BBB+/Positive	CCR A-/Stable

- **Management Discussion and Analysis Report:** Management Discussion and Analysis Report forms part of this Annual Report.

8. OTHER DISCLOSURES / COMPLIANCES / CERTIFICATIONS DISCLOSURE FROM SENIOR MANAGEMENT

Subsidiary Companies – Monitoring Framework

The Company monitors performance of its subsidiary companies, *inter alia*, by the following means:

(i) The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a quarterly basis.

(ii) The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies.

(iii) At least one Independent Director of the Company is on the Board of Directors of unlisted material subsidiary.

The Company has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company - www.nykaa.com. The weblink for the same is https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-for-determining-Material-Subsidiary.pdf

Nykaa E-Retail Private Limited and FSN Brands Marketing Private Limited, wholly owned subsidiaries, are material subsidiaries of the Company. Under the Listing Regulations, a "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. [for appointment of independent director of the Company on the board of material subsidiary (refer iii above) - twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year].

The Company does not have a listed subsidiary.

Related Party Transactions & Conflict of Interest

All the contracts/ arrangements/ transactions entered by your Company during the financial year with related parties were in its ordinary course of business and on arms' length basis. The Company has made full disclosure of transactions with the related parties as set out in Note 43 of Standalone Financial Statement, forming part of the Annual Report. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

Your Company's Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions is available on the website of the Company at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Related-Party-Transaction-Policy.pdf

Details of non-compliance on matters relating to Capital Market Compliance with Listing Regulations

Equity shares of the Company are listed and traded on National Stock Exchange of India Limited and BSE Limited w.e.f. November 10, 2021. The Company has complied with the Rules, Regulations and Guidelines prescribed by Securities and Exchange Board of India (SEBI) and Stock Exchange as applicable to the Company, from time to time. Since the date of its listing, there were no penalties or strictures imposed on the Company by the Stock Exchange(s), SEBI and/or any other statutory authorities on matters relating to capital market.

Payment of Listing Fees

Annual Listing Fees for the Financial Year 2022-23 has been paid by the Company to National Stock Exchange of India Limited and BSE Limited.

Website

All the information and disclosures required to be disseminated pursuant to the Listing Regulations and the Act are being posted at Company's corporate website at https://www.nykaa.com/investor-relations.

Disclosure of commodity price risks and commodity hedging activities

The Company has taken suitable steps to hedge against foreign exchange risk(s) from time to time to protect from currency risk fluctuations.

However, the Company has not entered into any commodity pricing risk hedging activities and hence the disclosure under Clause 9(n) of Part C of Schedule V in terms of the format prescribed vide SEBI Circular, dated November 15, 2018, is not required to be made.

Proceeds from preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations

The Company has not raised funds through preferential allotment or qualified institutions placement during the Financial Year 2021-22.

Equity Shares in the suspense account

The Company does not have any equity shares in the suspense account.

Code of Conduct

The Company is committed to compliance with all the applicable laws and regulations with the intent of high business ethics, honesty and integrity. The Company has adopted the 'Code of Conduct for Board and Senior Management' which is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance to the Code of Conduct. A declaration to this effect, duly signed by the Executive Chairperson, Managing Director & CEO of the Company forms part of this Report as **Annexure – III(A)**. The above code is also displayed on the Company's website at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf

Code for prevention of Insider-Trading Practices

In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has in place following policies/codes which are revised from time to time according to applicable laws or as per need.

- Code of Conduct for Prevention of Insider Trading; and
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). Policy for determination of "legitimate purposes" forms part of this Code.

All compliances relating to Code of Conduct for Prevention of Insider Trading are being managed through a web-based portal installed by the Company. This code lays down guidelines advising the designated persons, insiders and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of FSN E-Commerce Ventures Limited, and while handling any unpublished price sensitive information, cautioning them of the consequences of violations. The Head – Legal, Company Secretary and Compliance Officer has been appointed as the Compliance Officer.

CEO / CFO Certification

The Executive Chairperson, Managing Director & Chief Executive Officer and Chief Financial Officer of the Company have jointly furnished an annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations and is attached to this Report as **Annexure – III(B)**.

Further, the Executive Chairperson, Managing Director & Chief Executive Officer and Chief Financial Officer of the Company have also jointly certified and issued the quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

No Disqualification Certificate from Company Secretary in Practice

A certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Board/Ministry of Corporate Affairs or any such Statutory Authority as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations, is attached to this Report as **Annexure – III(C)**.

Fees to Statutory Auditor and its affiliates

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to statutory auditors of the Company and other firms in the network entity of which the statutory auditors are a part, during the year ended March 31, 2022, is ₹ 15.21 million.

Prevention of Sexual Harassment (PoSH)

The Company prohibits and has zero tolerance towards any actions relating to workplace sexual harassment and it is dealt expeditiously and fairly through prompt and thorough investigation whenever any instance in this regard is reported, the details of which are as under:

Sr. No.	Particulars	Number of Complaints
1	Filed during the financial year under review	Nil
2	Disposed of during the financial year under review	Nil
3	Pending as on end of the financial year	Nil

Compliance with Mandatory Requirements and adoption of discretionary Requirements

Your Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations and the following discretionary requirement of the Listing Regulations are adopted:

1. **Unmodified Audit Opinion**

   During the year under review, there is no audit qualification in your Company's standalone financial statements and consolidated financial statements. Your Company continues to adopt best practices to ensure regime of financial statements with unmodified audit qualifications.

2. **Reporting of Internal Auditor**

   In accordance with the provisions of Section 138 of the Act, your Company has appointed Internal Auditor who directly reports to the Audit Committee of the Board of Directors.

Compliance Report on Corporate Governance

The Company submits on quarterly basis, a compliance report on corporate governance in the format prescribed by the Securities and Exchange Board of India, within the statutory period, from the close of the quarter with the Stock Exchanges. The said report is placed before the Board every quarter at its subsequent meeting, for its noting and comments/observations/advice, if any.

Compliance with requirement of Corporate Governance Report

Your Company has complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulation 17 to 27 and Regulation 46(2) (b) to (i) of the Listing Regulations in the respective places in this Report:

Sr. No.	Particulars	Regulation	Compliance Status Yes/ No/ N.A.	Key Compliance Observed
1	Board of Directors	17	Yes	• Composition and Appointment of Directors • Meetings and quorum • Review of compliance reports • Plans for orderly succession • Code of Conduct • Fees/compensation to Non-Executive Directors • Minimum information to be placed before the Board • Compliance Certificate by Chief Executive Officer and Chief Financial Officer • Risk management plan, risk assessment and minimisation procedures • Performance evaluation of Independent Directors • Recommendation of Board for each item of special business
2	Maximum Number of Directorships	17A	Yes	• Directorships in listed entities
3	Audit Committee	18	Yes	• Composition • Meetings and quorum • Chairperson present at Annual General Meeting • Role of the Committee
4	Nomination and Remuneration Committee	19	Yes	• Composition • Meetings and quorum • Chairperson present at Annual General Meeting • Role of the Committee
5	Stakeholders Relationship Committee	20	Yes	• Composition • Meetings • Chairperson present at Annual General Meeting • Role of the Committee
6	Risk Management Committee	21	Yes	• Composition • Meetings • Role of the Committee
7	Vigil Mechanism	22	Yes	• Vigil Mechanism and Whistle-Blower Policy for Directors and employees • Adequate safeguards against victimisation • Direct access to the Chairperson of Audit Committee
8	Related party transactions	23	Yes	• Policy on Materiality of related party transactions and dealing with related party transactions • Prior approval including omnibus approval of Audit Committee for related party transactions • Periodical review of related party transactions • Disclosure on related party transactions

Sr. No.	Particulars	Regulation	Compliance Status Yes/ No/ N.A.	Key Compliance Observed
9	Subsidiaries of the Company	24	Yes	• Appointment of Company's Independent Director on the Board of unlisted material subsidiaries • Review of financial statements and investments of unlisted subsidiaries by the Audit Committee • Minutes of the Board of Directors of the unlisted subsidiaries are placed at the meeting of the Board of Directors • Significant transactions and arrangements of unlisted subsidiaries are placed at the meeting of the Board of Directors
10	Secretarial Audit	24A	Yes	• Secretarial Audit of the Company • Secretarial Audit of material unlisted subsidiaries incorporated in India • Annual Secretarial Compliance Report
11	Obligations with respect to Independent Director	25	Yes	• Tenure of Independent Directors • Meetings of Independent Directors • Cessation and appointment of Independent Directors • Familiarisation of Independent Directors • Declaration from Independent Director that he/she meets the criteria of independence are placed at the meeting of Board of Directors • Directors and Officers insurance for all the Independent Directors
12	Obligations with respect to employees including Senior Management, Key Managerial Persons, Directors and Promoters	26	Yes	• Memberships/Chairmanships in Committees • Affirmation on compliance with Code of Conduct by Directors and Senior Management • Disclosure of shareholding by Non-Executive Directors • Disclosures by Senior Management about potential conflicts of interest • No agreement with regard to compensation or profit sharing in connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter
13	Other Corporate Governance requirements	27	Yes	• Compliance with discretionary requirements • Filing of quarterly, half-yearly and yearly compliance report on Corporate Governance
14	Website	46(2)(b) to (i)	Yes	• Terms and conditions of appointment of Independent Directors • Composition of various Committees of the Board of Directors • Code of Conduct of Board of Directors and Senior Management Personnel • Details of establishment of Vigil Mechanism/Whistle-blower policy • Criteria of making payments to Non-Executive Directors • Policy on dealing with related party transactions • Policy for determining material subsidiaries • Details of familiarisation programmes imparted to Independent Directors

Compliance Certificate from Secretarial Auditor regarding compliance of conditions of Corporate Governance

A certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries, regarding compliance of conditions of Corporate Governance forms part of this Annual Report as **Annexure - IV**.

Disclosure in relation to recommendation made by any Committee which was not accepted by the Board

There was no instance during the financial year 2021-22, where the Board of Directors of the Company has not accepted any recommendations, if any, of its Committees.

Various policies and the weblinks of respective policies adopted by your Company which are in accordance with the provisions of the Companies Act, 2013 and Listing Regulations:

Particulars	Website Links
Vigil Mechanism/Whistle-blower Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Vigil-Mechanism-Whistle-Blower-Policy.pdf
Terms and Conditions of appointment of Independent Directors	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Terms-and-Conditions-of-Appointment-of-ndependent-Directors.pdf
Risk Management Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Risk-Management-Policy.pdf
Remuneration Policy for Directors, KMP and other Employees	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Remuneration-Policy-for-Directors-KMP-and-other-employees.pdf
Related Party Transaction Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Related-Party-Transaction-Policy.pdf
Policy for Succession Planning for the Board	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-on-Succession-Planning-for-the-Board-Senior-Management.pdf
Policy on Board Diversity	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-on-Board-Diversity.pdf
Material Subsidiary Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-for-determining-Material-Subsidiary.pdf
Code of Practices and Procedures for UPSI	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of-Practices-and-Procedures-for-Fair-disclosure-of-UPSI-.pdf
Induction and Familiarisation Programme for Independent Director	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Induction-Familiarisation-Programme-for-Independent-Directors.pdf
Dividend Distribution Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Dividend-Distribution-Policy.pdf
Determining Materiality for Disclosure	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Materiality-for-Disclosures-Policy.pdf
Code of Conduct for Board and Senior Management	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf
Board Evaluation Framework	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Board-of-Directors-Evaluation-Framework.pdf
Archival Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Archival-Policy.pdf
Policy for Preservation of documents	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-for-preservation-of-documents.pdf
Nykaa Health, Safety and Environment Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Nykaa-Health-Safety-and-Environment-Policy.pdf
CSR Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/CSR-Policy.pdf

For and on behalf of the Board of Directors

Falguni Nayar
Executive Chairperson, Managing Director & CEO
DIN:- 00003633

Place: Mumbai
Date: May 27, 2022

ANNEXURE – III(A)

DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT

To,

The Members of FSN E-Commerce Ventures Limited

I hereby confirm that pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended March 31, 2022.

For and on behalf of the Board of Directors

Sd/-
Falguni Nayar
Executive Chairperson,
Managing Director & CEO
DIN:- 00003633

Place: Mumbai
Date: May 27, 2022

ANNEXURE – III(B)

CEO AND CFO CERTIFICATION

To,

The Board of Directors *('Board')*
FSN E-Commerce Ventures Limited
104 Vasan Udyog Bhavan, Sun Mill Compound,
Tulsi Pipe Road, Lower Parel,
Mumbai – 400 013

1. We have reviewed financial statements and the cash flow statement of FSN E-Commerce Ventures Limited ("the Company") for the year ended March 31, 2022 and to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
   i. there are no significant changes in internal controls over financial reporting during the year;
   ii. there are no significant changes in accounting policies during the year; and
   iii. there are no instances of significant fraud of which we have become aware.

For FSN E-Commerce Ventures Limited

Arvind Agarwal
Chief Financial Officer

Falguni Nayar
Executive Chairperson, Managing Director & Chief Executive Officer

Place: Mumbai
Date: May 27, 2022

ANNEXURE – III(C)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
FSN E-Commerce Ventures Limited
CIN: L52600MH2012PLC230136
104, Vasan Udyog Bhavan,
Sun Mill Compound, Tulsi Pipe Road,
Lower Parel, Mumbai – 400 013

We have examined the following documents:

(i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

(ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as submitted by the Directors of **FSN E-Commerce Ventures Limited** ("the Company") having its registered office at 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai – 400013, to the Board of Directors of the Company ("the Board") for the **Financial Year 2021 – 2022 and Financial Year 2022 – 2023** and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal www.mca.gov.in), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the **Financial Year ending 31st March, 2022** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

ANNEXURE – III(C)

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of Cessation
1.	Falguni Nayar	00003633	24-04-2012	–
2.	Milan Khakhar	00394065	28-09-2015	–
3.	Alpana Parida	06796621	28-09-2015	–
4.	Anita Ramachandran	00118188	12-10-2015	–
5.	Vikram Sud	01853732	06-07-2016	09-04-2021
6.	Yogesh Mahansaria	00090323	09-11-2016	30-07-2021
7.	Adwaita Nayar	07931382	22-01-2018	–
8.	Shefali Munjal	01336733	25-01-2018	15-07-2021
9.	William Sean Sovak	01161892	24-09-2018	15-07-2021
10.	Akshay Tanna	02967021	04-06-2019	15-07-2021
11.	Anchit Nayar	08351358	13-08-2019	–
12.	Padmini Aditya Vikram Somani	00046486	13-08-2019	15-07-2021

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31st March, 2022.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

Viswanathan N.S.
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955D000389293

May 25, 2022 |Thane

ANNEXURE – IV

CORPORATE GOVERNANCE CERTIFICATE

[Pursuant to Regulation 34(3) and Schedule V Para E of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)]

To,
The Members,
FSN E-Commerce Ventures Limited
CIN: L52600MH2012PLC230136
104, Vasan Udyog Bhavan,
Sun Mill Compound, Tulsi Pipe Road,
Lower Parel, Mumbai – 400 013

1. Background

We have been approached by FSN E-Commerce Ventures Limited ("the Company") to examine the compliance with the conditions of Corporate Governance by the Company, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time, for the financial year ended on March 31, 2022.

2. Management's Responsibility

The Compliance of conditions of Corporate Governance stipulated in the Listing Regulations is the responsibility of the management. The management shall devise adequate systems, internal controls and processes to monitor and ensure the same.

3. Our Responsibility

Our responsibility is limited to conduct an examination of the systems, internal controls and processes adopted by the Company and implementation thereof to monitor and ensure with the conditions of Corporate Governance and report thereon.

4. Methodology

4.1. In order to conduct our examination, we were provided with the relevant documents and information including explanations, wherever required.

4.2. Our examination was conducted in a manner which provided us with a reasonable basis for evaluating the systems, internal controls and processes adopted by the Company to monitor and ensure compliance with the conditions of Corporate Governance and to certify thereon.

5. Opinion

Based on our examination as aforesaid, the information, explanations and representations provided by the management, we certify that, the Company has complied with the with the conditions of the Corporate Governance stipulated in the Listing Regulations, for the Financial Year ended March 31, 2022.

6. Disclaimer

a. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

b. This report is neither an assurance as to the future viability of the Bank/Company nor the efficiency or effectiveness with which the management has conducted the affairs.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

Viswanathan N.S.
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955D000389260

May 25, 2022 |Thane

ANNEXURE – V

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FSN E-Commerce Ventures Limited
CIN: L52600MH2012PLC230136
104, Vasan Udyog Bhavan,
Sun Mill Compound, Tulsi Pipe Road,
Lower Parel, Mumbai – 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FSN E-Commerce Ventures Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Pursuant to the listing & trading approvals received from National Stock Exchange of India Limited (NSE) & BSE Limited on November 09, 2021, the equity shares of the Company have been listed with NSE and BSE Limited on November 10, 2021.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2022** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Applicable only to the extent of Overseas Direct Investment;**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from August 02, 2021);

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (up to August 12, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from August 13, 2021);

e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 – **Not Applicable as the Company has not delisted/ proposed to delist its equity shares from any Stock Exchange during the financial year under review;**

g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not Applicable as there was no reportable event during the financial year under review;**

h. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 – **Not Applicable as there**

was no reportable event during the financial year under review;

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;

vi. The Management has confirmed that there are no laws which are specifically applicable to the Company.

We have also examined compliance with the applicable provisions of the following:

(i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that:

➢ The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors including Independent Directors and Women Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act;

➢ Adequate notice is given to all Directors of the schedule of the Board and Committee Meetings and Agenda & detailed notes on agenda were sent at least seven days in advance and there exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting;

➢ All decisions of Board and Committee meetings were carried unanimously;

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded appropriately to notices received from various statutory/ regulatory authorities including the payment of:

(i) Compounding Fees of ₹ 1,00,000/- (Rupees One Lakh Only) by the Company and ₹ 20,000/- (Rupees Twenty Thousand Only) by Ms. Falguni Nayar, Managing Director of the Company, for the offence committed under Section 139 of the Act during the 07th Annual General Meeting of the Company held on 12th July 2019 pursuant to the order dated 06th September, 2021 passed by Regional Director, Western Region, Mumbai and

(ii) Compounding Fees of ₹ 2,00,000/- (Rupees Two Lakh only) by the Company, ₹ 72,000/- (Rupees Seventy Two Thousand Only) each, by Ms. Falguni Nayar, Managing Director & Ms. Rashi Mehta, Director, for the offence committed under Section 203 of the Act read with Rule 8 of Companies (Appointment & Remuneration of Key Managerial Personnel) for the period of offence between 09th June, 2014 to 02nd February, 2015, pursuant to the order dated 29th September, 2021 passed by Regional Director, Western Region, Mumbai.

We further report that during the audit period the following events have occurred which had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

(i) Pursuant to the approval of the Shareholders at the 25th Extra-Ordinary General Meeting (EGM) held on 17th June, 2021:

- Authorised Share Capital of the Company was increased from ₹ 20,00,00,000/- (Rupees Twenty Crore only) divided into 1,95,00,000 (One crore Ninety-Five Lakh) Equity Shares of ₹ 10/- (Rupees Ten Only) each and 5,00,000 (Five Lakh) Preference Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 325,00,00,000/- (Rupees Three Hundred Twenty Five Crore Only) divided into 27,50,00,000 (Twenty Seven Crore Fifty Lakh) Equity Shares of ₹ 10/- (Rupees Ten Only) each and 5,00,00,000 (Five Crore) Preference Shares of ₹ 10/- (Rupees Ten Only) each.
- A new set of Articles of Association of the Company was adopted.

(ii) Pursuant to the approval of the Shareholders at the 26th EGM held on 16th July 2021:

- The Shares of the Company were sub-divided as follows:
  - 27,50,00,000 (Twenty Seven Crore Fifty Lakh) Equity Shares of the Company having a face value of ₹ 10/- (Rupees Ten Only) each into 2,75,00,00,000 (Two Hundred Seventy Five Crore) Equity shares of face value of Re. 1/- (Rupee One Only) each and
  - 5,00,00,000 (Five Crore) Preference Shares of the Company having a face value of ₹ 10/- (Rupees Ten Only) each into 50,00,00,000 (Fifty Crore) Preference Shares of face value of Re. 1 (Rupee One Only) each.
- The Company, on 22nd July 2021, issued and allotted bonus equity shares to the existing equity shareholders of the Company in the ratio of 2:1 i.e. 2 (Two) equity shares of Re. 1/- (Rupee One Only) each for every 1 (One) equity share of Re. 1/- (Rupee One Only) credited as fully paid up in proportion of the shares held by them.
- The Company was converted into a Public Limited Company vide fresh Certificate of Incorporation consequent upon Conversion dated 28th July 2021.
- A new set of Memorandum of Association and Articles of Association of the Company was adopted.
- Amended the Employee Stock Option Scheme – 2012 and FSN Employees Stock Scheme – 2017.

(iii) Pursuant to the approval of the Shareholders at the 27th EGM held on 28th July 2021, the Board of Directors were authorised:

- To borrow the money along with the money already borrowed by the Company in excess of its paid up capital and free reserve i.e. Up to ₹ 1,000 crores (Rupees One Thousand Crores only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher, in terms of Section 180(1) (c) of the Companies Act, 2013.
- To create charges/ mortgages/ hypothecations for an amount not exceeding ₹ 1,000 crores (Rupees One Thousand Crores only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher, in terms of Section 180(1)(a) of the Companies Act, 2013.
- To give loans, provide guarantee/security, make investments in addition to the loans and investments so far made in and the amount for which guarantees or securities have so far been provided for a sum not exceeding ₹ 1,000 crores (Rupees One Thousand Crores only) over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is higher, in terms of Section 186 of the Companies Act, 2013.

(iv) Pursuant to the approval of the Shareholders at the 29th EGM held on 29th September, 2021:

- Amended the Articles of Association of the Company.
- Amended the Employee Stock Option Scheme – 2012 and FSN Employees Stock Scheme – 2017.

This Report is to be read with our letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

Viswanathan N.S.
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955D000389183

May 25, 2022 |Thane

ANNEXURE – A

To,
The Members,
FSN E-Commerce Ventures Limited
CIN: L52600MH2012PLC230136
104, Vasan Udyog Bhavan,
Sun Mill Compound, Tulsi Pipe Road,
Lower Parel, Mumbai – 400 013

Our Secretarial Audit Report for the **Financial Year ended 31st March, 2022**, of date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained reasonable assurance about whether the statements prepared, documents or Records, in relation to Secretarial Audit, maintained by the Auditee, are free from misstatement.
6. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

Viswanathan N.S.
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955D000389183
May 25, 2022 |Thane

ANNEXURE – V(A)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Nykaa E- Retail Private Limited
104, Vasan Udyog Bhavan, S Bapat Road,
Lower Parel Mumbai MH 400013 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nykaa E- Retail Private Limited (CIN: U74999MH2017PTC291558) ("the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under; **(Not applicable to the Company)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); **(Not applicable to the Company)**

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company)**

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company)**

   (d) The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulation, 2021; **(Not applicable to the Company)**

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company)**

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the Company)** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company)**

(vi) Other laws as may be applicable specifically to the company)

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; **(Not applicable to the company)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

WE FURTHER REPORT THAT

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has done the following transactions in due compliance with the applicable provisions of the Act:

Company's holding company, FSN E-Commerce Ventures Private Limited was converted into a Public Company, pursuant to which its name was changed to 'FSN E-Commerce Ventures Limited' By virtue of conversion of the Holding Company into a Public Company, the Company is now a Deemed Public Company and shall be subject to all applicable provisions as enunciated under the Companies Act, 2013.

SAP & Associates
Company Secretaries

Prakash Shenoy
Partner
ACS: 14026 | COP No.: 22619
UDIN: A014026D000391911
May 26, 2022 |Mumbai

Note: This Report is to be read with our letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.

ANNEXURE – A

To,
The Members,
Nykaa E- Retail Private Limited
104, Vasan Udyog Bhavan, S Bapat Road,
Lower Parel Mumbai MH 400013 IN

Re: Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions or corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

SAP & Associates
Company Secretaries

Prakash Shenoy
Partner
ACS: 14026 | COP No.: 22619

Place: Mumbai
May 26, 2022

ANNEXURE – V(B)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FSN Brands Marketing Private Limited
A-1,135 Shah and Nahar Industrial Estate
Sitaram Jadhav Marg, Lower Parel,
Delisle Road Mumbai City MH 400013 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FSN Brands Marketing Private Limited (CIN: U74120MH2015PTC262096) ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records provided to us and maintained by the Company for the financial year ended on 31st March, 2022, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; (Not applicable to the Company)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under; (Not applicable to the Company)

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (Not applicable to the Company)

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company)

(d) The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulation, 2021; (Not applicable to the Company)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company)

(vi) Other laws as may be applicable specifically to the company

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; (Not applicable to the company)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

Mr. Tarun Pathria who had appointed as Chief Financial Officer of the Company on August 31, 2021 was resigned on February 19, 2022.

As per section 203 (4), If the office of any whole-time key managerial personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy ie: on or before August 18, 2022.

WE FURTHER REPORT THAT

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has done the following transactions in due compliance with the applicable provisions of the Act:

Company's holding company, FSN E-Commerce Ventures Private Limited was converted into a Public Company, pursuant to which its name was changed to 'FSN E-Commerce Ventures Limited' By virtue of conversion of the Holding Company into a Public Company, the Company is now a Deemed Public Company and shall be subject to all applicable provisions as enunciated under the Companies Act, 2013.

SAP & Associates
Company Secretaries

Prakash Shenoy
Partner
ACS: 14026 | COP No.: 22619
UDIN: A014026D000400665

Place: Mumbai
May 26, 2022

Note: This Report is to be read with our letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.

ANNEXURE – A

To,
The Members,
FSN Brands Marketing Private Limited
A-1,135 Shah and Nahar Industrial Estate
Sitaram Jadhav Marg, Lower Parel,
Delisle Road Mumbai Mumbai City MH 400013 IN

Re: Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records, The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records, We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions or corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

SAP & Associates
Company Secretaries

Prakash Shenoy
Partner
ACS: 14026 | COP No.: 22619

Place: Mumbai
May 26, 2022

ANNEXURE – VI

PARTICULARS OF EMPLOYEES

[Disclosures required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES DURING THE FINANCIAL YEAR

Median remuneration of the employees of the company as at the end of the year under review was 0.8 million which was at the same level as the previous year's median remuneration*.

2. THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF EMPLOYEES FOR THE FINANCIAL YEAR 2021-2022; AND

3. THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, DURING THE FINANCIAL YEAR 2021-2022

Sr. No.	Name	Designation	Remuneration for the financial year 2021-2022 (in ₹ million)	Percentage increase/(decrease) in remuneration in the financial year 2021-2022(%)	Ratio to median remuneration (in times)
Non-Executive Directors*					
1.	Ms. Anita Ramachandran	Independent Director	2.0	100% (refer note 1)	2.6
2.	Ms. Alpana Parida	Independent Director	1.0	(33%) (refer note 2)	1.3
3.	Mr. Pradeep Parameswaran	Independent Director	0.5	(refer note 3)	0.6
4.	Mr. Seshashayee Sridhara	Independent Director	0.5	(refer note 4)	0.6
5.	Ms. Milind Sarwate	Independent Director	3	(refer note 5)	3.8
Executive Directors					
6.	Ms. Falguni Nayar	Executive Chairperson, Managing Director and Chief Executive Officer	20.7	(78%) (refer note 6)	26.5
7.	Ms. Adwaita Nayar	Executive Director	17.4	(refer note 7)	22.4
8.	Mr. Anchit Nayar	Executive Director	3.7	(refer note 8)	4.8
Key Managerial Personnel					
9.	Mr. Arvind Agarwal	Chief Financial Officer	75.2	(refer note 9)	96.5
10.	Mr. Rajendra Punde	Company Secretary & Compliance Officer	12.1	(refer note 10)	15.5

*Remuneration *includes all elements of cash salary and perquisites including ESOPs*

1. Re-designated as Independent Director w.e.f. July 15, 2021

2. Re-designated as Independent Director w.e.f. July 15, 2021

3. Appointed as Independent Director w.e.f. July 15, 2021

4. Appointed as Independent Director w.e.f. July 26, 2021

5. Appointed as Independent Director w.e.f. July 15, 2021

6. Total earning for the Financial Year 2021-22 was INR 60 Mn of which INR 20.7 Mn was through FSN E-Commerce Ventures Limited

7. Designated as Executive Director w.e.f. July 01, 2021

8. Designated as Executive Director w.e.f. July 01, 2021. Total earnings for the Financial Year 2021-22 was 17.4 Mn of which INR 3.7 Mn was through FSN E-Commerce Ventures Limited

9. Appointed as Chief Financial Officer w.e.f. June 01, 2020

10. Appointed as Head Company Secretary and Legal w.e.f. November 05, 2020

11. Sanjay Nayar and Milan Khakhar, Non-Executive Directors of the Company, were not paid any remuneration

4. THE NUMBER OF PERMANENT EMPLOYEES ON ROLLS OF THE COMPANY: 202

5. AVERAGE PERCENTILE INCREASE ALREADY MADE IN SALARIES OF EMPLOYEES OTHER THAN THE MANAGERIAL PERSONNEL IN THE LAST FINANCIAL YEAR AND ITS COMPARISON WITH THE PERCENTILE INCREASE IN THE MANAGERIAL REMUNERATION AND JUSTIFICATION THEREOF AND POINT OUT IF THERE ARE ANY EXCEPTIONAL CIRCUMSTANCES FOR INCREASE IN THE MANAGERIAL REMUNERATION:

The average percentage increase in the salary (includes fixed pay and actual performance bonus) of employees other than the managerial personnel in the last financial year is 8%. Managerial remuneration dropped by 56% due to one-time pay-outs in the Financial Year 2020-21. Individual salaries have been benchmarked against similar companies in India. Increment has been decided basis individual performance, internal parity and market competitiveness.

6. AFFIRMATION THAT THE REMUNERATION IS AS PER THE REMUNERATION POLICY OF THE COMPANY.

The company affirms that the remuneration paid is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Falguni Nayar
Executive Chairperson, Managing Director & CEO
DIN: 00003633

Place: Mumbai
Date : May 27, 2022

ANNEXURE – VII

Annual Report on CSR Activities
March 31, 2022

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2021-22

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

The Company through its CSR programme aims to be a champion of authentic self- expression and one that inspires positive change. The philosophy centres around driving Empowerment and Inclusion for all. This includes the communities our business operates in, and the marginalised – socially and economically, as well as society at large. The Company's ambition is to lay a CSR foundation that seamlessly aligns with its social voice and business behaviour. Our intention and efforts will be to ensure programmes that are meaningful, scalable, sustainable and timeless.

The objective of CSR policy of the Company is to lay down the guidelines and mechanism to carry out CSR projects/programmes by the Company and its subsidiaries and to report its CSR efforts in the format provided by the rules under the Act. The salient features of the CSR Policy are as under:

- Purpose of the Policy
- Policy statement
- Scope of CSR Activities
- Focus areas for CSR
- CSR Committee
- CSR Budget
- Project Life Cycle
- CSR Implementation
- Treatment of Surpluses

While the Ministry of Corporate Affairs has spelt out the CSR activities under Schedule VII to the Companies Act, 2013, in order to build focus and have a more impactful execution – with a view to make a difference – Company's focus areas for CSR are as follows:

- Upliftment and mentoring of vulnerable age groups
- Education, skilling & entrepreneurship
- Access to healthcare
- Sustainability and environmental responsibility

In the last one year, we have made significant investments and healthy progress in some of our company's focus areas:

1. **Nykaa's Fight Against the Pandemic:** During the pandemic, Nykaa contributed to Give India Foundation to provide medical essentials to hospitals in Maharashtra. Nykaa's also utilised the reach of its digital platform to initiate a fundraiser in partnership with GiveIndia, where the funds raised through the platform were contributed towards Covid-19 relief initiatives.

   At the beginning of the pandemic, Nykaa employees contributed a day's salary to the PM's COVID relief fund. In order to boost the sum donated, Falguni personally matched the total amount of employee contribution. Nykaa believes people are its biggest strength and despite the pressures of the pandemic on the job sector, ensured there were no pay reductions or job cuts. Instead, when its stores were shut for an extended period, the company focused on the upskilling and training of its employees.
2. **Slum Soccer:** Slum Soccer exists to foster sustainable development within otherwise marginalised populations of India. Their program Edukick, is a unique yet powerful method designed to help students from 1st to 4th Std to grasp basic concepts of mathematics and increase their awareness about important issues such as pandemic, health and hygiene. Stewarding strategic programmes within the realm of traditional/non-traditional education is central to Nykaa's CSR efforts. Specifically for children, adolescents as they fall within the age group of impressionable individuals that require specialised support and guidance to positively and holistically shape their future.
3. **Dehaat Foundation:** A non-profit committed to creating access to livelihoods and income generation for women in India. In line with Nykaa's focus on entrepreneurship, the donation aims to support women's ambitions of attaining financial independence through skills unique to them. Our aim is not limited to merely training for available jobs but to also support programs that help create sustainable livelihoods. We aspire to empower individuals to participate in the economy and encourage contribution to positive change in their communities.

   Over and above these, from time to time, on need and criticality basis the Company will review additional CSR activities which are prescribed under Schedule VII of the Companies Act 2013, such as:

   - Contribution to Government's various Relief funds

- Support Armed forces welfare
- Support to Research & technology
- Protection of National heritage
- Promote Sports

2. Composition of Corporate Social Responsibility & Environmental, Social and Governance Committee ("CSR Committee"):

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Anita Ramachandran	Chairperson	5	5
2	Ms. Adwaita Nayar	Member	5	5
3	Mr. Sanjay Nayar	Member	4	4

3. WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED:

https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/CSR-Policy.pdf

4. DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE 3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT):

Not Applicable for the financial year under review

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY:

NIL

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5):

₹ 22,05,37,333/-

7. (A) TWO PERCENT OF AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5):

₹ 44,10,747/-

(B) SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS:

Nil

(C) AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY:

Nil

(D) TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR (7A+7B-7C):

₹ 44,10,747

8. (A) CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR:

Total Amount Spent for the Financial Year	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
₹ 29,00,000	₹ 15,11,000	April 05, 2022	N.A.	N.A.	N.A.

(B) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the Project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Nykaa Practitioner Chair in Entrepreneurship at Indian Institute of Management - Ahmedabad	Promoting Education	Yes	Gujarat	Ahmedabad	March 29, 2022 to March 31, 2025	Up to 2,00,00,000	4,00,000	15,11,000	No	Indian Institute of Management, Ahmedabad	CSR00 004788

(C) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Covid Relief	Promoting health care including preventive health care	Yes	PAN India		25,00,000	No	Give India Foundation	CSR00000389

(D) AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS: Nil

(E) AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE: Not Applicable

(F) TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR (8B+8C+8D+8E)

	Amount (in ₹)
8(b)	-
8(c)	29,00,000
8(d)	-
8(e)	-
Total	29,00,000

(G) EXCESS AMOUNT FOR SET OFF, IF ANY: Not Applicable

9. (A) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Nil

(B) DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR FOR ONGOING PROJECTS OF THE PRECEDING FINANCIAL YEAR(S):

Not Applicable

10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR:

There was no creation or acquisition of capital asset through CSR spent in the financial year

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5):

During the year under review, the Company along with its wholly owned subsidiary Company i.e. Nykaa E-Retail Private Limited ("Nykaa E-Retail") has entered into a Memorandum of Understanding with Indian Institute of Management, Ahmedabad (IIM-A) for implementing a project to enhance the education and research in entrepreneurship through establishment of a "Practitioner Chair in Entrepreneurship" ("Entrepreneurship Chair"), created exclusively for undertaking CSR activities, at IIM-A and conduct of other activities towards enhancing the overall education and mentorship of entrepreneurs/potential entrepreneurs (" hereinafter referred as Project").

In terms of the Memorandum of Understanding executed between the Company, Nykaa E-Retail (the Company and Nykaa E-Retail are collectively referred as "Nykaa") and IIM-A, Nykaa will extend support to the multi-year ongoing "Project" as a fresh initiative under the current CSR initiatives, by way of donation to the extent of up to ₹2,00,00,000/-. The period of "Project" is of three years. During the year under review, the Company made an initial contribution of ₹4,00,000/- towards the "Project".

The balance amount of ₹15,11,000/- has been transferred to a separate bank account as unspent and committed to IIM-A for the "Project". IIM-A and Nykaa are in the process of finalising the scope of the constituted "Entrepreneurship Chair", further to which the remaining amount will be transferred to IIM-A. This is approved by the CSR Committee and the Board of Directors and is in compliance with the provisions of Section 135(6) of the Companies Act, 2013.

Anita Ramachandran	**Adwaita Nayar**
Director	Director
DIN: 00118188	DIN: 07931382
(Chairperson – CSR Committee)	(Member)
Mumbai, May 27, 2022	Mumbai, May 27, 2022

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company**: L52600MH2012PLC230136
2. **Name of the Company**: FSN E-Commerce Ventures Limited
3. **Registered address**: 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai 400 013, Maharashtra
4. **Website**: https://www.nykaa.com/
5. **E-mail id**: nykaacompanysecretary@nykaa.com
6. **Financial Year reported**: 2021-22
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**: Manufacturing
8. **List three key products/services that the Company manufactures/provides (as in the balance sheet)**:

   Beauty and Personal Care

   Fashion
9. **Total number of locations where business activity is undertaken by the Company**
   - **a) Number of International Locations (Provide details of major 5)**: The United Arab Emirates and the United Kingdom.
   - **b) Number of National Locations**: Pan India (23 Warehouses, 105 Retail Offices, Registered office located at Mumbai and regional office situated at Delhi, Gurgaon, Bengaluru and Kolkata)
10. **Markets served by the Company** – Local/State/National/International: Pan India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid-up capital (₹)**: 474,104,876
2. **Total turnover (₹)**: 37,739.35 millions (at consolidated level)
3. **Total profit after taxes (₹)**: 412.88 millions (at consolidated level)
4. **Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)**: 2% of the average net profits of the Company made during the three immediately preceding financial years (including E-Retail) i.e., ₹ 1,37,84,680 out of which ₹ 49,86,000 is unspent and transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013.
5. **List of activities in which CSR expenditure has been incurred**:
   - a) During the second wave of the COVID-19 pandemic, the Company provided medical essentials such as N-95 masks, PPE kits, sanitisers, and pulse oximeters to hospitals in Maharashtra through the Give India Foundation.
   - b) Indian Institute of Management, Ahmedabad – Promoting Education
   - c) Slum Soccer – Foster sustainable development within marginalised populations of India

SECTION C: OTHER DETAILS

1. **Does the Company have any subsidiary companies?**

   Following are the direct and indirect subsidiaries of the Company:

   a) Direct Subsidiaries
   - Nykaa E-Retail Private Limited
   - FSN Brands Marketing Private Limited
   - Nykaa-KK Beauty Private Limited
   - Nykaa Fashion Private Limited
   - FSN International Private Limited
   - FSN Distribution Private Limited
   - Dot & Key Wellness Private Limited

   b) Indirect Subsidiaries
   - FSN Global FZE
   - Nykaa International UK Limited
2. **Do the subsidiary Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary companies.**

   Yes, we have considered FSN E-Commerce Ventures Limited and its subsidiary Nykaa E-Retail Private Limited ('E-Retail') for the purpose of business responsibility report, collectively referred to as 'Company' or 'Nykaa'.
3. **Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   The Company manufactures, imports and sources beauty products from manufacturers and authorised distributors to deliver authentic and genuine products to its customers and eliminates risk of counterfeit products. The Company's agreements / contracts addresses areas like Code of Ethical Purchasing, Anti-bribery, and Compliance of laws regulations which our suppliers are obliged to adhere strictly.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

 a) **Details of the Director/Director responsible for the implementation of the BR policy/policies:**

DIN	Name	Designation
00118188	Ms. Anita Ramachandran	Independent Director

 b) **Details of the BR head:**

No.	Particulars	Details
1	DIN Number (if applicable)	-
2	Name	Arvind Agarwal
3	Designation	CFO
4	Telephone number	+ (91) 022-66149696
5	E-mail ID	Arvind.agarwal@nykaa.com

2. **Principle-wise (as per NVGs) BR Policy/policies:**

 a) **Details of compliance (Reply in Y/N)**

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any National/ international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by the MD/ owner/ CEO/ appropriate Board of Directors?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.nykaa.com/policies								
7	a) Has the policy been formally communicated to all relevant internal stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b) Has the policy been formally communicated to all relevant external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have an in-house structure to implement the policy/ policies?	Y	Y	*	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	**	Y	Y	***	NA	N	Y

Note: Please refer to the "**Annexure I**" to understand the principle-wise compliance of the Company's policies/codes.

*Periodic reviews are conducted in case of Leave policy, COVID-19 leave policy, Learning, and Development Policy, Maternity Policy, Employee Grievance, and Redressal policy, Risk Management policy, Policy on Board Diversity, Remuneration Policy for Directors, KMP, and Employees.

** No audit has been conducted in the case of the Health, Safety, and Environment policy, COVID-19 leave policy, Learning, and Development Policy, Maternity policy, and Employee Grievance and Redressal policy, however Company has carried out employee survey through external agency which has helped to understand effectiveness of employee related policies such as learning and development, performance management, workplace culture etc.

*** No audit has been conducted in the case of the Health, Safety, and Environment policy.

 b) **If the answer to the question at serial number 2.1. against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The Company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: NA stands for Not Applicable

3. **Governance related to BR**

 a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year**

 The CSR & ESG Committee of the Company meets every quarter to discuss and review policies in place while ensuring that meaningful, scalable and sustainable programmes are implemented for the betterment of relevant stakeholders.

 b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

 The Company was listed on November 10, 2021, and hence, BRR reporting was not applicable. The Company has published BR report for FY2021-22 which is forming part of its Annual report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency, and Accountability

1. **Does the policy relating to ethics, bribery, and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

 The Anti-Corruption and Anti-Bribery policy covers directors, officers, and employees working for the Company and its subsidiaries or affiliates, together referred to as "the Company" or "Our Company" or "Nykaa". The policy further applies to anyone who acts for the Company, including employees (direct/ indirect), contractors, suppliers, and directors.

 The Company's code of conduct policy is agreed and signed off by all its employees at the time of their joining of the Company and thereafter on annual basis.

2. **How many stakeholder complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management?**

S.No.	Complaint category	No. of complaints received	% Satisfactorily resolved
1	Investor	2,751	100
2	Customer	25,079	100
3	Employee	4	100

 Company has a grievance redressal mechanism and has put in place policies and committees such as POSH and Whistle-blower to address these issues. Employees can write to Speakup@nykaa.com to raise their complaint.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

 Nykaa acknowledges its responsibility towards the wellbeing of society and environment and makes it a guiding principle in every aspect of the creation, design and execution of our products. The design of our products is based on ethically sourced ingredients and environmentally friendly formulations following existing regulatory frameworks that are extensively tested for safety in use. The consciously curated formulations are manufactured employing low carbon footprint production practices following GMP practices and packed in environmentally acceptable packaging. The products are tested with real consumers, before launch to ensure that designs create a great experience with consumers for their purchase. As a socially responsible brand, most of our product design is Paraben-free, Mineral oil free, Cruelty free, Vegan, Natural actives, etc.

All our products from cradle-to-gate strictly adhere with sustainability parameters, below are a few ranges to illustrate the same:

- Nykaa Naturals Hair Care
- Nykaa Wanderlust Bath & Body
- Nykaa Cosmetics All Day Matte Foundation

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):**

   a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   The company's strategic intent is to attain sustainable brand value by investing in new engines of ESG growth. At Nykaa, we develop initiatives that take care of the environment footprint from product ideation to design to development to deployment stage, even till it reaches our end consumers. The company ensures that the products are safe and uses only regulatory approved ingredients as per standards laid down by the Bureau of Indian Standard (BIS) & Central Drugs Standard Control Organization (CDSCO). In addition, the company's products are manufactured in ISO certified sites and plants, that drive occupational health and safety of people and environment. Nykaa is committed to minimising plastic waste and to achieve the same, the company is transitioning from plastic packaging to eco-friendly packaging alternatives like paper packaging for its consignments and for end consumers packaging.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

   To ensure sustainable and responsible procurement practices, Nykaa has procedures in place for sustainable sourcing aligning to its vision. Since 2019 the company has embarked on this journey and taken several steps towards sustainable operations. Some of the following initiatives to demonstrate the intent in this direction:

   - Using bio-degradable plastic in our operations for packaging requirements and continuing to increase its coverage
   - More than 70% of our packaging material requirements are fulfilled through eco-friendly products, such as Xhexcus paper, paper flyer etc
   - Nykaa sources most of its packaging material from small and medium scale enterprises to encourage MSME ecosystem as part of its social responsibility objectives
   - The company has shifted its delivery approach from national to regional fulfillment, i.e., by adding new warehouses to reduce overall kilometers & lower air shipments. In addition to the kilometers coverage, the company's focus on reducing split shipment has resulted in reduction of multiple shipments therefore reducing plastic and fuel consumption.
   - The company has entered into a recycling agreement with 'Recykal', in line with EPR guidelines to effectively manage and recycle plastic waste, thus eliminating single-use plastics.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

   Nykaa strongly believes in fostering, uplifting and utilising the local communities associated with the projects that it undertakes. We maintain and ensure active engagement with owners of small and medium businesses along with local communities and as a result, procure a considerably large proportion of its products and services from local communities. Nykaa supports the Atmanirbhar Bharat Mission as a practice and procures products from over 350 MSMEs, additionally engaging them in packaging, relabeling activities & transportation of goods/ shipments/ couriers. For instance, in our warehouses, the manpower, inventory and utility suppliers are local vendors (MSMEs). Nykaa supports and encourages its suppliers to grow from their base location and foster communities around them in the process. Nykaa also conducts training sessions for local vendors on regular intervals to improve the quality of deliverables.

   Decentralisation/regionalisation of fulfillment centers has also helped in generation of local employment apart from better customer experience. For e.g., Guwahati Vs Kolkata warehouse.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

   Nykaa's commitment to environmental sustainability is reflected through its attentiveness and dedication to crafting processes on the foundation of the 5Rs - Reduce, Reuse, Recycle, Refuse and Remind. Presently 100% of our waste materials that are eligible for recycling are recycled, the rest are processed per industry norms.

   All our packaging is recyclable inline with industry standards. The company deals with items like paper cartons, inventorised products ie goods, e-waste & plastic waste. There exists an Extended Producer Responsibility (EPR) for each of the company's subsidiaries that is in action since April 2021, alongwith agreements with authorised recyclers for collecting waste from the field across different states. The segregated waste as per gradation is handed over to the recycling center at local recycling units of urban local bodies and records are maintained for the same. Plastic waste is reutilised and given new life by the likes of cement factories, oil generation units, and also reusable plastic product manufacturing.

   The company has developed an environmental framework that is aimed at ensuring proper management of scrap/waste generated by our operations. In the Financial Year 2021, the company also entered into an agreement with Rapidue Technologies Pte. Limited (RECYKAL), a registered waste management company, to help us in handling plastic waste and comply with EPR under Plastic Waste Management Rules, 2016.

Principle 3: Businesses should promote the well-being of all employees

1. **Please indicate the Total number of employees.**

   1,992

2. **Please indicate the Total number of employees hired on a temporary/contractual/casual basis.**

   3,986

3. **Please indicate the Number of permanent women employees.**

   889

4. **Please indicate the Number of permanent employees with disabilities**

   This number is not tracked separately as Nykaa does not follow differential recruitment policy based on employees' demographic details and physical abilities.

5. **Do you have an employee association that is recognised by management?**

   No, there are no employee associations recognised by management

6. **What percentage of your permanent employees are members of this recognised employee association?**

   Not applicable

7. **Please indicate the number of complaints relating to child labor, forced labor, involuntary labor, and sexual harassment in the last financial year and pending, as of the end of the financial year.**

No.	Category	Number of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

8. **What percentage of your undermentioned employees were given safety & skill up-gradation training in the last year?**

   a) **Permanent Employees:** 85% - Skill upgradation

   b) **Permanent Women Employees:** 79% - Skill upgradation

   c) **Casual/Temporary/Contractual Employees:** 100% - Safety training

   d) **Employees with Disabilities:** Included under permanent employees

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   Yes, the Company has mapped its internal and external stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.**

   Yes, the Company has identified the disadvantaged, vulnerable & marginalised stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof.**

   Yes, the company has taken definitive steps to engage with vulnerable, disadvantaged, and marginalised stakeholders. The same has been included in our CSR charter ensuring empowerment, equity and inclusion for all. The company identifies, prioritises, and acts on the needs and concerns of such individuals and communities through financial and allied support, such as teaching and medical aid to underprivileged children from municipal schools specifically to maintain their education continuity during the pandemic. In addition to this, the company offers preference for locals in employment opportunities around its fulfillment centers.

The company encourages NGO partners to identify specific needs of the marginalised and vulnerable stakeholders through "need assessment surveys" in order to facilitate customised CSR investments for further upliftment of such communities.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

   The Company has a Code of Conduct in place which covers human rights-related matters. The Code of Conduct applies equally to the Company and its subsidiaries and affiliates, its directors, officers, consultants, and employees. Parts of the Code of Conduct also apply to partner, suppliers, agents, or others acting on the Company's behalf.

2. **How many stakeholder complaints (with respect to human rights) have been received in the past financial year and what percent were satisfactorily resolved by the management?**

   No complaints with respect to Human Rights violations reported.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

   The Health Safety and Environment policy of the Company covers all employees, customers, business partners, suppliers, visitors, agencies, and all others who are associated with the Company (FSN E-Commerce Ventures Limited and its subsidiaries).

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give a hyperlink to the webpage, etc.**

   Nykaa acknowledges the pressing issue of climate change and through its business operations consciously works towards a positive sustainability footprint. We're working toward a carbon-neutral future, starting with cutting our own emissions across our value chain and showcasing our involvement for the global movement as a whole. The company has reduced its air shipments by shifting from national to regional fulfillment centers for deliveries of our products. All Nykaa premises, including our fulfillment centres, are designed to be energy efficient.

   Through our beauty and fashion platforms, we actively curate products and brands that are making an effort towards sustainability and spotlight them for ease of discovery by consumers. Our green beauty edits and sustainable fashion curations continuously highlight the most relevant homegrown and international brands to consumers who are actively seeking products that align with their lifestyle choices.

   https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/stock-exchange-filling/investor-presentation.pdf

3. **Does the Company identify and assess potential environmental risks? Yes/No**

   Environmental consciousness is core to our business operations and we continuously seek expert guidance towards shaping our business policies and operations to reduce environmental impact and mitigate potential risks. We work with reputed external consultants to assess risk assessment and management.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Nykaa remains focused in its efforts to reduce carbon footprint and runs initiatives to reduce emissions, one example of which is making sure all our premises are energy efficient.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give a hyperlink to the web page, etc.**

   At Nykaa, we strive to positively contribute towards a sustainable ecosystem by ensuring the highest level of responsibility and transparency in our business operations. Adhering to all environmental compliances , we constantly innovate and work towards mitigating environmental risks and upgrading our existing measures.

   For instance, all warehouses/ offices/ store premises are equipped with energy efficient solutions (LED)- to increase our sustainability footprint. The company aims at getting more efficient with sustainability year after year.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, the emissions/waste generated by the Company is within the permissible limits given by CPCB/SPCB for the financial year being reported.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of the end of the Financial Year.**

   No such cause/ legal notices received from CPCB/ SPCB which are pending (i.e., not resolved to satisfaction) as of the end of the financial year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Nykaa is an active member of various industry bodies that dedicate time and effort towards the development of industry regulations, fair trade practices and employment policies. Some trade and chamber or associations of which the Company is a member are:

   a) FICCI - Federation of Indian Chambers of Commerce & Industry

   b) IBHA - Indian Beauty Health Association of India

   c) CII - The Confederation of Indian Industry (CII)

   d) RAI - Retailers Association of India

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company actively engages with these associations to support the shaping of relevant policies. As an Indian enterprise, the Company is committed to the institution and implementation of developmental policies to generate employment, support inclusive growth and business sustainability within its ecosystem and continuously shares knowledge and insights towards this.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Through its CSR initiatives, the Company aims to be a champion of authentic self - expression and an ally that inspires positive change. The key philosophy centers around driving empowerment and inclusion for all. This includes the communities our business operates in, the underprivileged and the marginalised - socially and economically, as well as society at large. The Company is committed to the development of the country's entrepreneurial ecosystem and has facilitated the institution of an Entrepreneurship Chair at IIM A to support education as a path to entrepreneurship. To support the nation's healthcare heroes who were going above and beyond to fight the pandemic, the Company joined hands with Give India to provide access to essential protective devices, N95 masks, Oxygen masks and sanitisation essentials across the country.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?**

   In the last year, the company undertook several programs in line with its CSR strategy, to implement programs that help drive inclusive growth and equitable development among relevant communities in the areas of education, upskilling and entrepreneurship, through the following external institutions and NGOs-

   - Indian Institute of Management, Ahmedabad: Academic Institution
   - Krida Vikas Sanstha also known as Slum Soccer: Non-Profit Organisation
   - GiveIndia: Non-Profit Organisation

3. **Have you done any impact assessment of your initiative?**

   Nykaa's implementation partners for CSR help provide a clear understanding of the impact of our initiatives. The Give India fundraiser by Nykaa, during the second wave of the pandemic, helped us positively impact around 3 lakhs beneficiaries over a six month period. These included healthcare professionals from primary healthcare centres and hospitals across the country. Our support to Slum Soccer positively impacted over 250 students from Municipal and Zilla Parishad schools in Nagpur.

4. **What is your Company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken?**

The total amount spent on all CSR activities and projects by the Company during the FY 2021-22 was ₹ 1,37,84,680 out of which ₹ 49,86,000 is unspent and transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013. The details of the project undertaken are as follows:

S.No.	Project	Details of projects undertaken	Amount (₹)
1	Give India	During the second wave of the pandemic, the Company provided medical essentials such as N-95 masks, PPE kits, sanitisers, and pulse oximeters to hospitals in Maharashtra through the GiveIndia Foundation.	75,00,000
2	Krida Vikas Sanstha	Teaching kids in municipal schools in Nagpur mathematics through sports. About 250 children from 1st to 4th Standard. Activities to be delivered during PE. (through E-Retail)	500,000
3	Indian Institute of Management, Ahmedabad	Cultivating Entrepreneurship through education	8,00,000

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company has partnered with credible organisations and implementation partners for its various CSR initiatives. Community collaboration is an important pillar in Nykaa's mission for inclusivity and the Company consistently works towards identifying their needs and areas to foster development from the grass root level.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/ consumer cases are pending as of the end of the financial year?**

No customer complaints/consumer cases are pending as of the end of the financial year.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)**

Yes, the Company ensures that each of its products is labeled according to labelling requirements as per all applicable regulations and laws.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behavior during the last five years and pending as of the end of the financial year? If so, provide details thereof, in about 50 words or so.**

No, the Company hasn't received any case (i.e. litigation) filed against the Company regarding unfair trade practices or irresponsible advertising or anti-competitive behavior during the period.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

In our ongoing endeavor to understand our consumers' core needs, Nykaa leverages various consumer satisfaction metrics like Net Promoter Score survey to capture and subsequently address any divergence in customer requirements and satisfaction.

ANNEXURE I: PRINCIPLE-WISE (AS PER NVGS) BR POLICY/POLICIES

1. **Anti-Corruption and Anti-Bribery Policy: *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the relevant stakeholders across the organisation including the Nomination and Remuneration Committee (NRC) and Audit Committee.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to the Prevention of Corruption Act, 1998.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Nomination and Remuneration Committee and Audit Committee oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders. Also, it is available on the Human Resource Management System (HRMS) (an internal portal).

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Yes, stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the policy.

2. **Code of Conduct for Board and Senior Management: *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The code was formulated in consultation with the NRC committee, Board of Directors, and Functional Heads.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The code conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The code has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

The NRC committee oversees the implementation of the code.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy has been communicated to the employees and the code is available on the Company's website to make it available for the internal and external stakeholders

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the code.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the working of the code.

3. **Code of Practices and Procedures for Fair Disclosure of UPSI: *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The code was formulated in consultation with the Board of Directors, and Audit Committee.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The code conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The code has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Board of Directors and Audit Committee oversees the implementation of the code.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The code is available on the Company's website to make it available for the internal and external stakeholders, also we have conducted training sessions.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the code.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the working of the code.

4. **Dividend Distribution Policy: *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the Board of Directors.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Board of Directors oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the working of the code.

5. **Materiality for Disclosures Policy: *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the Board of Directors, and Audit Committee.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to the SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Board of Directors and Audit Committee oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the working of the policy.

6. **Policy for determining Material Subsidiary *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the Board of Directors, and Audit Committee.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to the SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Board of Directors and Audit Committee oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the working of the policy.

7. **Related Party Transaction Policy *(Aligns with Principle 1)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the Board of Directors, and Audit Committee.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Board of Directors and Audit Committee oversee the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the working of the policy.

8. **Risk Management Policy *(Aligns with all the 9 principles)***

    a) **Has the policy been formulated in consultation with the relevant stakeholders?**

    The policy was formulated in consultation with the Board of Directors, and Risk Management Committee.

    b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

    The policy conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

    c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

    The policy has been approved by the board and has been signed by the concerned Board of Directors.

    d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

    Board of Directors and Risk Management Committee oversees the implementation of the policy.

    e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

    The policy is available on the Company's website to make it available for the internal and external stakeholders.

    f) **Does the Company have an in-house structure to implement the policy/ policies?**

    Periodic reviews are conducted to ensure the implementation of the policy.

    g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

    Stakeholders can report their grievances via the whistle-blower mechanism.

    h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

    The Company has conducted an audit to evaluate the working of the policy.

9. **Vigil Mechanism Whistle Blower Policy *(Aligns with Principle 1)***

    a) **Has the policy been formulated in consultation with the relevant stakeholders?**

    The policy was formulated in consultation with the Board of Directors, and Audit Committee.

    b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

    The policy conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

    c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

    The policy has been approved by the board and has been signed by the concerned Board of Directors.

    d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

    Board of Directors and Audit Committee oversee the implementation of the policy.

    e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

    The policy is available on the Company's website to make it available for the internal and external stakeholders.

    f) **Does the Company have an in-house structure to implement the policy/ policies?**

    Periodic reviews are conducted to ensure the implementation of the policy.

    g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

    Stakeholders can report their grievances via the whistle-blower mechanism.

    h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

    The Company has conducted an audit to evaluate the policy.

10. **Prevention of Sexual Harassment *(Aligns with Principle 1)***

    a) **Has the policy been formulated in consultation with the relevant stakeholders?**

    The policy was formulated in line with the directive of POSH Act 2013 and in consultation with the relevant stakeholders

    b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

    The policy conforms to the POSH Act (The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), 2013

    c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

    The policy has been approved and signed by CHRO.

    d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

    NRC (Nomination and Remuneration Committee) oversee the implementation of the policy

    e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

    Yes, the policy is available on the Company's internal employee (HRMS) portal, shared as part of the induction for new joiners along with mandatory online POSH training to be completed by the employees.

    f) **Does the Company have an in-house structure to implement the policy/ policies?**

    Periodic reviews are conducted to ensure the implementation of the policy.

    g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

    Employees can report their grievances to the Internal Complaints Committee or write to posh@nykaa.com.

    h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

    The Company reviews the policy from time to time

11. **Archival Policy *(Aligns with Principle 1)***

    a) **Has the policy been formulated in consultation with the relevant stakeholders?**

    The policy was formulated in consultation with the Board of Directors.

    b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

    The policy conforms to the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

    c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

    The policy has been approved by the board and has been signed by the concerned Board of Directors.

    d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

    Board of Directors oversees the implementation of the policy.

    e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

    The policy is available on the Company's website to make it available for the internal and external stakeholders.

    f) **Does the Company have an in-house structure to implement the policy/ policies?**

    Periodic reviews are conducted to ensure the implementation of the policy.

    g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

    Stakeholders can report their grievances via the whistle-blower mechanism.

    h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

    The Company has conducted an audit to evaluate the working of the policy.

12. **Health Safety and Environment Policy *(Aligns with Principles 3 and 6)***

    a) **Has the policy been formulated in consultation with the relevant stakeholders?**

    The policy was formulated in consultation with the Board of Directors.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to the National Policy on Safety, Health, and Environment at Workplace.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by MD and signed by CHRO

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Board of Directors oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy has been formally communicated to employees. The policy is also available on the Company's website to make it available for the internal and external stakeholders, apart from internal employee (HRMS) portal.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

The Standard Operating Procedure (SOP) to implement the policy is yet to be prepared.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can contact the policy grievance officer via the contact details mentioned in the policy to report their grievances.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company is yet to conduct an audit to evaluate the working of the policy.

13. **Leave Policy *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated by considering industry practice, employee feedback, HR business partners, business leaders, and CHRO.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to requirements of laws and industry practices

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy is approved by the MD and signed by CHRO

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Human Resource function oversees the implementation of the policy

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy has been communicated to all employees. It is available on the HRMS portal (an internal portal). A refresher session is organised after every 6 months for employees to communicate the policy to them.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy. Data related to employees is analysed to check the applicability of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism or write to speakup@nykaa.com.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

No external audit has been conducted however periodic reviews are conducted internally to evaluate the policy.

14. **COVID-19 Leave Policy *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated by considering industry practice, employee feedback, HR business partners, business leaders, and CHRO.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy confirms the government notification regarding COVID-19.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy is approved and signed by the CHRO.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Human Resource function oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy has been communicated to all employees. The policy is available on the HRMS portal (an internal portal). A refresher session is organised after every 6 months for employees to communicate the policy to them

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Not Applicable, as this policy was one-off due to pandemic conditions.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism or write to speakup@nykaa.com.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

Not Applicable, as this policy was one off policy

15. **Learning and Development Policy *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated by considering industry practice, employee feedback, HR business partners, and HR head

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

Not applicable

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy was approved by the HR Head.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Human Resource function oversee the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy has been communicated to all employees. The policy is also available on the HRMS portal (an internal portal).

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Not applicable

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

Not applicable for learning and development policy.

16. **Maternity Policy *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated by considering industry practice, employee feedback, HR business partners, business leaders, and CHRO.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy confirms the Maternity Benefits Act, 1961 and the subsequent amendments in the Maternity Benefits (Amendment) Act, 2017.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy is approved and signed by CHRO.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Human Resource oversee the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the HRMS portal (an internal portal). A refresher session is organised after every 6 months for employees to communicate the policy to them.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Employees can report their grievances via the whistle-blower mechanism

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has not conducted any audit to evaluate the working of the policy. The Company reviews the policy from time to time.

17. **Employee Grievance Redressal Policy *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated by considering industry practice, employee feedback, HR business partners, and HR head

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy is in line with best practices in the industry

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy is approved and signed by the CHRO.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Human Resource function oversees the implementation of the policy

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is made available on the HRMS portal (an internal portal). A refresher session is organised after every 6 months for employees to communicate the policy to them.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism or write to speakup@nykaa.com.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company reviews the policy from time to time.

18. **Policy on Board Diversity *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the NRC and Board of Directors.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy confirms the Companies Act 2013 and SEBI LODR Regulations 2015.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

NRC (Nomination and Remuneration Committee) oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the policy

19. **Remuneration Policy for Directors KMP and other employees *(Aligns with Principles 3)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the NRC and Board of Directors.

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy confirms the Companies Act, 2013 and SEBI LODR Regulations, 2015 (as amended).

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy has been approved by the board and has been signed by the concerned Board of Directors.

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

NRC (Nomination and Remuneration Committee) oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

The policy is available on the Company's website to make it available for the internal and external stakeholders.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the policy

20. **CSR Policy *(Aligns with Principles 8)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with the CSR committee and Board of Directors

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy conforms to Section 135 of the Companies Act, 2013.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy is approved and signed by the CHRO

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

CSR and Environment, Social and Governance (ESG) Committees oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy is available on the Company's website to make it available for the internal and external stakeholders and also available on internal employee (HRMS) portal.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

The Company has formulated the following Standard Operating Procedure (SOP) aligning it with the CSR Policy of the Company. The SOP consists of key steps such as identification of the implementing agencies, conducting due diligence to outsource its CSR activities, documentation of the Implementation partner, pre-sanction project visit for NGO, and ensuring compliance with project requirements.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Stakeholders can report their grievances via the whistle-blower mechanism.

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company has conducted an audit to evaluate the policy.

21. **Media Interaction Policy *(Aligns with Principles 7)***

a) **Has the policy been formulated in consultation with the relevant stakeholders?**

The policy was formulated in consultation with relevant stakeholders

b) **Does the policy conform to any National/ international standards? If yes, specify? (50 words)**

The policy is in line with national/international best practices in the industry.

c) **Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

The policy is approved and signed by the CHRO

d) **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Corporate communications and PR department oversees the implementation of the policy.

e) **Has the policy been formally communicated to all relevant internal and external stakeholders?**

Yes, the policy has been circulated to the relevant internal stakeholders and also available on internal employee (HRMS) portal.

f) **Does the Company have an in-house structure to implement the policy/ policies?**

Periodic reviews are conducted to ensure the implementation of the policy.

g) **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?**

Not applicable

h) **Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?**

The Company reviews the policy from time to time.

INDEPENDENT AUDITORS' REPORT

To the Members of FSN E-Commerce Ventures Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of FSN E-Commerce Ventures Limited ("the Company") which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone 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 given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profits 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 of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the standalone financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of investments in and loans to subsidiaries (refer Note 7, Note 8 and Note 16 in the standalone financial statements)	
The Company has investment of ₹ 3,794.80 million in subsidiaries and has outstanding loans receivables of ₹ 5,080.51 million from subsidiaries as at March 31, 2022 (as described in Note 7, Note 8 and Note 16 of standalone financial statements). As per requirement of Ind AS 36 "Impairment of assets", the management reviews at each reporting period whether there are any indicators of impairment of the investments in subsidiaries and where impairment indicators exist, such investments are tested for impairment using discounted cash-flow models by which recoverable value of each investment is compared to the carrying value as at balance sheet date. A deficit between the recoverable value/ value in use and the carrying value would result in impairment. The value in use of the underlying businesses is determined based on the discounted cash flow projections. Discounted cash flow model has significant judgment and estimation in respect of cash flow forecasts and discount rate. Changes in certain methodologies and assumptions can lead to significant changes in the assessment of the recoverable value. Due to the level of judgements involved in the assumptions used for computation of recoverable amount/ value in use, the impairment assessment of the Company's interest in certain subsidiaries including loans given, is determined to be a key audit matter in our audit of the standalone financial statements.	Our audit procedures included the following: • We obtained the audited financial statements of subsidiaries from the management and assessed impairment indicators in accordance with Ind AS 36. • Assessed the Company's valuation methodology applied in determining the recoverable amount. • Assessed the assumptions used in determining cash flow forecasts, discount rates, expected growth rates and terminal growth rates used. • Where the Company used the work of an external specialist, we assessed competence, professional qualification, objectivity and independence of such specialist. We obtained and read the report of external specialist to understand the work performed on testing of key assumptions and estimates and their outcome of testing. • Involved our internal valuation specialist to evaluate the adequacy of the assumptions used in impairment analysis. • We assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • Discussed the budgeted and actual performance for the year to evaluate the inputs and assumptions used in the cash flow forecasts. • Tested the arithmetical accuracy of the computation of recoverable amount. • We assessed the disclosures provided by the Company in relation to its annual impairment test in notes to the standalone financial statements.
Put arrangements over non- controlling interests (Refer Note 22 in the standalone financial statements)	
The Company has acquired 51% shareholding of Dot & Key Wellness Private Limited ('D&K') on September 28, 2021. The promoter shareholders of D&K have put option for acquisition of incremental stake up to 49% by the Company at a value to be determined as per the terms of shareholders' agreement for consideration not exceeding ₹1,530 million. The fair value of put option as at March 31, 2022 is ₹ 242.40 million. In accordance with Ind AS 109, the put option value is required to be fair valued at each reporting date. The inputs to the put option valuation include projected revenue growth, budgeted operating margins and operating cash-flows, pre-tax discount rates and terminal value. We considered the audit of this put arrangement to be a key audit matter as this is a significant non routine transaction during the year and it requires significant management judgement regarding the estimated revenue and EBITDA of future years including the fair valuation of put option liability	Our audit procedures included the following: • We have, amongst others, read the shareholders' agreement and share subscription and purchase agreement, and other related documents to obtain an understanding of the transactions and the key terms and conditions. • Read the valuation report for the purchase price allocation. We evaluated the qualifications and objectivity of the experts engaged by the Company to perform the put option valuation. • We assessed management assumptions in respect of future sales growth rate and discount rate used in valuation. We involved our valuation specialists to assist in evaluating the key assumptions and methodologies used in the valuation. • We assessed the disclosures made in the Standalone financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the standalone financial statements and our auditors' report thereon, which we obtained prior to the date of this auditor's report, and the Annual report other than Director's report , which is expected to be made available to us after that date

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report other than Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

Responsibilities of Management for the standalone 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 standalone 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 the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Auditors' Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' 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 standalone 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 standalone 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 auditors' report to the related disclosures in the standalone 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 auditors' 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 standalone financial statements, including the disclosures and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 Statement of Other Comprehensive Income, the Cash Flow Statement 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with 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 March 31, 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company does not have any pending litigation which would impact its financial position. Refer Note 44(B) to the standalone financial statements;

      (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 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 entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      (c) Based on such audit procedures that were 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 (a) and (b) contain any material misstatement.

      (v) No dividend has been declared or paid during the year / subsequent to the year-end by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJTA05925

Place: Mumbai
Date: May 27, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number:
109818W

per A. N. Shah
Partner
Membership Number: 42649
UDIN: 22042649AJTTOS2704

Place: Mumbai
Date: May 27, 2022

Annexure 1 referred to in paragraph [1] under Report on Other Legal and Regulatory Requirements of our report of even date

Re: FSN E-Commerce Ventures Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, except for quantitative and description details of additions made during the year. The Company is in the process of updating quantitative and description details of additions during the year.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, some property, plant and equipment were physically verified during the year. No material discrepancies were noticed on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022 and accordingly, the requirement to report on clause 3(i)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies were less than 10% in /aggregate for each class of inventory and have been properly dealt with in the books of account.

(b) As disclosed in note 24 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are not in agreement with the books of accounts of the Company and the details are as follows:

(₹ in Million)

For each class of current asset as at quarter ended	Value as per books	Value as per quarterly return/ statement	Discrepancy
June 30, 2021:			
Trade Receivables and advance to Supplier			
Kotak Bank, HDFC Bank, Citibank	463.45	416.60	46.85
Inventory			
Kotak Bank, HDFC Bank, Citibank	351.43	373.83	(22.40)
September 30, 2021:			
Trade receivable, Other Receivable			
Citibank, Kotak Bank	401.67	306.58	95.09
Trade receivable, Advance to Supplier, Other Receivable			
HDFC Bank	485.98	355.91	130.07
Inventory			
Citibank, Kotak Bank, HDFC Bank	401.38	396.19	5.19
Advances to supplier			
Citibank, Kotak Bank	84.32	29.61	54.71
December 31, 2021:			
Trade receivable, Other Receivable			
HDFC Bank	492.97	482.05	10.92
Inventory			
Citibank, Kotak Bank, HDFC Bank	507.97	601.39	(93.42)
March 31, 2022:			
Inventory			
Citibank, Kotak Bank	725.45	760.91	(35.46)
HDFC Bank	725.45	723.33	2.12

#Note : Kotak Bank, Citibank, HDFC Bank referred in the above in the table are for Kotak Mahindra Bank Limited, Citibank N.A., HDFC Bank Limited

(iii) (a) During the year, the Company has provided loans and stood guarantees to its subsidiaries as follows:

(₹ in Million)

Particulars	Guarantees	Loans
Aggregate amount granted/ provided during the year	500.00	5,610.00
Balance outstanding as at March 31, 2022 in respect of above cases	3,540.00	5,238.65

During the year, the Company has not provided security to companies, firms, Limited Liability Partnerships or any other parties.

(b) During the year, the investments made, guarantees provided and the terms and conditions of the grant of all loans and guarantees to its subsidiaries are not prejudicial to the Company's interest. During the year, the Company has not provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order in respect of security given is not applicable to the Company.

(c) The Company has granted loans during the year to its subsidiaries where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to companies which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to entities in which directors are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company. The Company has not advanced loans to directors to which provisions of section 185 of the Act apply and hence not commented upon.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed by the Central Government under section 148(1) of the Act. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to duty of excise, sales tax, service tax and value added tax are not applicable to the Company for the year ended March 31, 2022.

(b) According to the records of the Company, there are no dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, cess and other statutory dues which have not been deposited on account of any disputes. The dues of value added tax have not been deposited on account of any dispute, are as follows:

(₹ in Million)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Delhi Value Added Tax, 2002	DVAT	6.15	April 2016 to March 2017	CIT Appeals
Maharashtra Value Added Tax, 2002	MVAT	20.49	April 2016 to March 2017	Deputy Commissioner of Sales Tax

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

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

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary companies. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) Monies raised during the year by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilisation have been invested in fixed deposits. The maximum amount of idle/surplus funds invested during the year was ₹ 6,000.00 Mn of which ₹ 3,661.27 Mn was outstanding at the end of the year.

(b) The Company has complied with provisions of sections 42 and section 62 of the Act in respect of the private placement of optionally convertible preference shares respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act, 2013 has been filed by the secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) In our opinion, the Company is not a nidhi company as per the provisions of the Act. Therefore, the provisions of clause 3(xii)(a) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

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

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year. The Company has not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 51 to the standalone financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, 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 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) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 54 to the standalone financial statements.

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 54 to the standalone financial statements.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJTA05925

Place: Mumbai
Date: May 27, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number:
109818W

per A. N. Shah
Partner
Membership Number: 42649
UDIN: 22042649AJTTOS2704

Place: Mumbai
Date: May 27, 2022

Annexure 2 to the Independent Auditors' Report of even date on the Standalone Financial Statements of FSN E-Commerce Ventures Limited

Report on the Internal Financial Controls 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 E-Commerce Ventures Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone 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 ("ICAI"). 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 the 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 with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to Standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJTA05925

Place: Mumbai
Date: May 27, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number:
109818W

per A. N. Shah
Partner
Membership Number: 42649
UDIN: 22042649AJTTOS2704

Place: Mumbai
Date: May 27, 2022

BALANCE SHEET

as at March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	4	88.16	61.36
Right of use assets	5	67.11	55.07
Intangible assets	6	9.29	12.56
Financial assets			
Investments	7	3,794.80	695.80
Loans	8	3,019.76	2,088.64
Other financial assets	9	265.21	140.51
Deferred tax assets (net)	10	74.51	198.22
Non current tax assets (net)	10	68.81	65.32
Other non current assets	11	1.62	-
Total non-current assets (A)		**7,389.27**	**3,317.48**
Current assets			
Inventories	12	725.45	332.18
Financial assets			
Trade receivables	13	242.16	637.22
Cash and cash equivalents	14	317.74	312.83
Bank balance other than cash and cash equivalents	15	1,885.53	1,610.20
Loans	16	2,060.75	-
Other financial assets	17	4,067.45	102.85
Other current assets	18	216.05	153.65
Total current assets (B)		**9,515.13**	**3,148.93**
Total Assets (A+B)		**16,904.40**	**6,466.41**
Equity and liabilities			
Equity			
Equity share capital	19	474.11	150.57
Other equity	20	15,025.36	5,460.91
Total equity (A)		**15,499.47**	**5,611.48**
Liabilities			
Non-current liabilities:			
Financial liabilities			
Lease liabilities	21	147.30	162.51
Other financial liabilities	22	242.40	-
Long-term provisions	23	12.40	9.40
Total non-current liabilities (B)		**402.10**	**171.91**
Current liabilities:			
Financial liabilities			
Borrowings	24	313.27	243.54
Lease liabilities	25	53.54	51.25
Trade payables	26		
-Total outstanding dues of Micro enterprise and small enterprises		34.86	15.78
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		131.30	98.14
Other financial liabilities	27	414.72	176.94
Short-term provisions	28	16.62	17.21
Contract liabilities	29	2.26	0.42
Other current liabilities	30	36.26	79.74
Total current liabilities (C)		**1,002.83**	**683.02**
Total liabilities (B+C)		**1,404.93**	**854.93**
Total equity and liabilities (A+B+C)		**16,904.40**	**6,466.41**

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	31	1,876.99	1,458.13
Other income	32	1,157.07	602.50
Total Income		**3,034.06**	**2,060.63**
Expenses			
Cost of material consumed	33	720.67	280.85
Purchase of traded goods	34	193.99	206.65
Changes in inventories of finished goods and stock-in-trade	35	(326.25)	158.29
Employee benefits expense	36	287.93	177.83
Finance costs	37	58.87	41.21
Depreciation and amortisation expense	38	46.84	84.27
Other expenses	39	835.09	663.27
		1,817.14	**1,612.37**
Profit before tax		**1,216.92**	**448.26**
Tax expense			
Current tax	10	64.46	-
Deferred tax	10	117.33	86.38
Total tax expense		**181.79**	**86.38**
Profit after tax		**1,035.13**	**361.88**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) of defined benefit liability		0.51	(2.38)
Income tax effect on above		(0.13)	0.60
Fair valuation of investments measured through OCI		(13.19)	(24.84)
Income tax effect on above		(6.25)	6.25
Other comprehensive (loss) for the year, net of tax		**(19.06)**	**(20.37)**
Total Comprehensive Income for the year		**1,016.07**	**341.51**
Earnings per share of face value ₹ 1/- each			
Basic	40	2.22	0.81
Diluted	40	2.20	0.78

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flows from Operating activities		
Profit before tax as per Statement of profit & loss	**1,216.92**	**448.26**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant & equipment and right of use assets	39.48	40.38
Amortisation of intangible assets	7.36	43.89
Interest expense and other finance costs	58.87	41.21
Unrealised foreign exchange (gain) (net)	(0.14)	(0.74)
Share based expense	35.82	11.15
Provision for gratuity expense	1.19	5.45
Provision for leave compensated expense	4.84	12.94
Expected credit (loss)/credit impaired	(5.53)	5.89
Fair value of put option liability	(260.36)	-
Commission on financial guarantee	(58.54)	(63.93)
Interest income	(440.20)	(275.32)
Rent waiver	-	(1.35)
Operating profit before working capital changes	**599.71**	**267.83**
Working capital Adjustments:		
Decrease / (Increase) in trade receivables	400.58	(388.00)
(Increase) / Decrease in inventories	(393.27)	131.24
Decrease / (Increase) in current financial asset	20.12	(25.82)
(Increase) in non-current financial assets	(25.48)	(843.97)
(Increase) / Decrease in other current assets	(62.40)	13.00
Increase / (Decrease) in trade payables	51.99	(58.86)
(Decrease) in provisions	(3.11)	(1.16)
Increase in current financial liabilities	241.64	31.62
(Decrease) / Increase in other current liabilities	(41.64)	63.51
Cash from / (used in) operations	**788.14**	**(810.61)**
Payment of taxes (net)	(67.95)	(30.09)
Net cash flow from / (used in) operating activities (A)	**720.19**	**(840.70)**
Cash flows from Investing activities		
Purchase of property, plant and equipment and other intangible assets (net off capital advance)	(46.36)	(19.30)
Investment in fixed deposits	(4,330.38)	(873.67)
Purchase of investments	(2,269.16)	-
Loans to subsidiaries (net)	(3,168.71)	-
Interest received	372.73	222.06
Net cash flows (used in) investing activities (B)	**(9,441.88)**	**(670.91)**
Cash flows from Financing activities		
Proceeds from issue of equity shares/ shares pending allotment (includes security premium (net off expenses) of ₹ 8,718.95 Mn (previous year ₹ 1,022.56 Mn))	8,727.28	1,028.85
Proceeds from issue of preference shares	1.58	-
Repayment of non-current borrowings (net)	-	(1.50)
Proceeds from / (Repayment of) current borrowings (net)	69.73	(102.72)

STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expenses on borrowings	(38.45)	(28.16)
Rental income on sub lease	39.45	32.50
Principal payment of lease liabilities	(53.04)	(47.55)
Interest expenses on lease liabilities	(19.95)	(12.27)
Net cash flows from financing activities (C)	**8,726.60**	**869.15**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**4.91**	**(642.46)**
Cash and cash equivalents at the beginning of the year	312.83	955.29
Cash and cash equivalents at the year end (Refer note 14)	317.74	312.83

Note:

Non cash transactions relating to investing and financing activities. (Refer Note: 17, 27, 41)

The above Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

A. Equity share capital:

Equity shares issued, subscribed and fully paid

Particulars	No. of shares	Amount
As at April 01, 2020[1]	14,549,077	145.49
Issue of equity shares of face value of ₹ 10 each	508,160	5.08
As at March 31, 2021[1]	15,057,237	150.57
Issue of equity shares of face value of ₹ 10 each	60,130	0.60
Conversion of Optionally Convertible Redeemable Preference Shares ('OCRPS')[1]	450,528	4.51
Split of shares[2]	140,111,055	-
Issue of bonus shares[3]	311,357,900	311.36
Issue of equity shares of face value of ₹ 1 each	7,068,026	7.07
As at March 31, 2022[4]	**474,104,876**	**474.11**

(1) Equity shares of face value of ₹ 10 each.

(2) Equity shares of face value of ₹ 10 each of the Company were sub-divided into equity shares of face value of ₹ 1 each pursuant to approval of the shareholders at Extra Ordinary General Meeting held on July 16, 2021.

(3) The Company has issued 311,357,900 bonus shares of face value of ₹ 1 each during the year vide shareholders' approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.

(4) Equity shares of face value of ₹ 1 each.

B. Other equity

Particulars	Instruments classified as Equity	Share application money pending allotment	Reserves & Surplus			Employee share options scheme reserve	Other Comprehensive Income (OCI)	Total other equity
			Retained Earnings	Securities premium	Capital reserve			
As at April 1, 2020	2.06	0.24	(647.03)	4,572.26	-	109.83	5.90	4,043.26
Net Profit for the year	-	-	361.88	-	-	-	-	361.88
Other comprehensive income	-	-	-	-	-	-	(20.37)	(20.37)
Total comprehensive income	**-**	**-**	**361.88**	**-**	**-**	**-**	**(20.37)**	**341.51**
Issue during the year	1.21	-	-	-	-	-	-	1.21
Securities premium on issue of shares	-	-	-	1,035.68	-	-	-	1,035.68
Shares allotted during the year	-	(0.24)	-	71.76	-	(71.76)	-	(0.24)
Addition during the year	-	-	-	-	-	52.61	-	52.61
ESOP lapse	-	-	1.31	-	-	(1.31)	-	-
Share issue expense	-	-	-	(13.12)	-	-	-	(13.12)
As at March 31, 2021	**3.27**	**-**	**(283.84)**	**5,666.58**	**-**	**89.37**	**(14.47)**	**5,460.91**
Net Profit for the year	-	-	1,035.13	-	-	-	-	1,035.13
Other comprehensive income	-	-	-	-	-	-	(19.06)	(19.06)
Total comprehensive income	**-**	**-**	**1,035.13**	**-**	**-**	**-**	**(19.06)**	**1,016.07**
Securities premium utilised on issue of bonus shares	-	-	-	(311.36)	-	-	-	(311.36)
Securities premium on issue of shares	-	-	-	8,975.26	-	-	-	8,975.26
Addition during the year	1.50	8,983.60	-	-	-	143.06	-	9,128.16
Shares allotted during the year	-	(8,982.95)	-	76.52	-	(76.52)	-	(8,982.95)
Forfeiture of OCRPS (Refer note 20)	(4.77)	-	-	(0.10)	0.36	-	-	(4.51)
Share issue expense		-	-	(256.22)	-	-	-	(256.22)
As at March 31, 2022	**-**	**0.65**	**751.29**	**14,150.68**	**0.36**	**155.91**	**(33.53)**	**15,025.36**

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

1. Corporate Information

FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Venture Private Limited, the 'Company' or 'Parent' or 'Holding Company') is a public Company incorporated and domiciled in India. The registered office of the Company is located at 104, Vasan Udyog Bhavan, Sun Mill compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013.

The Company has converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on July 16, 2021 and consequently the name of the Company has changed to FSN E-Commerce Ventures Limited vide fresh certificate of incorporation issued by ROC on July 28,2021. The Company has completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on November 10, 2021.

The Company is engaged in the business of manufacturing, selling & distribution of beauty, wellness, fitness, personal care, health care, skin care, hair care products on the online platforms or websites such as e-commerce, m-commerce, internet, intranet as well as through physical stores, stalls, general trade and modern trade etc.

The Board of Directors approved the standalone financial statements for the year ended March 31, 2022 and authorised for issue on May 27, 2022.

2A. Basis of preparation

i) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III, as amended).

ii) Historical cost convention:

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

2B. Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Property Plant & Equipment

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant & Equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance are charged

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

to the statement of profit and loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on Property, Plant and Equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant & Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation on Property, Plant & Equipment:

Depreciation is provided using the straight line method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are amortised on a straight line basis over the period of primary lease or the extended lease period, as applicable.

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Computers & Hardware	3
Furniture & Fixtures	10
Office Equipments	5
Vehicles	8
Plant and Machinery	8

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimates.

c) Intangible assets

Intangible Assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the period/year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Amortisation of intangible assets:

Intangible assets are amortised on straight line basis as per the following useful lives:

Intangible asset	Useful lives (in years)
Business application development (Internally generated)	3
Computer Softwares	3

Research And Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

d) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

e) 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 realisable 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, 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

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

i.e. slow moving/non-moving prevailing sales prices of inventory.

f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets (ROU asset)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right of use for warehouse/office

  3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of non-financial assets.

ii. Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short term leases and leases of low value assets:

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Sub-lease

At the commencement date, the Company recognises assets held under a sub-lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease. In case if the interest rate implicit in the sublease cannot be readily determined, the Company being an intermediate lessor uses the

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- fixed payments less any lease incentives payable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties, if any, for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on net investment in the lease.

Net investment in the lease are subject to the derecognition and impairment requirements in Ind AS 109. The Company regularly reviews estimated unguaranteed residual values, if any, used in computing the gross investment in the lease and adjusts the income allocation accordingly.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Initial recognition and measurement:

All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial Assets

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

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

Financial Liabilities

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

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

II. Subsequent measurement:

i. Financial assets

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

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

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial Assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company has elected to classify irrevocably its non-listed equity investments under this category.

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

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

ii. Financial liabilities

Financial liabilities at fair value through Profit or Loss

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to P&L.

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

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

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

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

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

III. Derecognition

Financial Assets

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

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

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

Financial Liabilities

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

IV. Impairment of financial assets:

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

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

VI. Investment in subsidiaries and associates

The Company has accounted for its investment in subsidiaries and associates at cost.

h) 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

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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.

i) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

j) 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.

k) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Expense relating to options granted to employees of the subsidiaries under the Company's share-based payment plan, is cross charged for their share of the ESOP cost by equity settlement.

l) Post-employment and other employee benefits

Short term employee benefits

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

Post-employment benefits

i. Defined Contribution Plans

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

ii. Defined Benefit Plans

Gratuity

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

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

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

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

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

Compensated absences

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

m) 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 capitalised 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, amortisation of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

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n) 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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.

o) 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 recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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

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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 recognised outside profit and loss is recognised outside profit and loss (either in OCI or in equity). The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

p) 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.

q) 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.

r) 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.

s) Segment reporting policies

The Group drives synergy across fulfilment models, sales channels and product categories and accordingly the management reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

t) 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.

3A. 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 estimates 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

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and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I. Judgements:

- Determining the lease term of contracts with renewal and termination options – the Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

II. Estimates and assumptions:

a. Estimation of useful life of property, plant and equipment and intangible asset

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

b. 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.

c. Estimation of defined benefit obligation and compensated absences

The cost of the defined benefit gratuity plan, compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

d. 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.

e. 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.

f. Business combination:

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

g. Provision

Provisions and liabilities are recognised 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.

h. 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.

i. 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.

j. Leases – Estimating the incremental borrowing rates:

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

k. Other estimates:

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

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3B. 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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(Amount in ₹ Million, unless otherwise stated)

4 Property, plant and equipment

Particulars	Computers & Hardware	Furniture & Fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total
Cost							
As at April 1, 2020	5.66	52.24	3.96	4.40	3.02	17.44	86.72
Additions	0.84	-	8.21	-	0.13	5.02	14.20
Disposals	-	(0.25)	-	-	-	-	(0.25)
As at March 31, 2021	**6.50**	**51.99**	**12.17**	**4.40**	**3.15**	**22.46**	**100.67**
Additions	3.04	31.88	4.14	-	-	-	39.06
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	**9.54**	**83.87**	**16.31**	**4.40**	**3.15**	**22.46**	**139.73**
Accumulated depreciation							
As at April 1, 2020	**3.79**	**3.46**	**0.82**	**1.05**	**0.44**	**13.30**	**22.86**
Depreciation charge for the year	1.26	4.74	0.60	3.28	0.36	6.28	16.52
Disposals	-	(0.07)	-	-	-	-	(0.07)
As at March 31, 2021	**5.05**	**8.13**	**1.42**	**4.33**	**0.80**	**19.58**	**39.31**
Depreciation charge for the year	0.98	7.82	3.05	-	0.40	0.01	12.26
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	**6.03**	**15.95**	**4.47**	**4.33**	**1.20**	**19.59**	**51.57**
Net Book Value							
As at March 31, 2022	3.51	67.92	11.84	0.07	1.95	2.87	88.16
As at March 31, 2021	1.45	43.86	10.75	0.07	2.35	2.88	61.36

Footnotes:

1. Movable assets have been pledged to secure borrowings of the Company (Refer Note – 24)

5 Right of use assets

Particulars	Right of use assets	Total
Cost		
As at April 1, 2020	**105.34**	**105.34**
Additions	16.14	16.14
Disposals	(5.69)	(5.69)
As at March 31, 2021	**115.79**	**115.79**
Additions	39.26	39.26
Disposals	-	-
As at March 31, 2022	**155.05**	**155.05**
Accumulated depreciation		
As at April 1, 2020	**38.28**	**38.28**
Depreciation charge for the year	23.86	23.86
Disposals	(1.42)	(1.42)
As at March 31, 2021	**60.72**	**60.72**
Depreciation charge for the year	27.22	27.22
Disposals	-	-
As at March 31, 2022	**87.94**	**87.94**
Net Book Value		
As at March 31, 2022	**67.11**	**67.11**
As at March 31, 2021	**55.07**	**55.07**

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(Amount in ₹ Million, unless otherwise stated)

6 Intangible assets

Particulars	Catalogue	Business Application Development Cost	Computer Softwares	Total
Cost				
As at April 1, 2020	**97.17**	**12.47**	**2.45**	**112.09**
Additions	-	-	12.32	12.32
Disposals	-	-	-	-
As at March 31, 2021	**97.17**	**12.47**	**14.77**	**124.41**
Additions	-	-	4.09	4.09
Disposals	(97.17)	-	-	(97.17)
As at March 31, 2022	**-**	**12.47**	**18.86**	**31.33**
Accumulated amortisation				
As at April 1, 2020	**60.50**	**6.57**	**0.89**	**67.96**
Amortisation charge for the year	36.67	2.27	4.95	43.89
Disposals	-	-	-	-
As at March 31, 2021	**97.17**	**8.84**	**5.84**	**111.85**
Amortisation charge for the year	-	2.10	5.26	7.36
Disposals	(97.17)	-	-	(97.17)
As at March 31, 2022	**-**	**10.94**	**11.10**	**22.04**
Net Book Value				
At March 31, 2022	**-**	**1.53**	**7.76**	**9.29**
At March 31, 2021	**-**	**3.63**	**8.93**	**12.56**

7 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 Brands Marketing Private Limited 102,000,000 fully paid equity shares of ₹ 10 each (March 31, 2021: 2,000,000 fully paid equity shares of ₹ 10 each)	1,020.00	20.00
Nykaa E-Retail Private Limited 9,510,000 fully paid equity shares of ₹ 10 each (March 31, 2021: 9,510,000 fully paid equity shares of ₹ 10 each)	95.10	95.10
FSN International Private Limited 5,100,000 fully paid equity shares of ₹ 10 each (March 31, 2021: 100,000 fully paid equity shares of ₹ 10 each)	51.00	1.00
Nykaa Fashion Private Limited 25,010,000 fully paid equity shares of ₹ 10 each (March 31, 2021: 10,000 fully paid equity shares of ₹ 10 each)	250.10	0.10
Nykaa-KK Beauty Private Limited 510,000 fully paid equity shares of ₹ 10 each (March 31, 2021: 510,000 fully paid equity shares of ₹ 10 each)	5.10	5.10
Dot & Key Wellness Private Limited[1] 1,357,143 fully paid equity shares of ₹ 10 each (March 31, 2021: ₹ Nil)	1,471.76	-
FSN Distribution Private Limited 10,000 fully paid equity shares of ₹ 10 each (March 31, 2021: ₹ Nil)	0.10	-
Total investments measured at cost (A)	**2,893.16**	**121.30**
(B) Equity Component - Loans to Subsidiaries		
FSN Brands Marketing Private Limited	249.41	177.60
Nykaa E-Retail Private Limited	16.09	16.09
Nykaa Fashion Private Limited	138.05	34.50
Nykaa-KK Beauty Private Limited	6.57	6.57
FSN International	1.77	0.29
Total equity component of loans to subsidiaries (B)	**411.89**	**235.05**
(C) Equity Component - Financial Guarantees		
FSN Brands Marketing Private Limited	44.40	22.60
Nykaa E-Retail Private Limited	194.47	163.17
Nykaa Fashion Private Limited	2.80	1.40
Nykaa-KK Beauty Private Limited	5.10	3.40
Total equity component of financial guarantees (C)	**246.77**	**190.57**
(D) Equity Component - ESOP		
FSN Brands Marketing Private Limited	15.75	8.80
Nykaa E-Retail Private Limited	185.58	114.15
Nykaa Fashion Private Limited	41.65	12.38
Nykaa-KK Beauty Private Limited	-	0.36
Total equity component of ESOP (C)	**242.98**	**135.69**
Total investment - equity component (E = B+C+D)	**901.64**	**561.31**
Measured at fair value through Other Comprehensive Income (FVTOCI)		
Investment in Others (Unquoted, fully paid up)		
JMS Logistics and Express Private Limited		
In Series A1 Compulsory Convertible Cumulative Preference Shares of ₹ 1/- each	-	13.19
Total investments measured at FVTOCI (F)	**-**	**13.19**
Total Non-current investments (A+E+F)	**3,794.80**	**695.80**
CATEGORY-WISE INVESTMENT		
Measured at Cost	3,794.80	682.61
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)	-	13.19
Total Investments	**3,794.80**	**695.80**
Aggregate amount of Unquoted Investments	3,794.80	695.80
Aggregate amount of impairment in value of investments	38.03	24.84

During the year the Company has recognised the impact of decline in fair value of investment of ₹ 13.19 Mn (March 31, 2021: 24.84 Mn) through other comprehensive income.

[1] On September 28, 2021, the Company has acquired 51% stake in Dot & Key Wellness Private Limited (Dot & Key) for a consideration of ₹ 969 Mn. Accordingly, effective such date Dot & Key has become a subsidiary of the Company. Further, the Promoter shareholders of Dot & Key (NCI holder of the subsidiary) have Put Option for selling balance stake of 49% by the Company at a value to be determined as per the terms of Shareholders Agreement for consideration not exceeding ₹1,530 Mn. The fair value of the Put Option on the date of acquisition of ₹ 502.76 Mn has been included in the cost of investments. Put Option liability as on March 31, 2022 was ₹ 242.40 Mn (Refer note 22) and resultant change in liability is recognised under 'Other income' (Refer note 32) during the year.

NOTES

Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

8 Loans (Non current) (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Loan to subsidiaries (Refer note 43 and 45)	3,019.76	2,088.64
Total	**3,019.76**	**2,088.64**

The above loans are measured at amortised cost and have been given for business purpose.

9 Other financial assets (non-current) (measured at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Sublease net investments	100.61	128.85
Security deposits (Unsecured, considered good)	38.00	11.66
Deposits with banks with maturity period more than 12 months	126.60	-
Total	**265.21**	**140.51**

Refer note 43 for details of net sublease investments with related parties.

10 Income tax

The major components of income tax expense are:

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax:		
In respect of current year	43.90	-
In respect of earlier year	20.56	-
	64.46	**-**
Deferred tax:		
In respect of current year	160.76	86.38
In respect of unrecognised business loss of earlier years	(43.43)	-
	117.33	**86.38**
Income tax expense reported in the statement of profit or loss	**181.79**	**86.38**
OCI section - Deferred tax related to items recognised in OCI during the year:		
Tax expenses / (income) on remeasurements of defined benefit plans & fair valuation of investments	6.38	(6.85)
Income tax expense charged / (credited) to OCI	**6.38**	**(6.85)**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Profit before tax	1,216.92	448.26
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	306.30	112.83
Tax effect of:		
Interest income on loan to subsidiary	(14.39)	(13.63)
Commission on financial guarantee	(14.73)	(16.09)
Tax expense / (credit) pertaining to earlier years	(22.87)	-
Fair value of put option	(65.53)	-
Others	(6.98)	3.28
Total Tax	**181.79**	**86.38**
Current tax expense	64.46	-
Deferred tax expense	117.33	86.38
Tax expense recognised in the statement of profit and loss	**181.79**	**86.38**
Effective tax rate	14.94%	19.27%

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Gross movement in the current income tax assets/(liabilities) for the years ended March 31, 2022 and March 31, 2021:

Particulars	As at March 31, 2022	As at March 31, 2021
Net income tax asset at the beginning	65.32	35.23
Income tax paid	67.95	30.09
Current tax expense / tax expense pertaining to earlier years	(64.46)	-
Net income tax asset at the end	**68.81**	**65.32**
Income tax assets as per balance sheet	**68.81**	**65.32**

Deferred tax:

Particulars	As at March 31, 2022	As at March 31, 2021
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	8.22	6.70
Impact of brought forward losses	33.41	158.38
Impact of difference between tax depreciation / amortisation and depreciation / amortisation as per books	19.12	20.30
Provision of doubtful receivables	0.22	1.62
Impact of difference in liabilities as per books and tax	13.54	11.22
Deferred tax assets (A)	**74.51**	**198.22**
Deferred tax liabilities (B)	**-**	**-**
Deferred tax assets (net) (C=A-B)	**74.51**	**198.22**

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	198.22	277.74
Tax (expense) during the period recognised in profit or loss	(117.33)	(86.38)
Tax (expense) / income during the period recognised in OCI	(6.38)	6.86
Closing balance	**74.51**	**198.22**

11 Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	1.62	-
Total	**1.62**	**-**

NOTES

Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Stock in trade	261.56	73.47
Finished goods	281.34	143.19
Raw Materials	15.85	26.22
Packing material	166.70	89.30
Total	**725.45**	**332.18**

As at March 31, 2022 ₹ 31.32 Mn (March 31, 2021: ₹ 38.20 Mn) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

13 Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables - Unsecured, considered good	242.16	637.22
Trade receivables which have significant increase in credit risk	0.88	6.42
Less: Allowances for expected credit loss (Refer note 47)	(0.88)	(6.42)
Total	**242.16**	**637.22**

For details of trade receivable with related party refer note 43 related party disclosure.

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

Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.

Trade receivables aging schedule

As at 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	177.90	64.21	0.05	-	-	-	242.16
Undisputed Trade Receivables – which have significant increase in credit risk	0.35	0.13	-	-	0.40	-	0.88
Total	**178.25**	**64.34**	**0.05**	**-**	**0.40**	**-**	**243.04**

As at 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	323.33	313.89	-	-	-	-	637.22
Undisputed Trade Receivables – which have significant increase in credit risk	-	1.03	3.17	1.03	1.19	-	6.42
Total	**323.33**	**314.92**	**3.17**	**1.03**	**1.19**	**-**	**643.64**

NOTES

Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

14 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.24	0.14
Balances with banks in current accounts	302.14	67.19
Deposits with original maturity of less than three months		
- With Banks	15.36	145.50
- With Financial Institution	-	100.00
Total	**317.74**	**312.83**

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

15 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity for more than 3 months but less than 12 months		
- With Banks	1,885.53	1,440.00
- With Financial Institution	-	170.20
Total	**1,885.53**	**1,610.20**

16 Loans (Current) (Unsecured, considered good) (measured at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Loan to subsidiaries (Refer note 43 and 45)	2,060.75	-
Total	**2,060.75**	**-**

The above loans are measured at amortised cost and have been given for business purpose.

17 Other financial assets (current)

Particulars	As at March 31, 2022	As at March 31, 2021
Sublease net investments	29.50	26.99
Security deposit (Unsecured, considered good)	2.88	0.85
Current maturity of deposits with banks with maturity period more than 12 months	3,928.45	-
Unbilled receivable	4.21	26.36
Interest accrued on deposit but not due	102.41	48.65
Total	**4,067.45**	**102.85**

Movement in interest accrued on deposit but not due

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	48.65	2.17
Interest accrued during the year	426.49	268.54
Receipt of interest during the year	(372.73)	(222.06)
Closing Balance	**102.41**	**48.65**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

18 Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to suppliers (Unsecured, considered good)	142.72	65.98
Advance against expenses (Unsecured, considered good)	33.00	73.60
Prepaid expenses	17.48	14.07
Balance with statutory / government authorities	22.85	-
Total	**216.05**	**153.65**

19 Share Capital

Particulars	Equity Shares		Preference Shares	
	Numbers	Amount	Numbers	Amount
Authorised Share Capital				
As at April 1, 2020 (Shares of face value of ₹ 10 each)	195,000,000	1,950.00	5,000,000	50.00
Increase during the year	-	-	-	-
As at March 31, 2021 (Shares of face value of ₹ 10 each)	195,000,000	1,950.00	5,000,000	50.00
Increase during the year*	2,555,000,000	800.00	495,000,000	450.00
As at March 31, 2022 (Shares of face value of ₹ 1 each)	**2,750,000,000**	**2,750.00**	**500,000,000**	**500.00**

*Pursuant to the approval of the shareholders at Extra Ordinary General Meeting of the Company held on July 16, 2021 each equity share of face value of ₹ 10/- per share was sub-divided into ten equity shares of face value of ₹1/- per share, with effect from the record date i.e. July 16, 2021. The above increase during the year includes the effect of such split of face value of the shares.

i) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

ii) Issued share capital

Particulars	Equity Shares	
	Numbers	Amount
As at April 01, 2020	14,549,077	145.49
Issue of equity shares of face value of ₹ 10 each	508,160	5.08
As at March 31, 2021	**15,057,237**	**150.57**
Issue of equity shares of face value of ₹ 10 each	60,130	0.60
Conversion of OCRPS into equity shares of face value of ₹ 10 each	450,528	4.51
Adjustment of split of shares into face value of ₹ 1 each	140,111,055	-
Issue of bonus shares of face value of ₹ 1 each	311,357,900	311.36
Issue of equity shares of face value of ₹ 1 each	7,068,026	7.07
As at March 31, 2022	**474,104,876**	**474.11**

During the year, the Company has completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue and allotment of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn.

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

iii) 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
Sanjay Nayar (through family trust)	105,818,920	22.32%	4,003,964	26.59%
Falguni Nayar (through family trust)	104,305,770	22.00%	3,313,331	22.00%
Indra Singh Banga / Harindarpal Singh Banga	30,479,790	6.43%	1,355,993	9.01%

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.

iv) Shares reserved for issue under employee stock option

The Company has reserved issuance of 33,000,000 (Previous year 33,000,000) Equity Shares of ₹ 10 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year ended March 31, 2022 the Company has granted 2,200,200 options (March 31, 2021: 2,541,000). Cumulative number of equity shares granted under Employee Stock Option Scheme (ESOS) is 28,227,450 equity shares as at March 31, 2022. (March 31, 2021: 26,027,250).

v) Promoter's Shareholding:

As at March 31, 2022:

Description	Promoter Name	No. of shares at the beginning of the year**	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 1 each	Sanjay Nayar (through family trust)	120,118,920	26.59%	105,818,920	22.32%	(12%)
Equity shares of ₹ 1 each	Falguni Nayar (through family trust)	99,399,930	22.00%	104,305,770	22.00%	5%
Total		**219,518,850**	**48.59%**	**210,124,690**	**44.32%**	**(7%)**
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through family trust)	143,500	32.88%	-	0.00%	(100%)
Total		**143,500**	**32.88%**	**-**	**0.00%**	**(100%)**

** The number of shares at the beginning of the year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholder's approval dated July 16, 2021.

As at March 31, 2021:

Description	Promoter Name	No. of shares at the beginning of the year	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each	Sanjay Nayar (through family trust)	4,003,964	26.59%	4,003,964	26.59%	-
Equity shares of ₹ 10 each	Falguni Nayar (through family trust)	3,313,331	22.00%	3,313,331	22.00%	-
Total		**7,317,295**	**48.59%**	**7,317,295**	**48.59%**	**-**
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through family trust)	100,000	22.91%	143,500	32.88%	15.82%
Total		**100,000**	**22.91%**	**143,500**	**32.88%**	**15.82%**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

vi) Shares issued for consideration other than cash:

The Company has issued 311,357,900 bonus shares vide shareholder's approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held during the year.

20 Other equity

(A) Instruments classified as Equity

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares ('OCRPS')

Particulars	No. of shares	Amount
As at April 01, 2020	275,000	2.06
Issue of preference shares during the year	161,500	1.21
As at March 31, 2021	**436,500**	**3.27**
Issue of preference shares during the year at ₹ 10 per share	50,028	0.50
Call money at ₹ 2.50 per share on 400,500 shares	-	1.00
Forfeiture of partly paid 36,000 shares at ₹ 7.5 per share	(36,000)	(0.26)
Conversion of preference share capital during the year	(450,528)	(4.51)
As at March 31, 2022	-	-

The Company has availed the option to convert fully paid up OCRPS and accordingly 414,528 OCRPS were converted into equity shares as on June 30, 2021, at the issue price as per conditions given in the letter of offer and forfeited OCRPS of 36,000 were re-issued and converted into equity shares on July 15, 2021.

(B) Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Securities premium		
Opening balance	5,666.58	4,572.26
Add : Securities premium on issue of shares	8,975.26	1,035.68
Add: Transfer from Employee Share options scheme reserve	76.52	71.76
Less: Utilised on issue of bonus shares	(311.36)	-
Less: Forfeiture of OCRPS	(0.10)	-
Less: Share issue expenses	(256.22)	(13.12)
Closing balance (A)	**14,150.68**	**5,666.58**
(ii) Retained earnings		
Opening balance	(283.84)	(647.03)
Add: Profit during the year	1,035.13	361.88
Less: Options lapsed during the year	-	1.31
Closing balance (B)	**751.29**	**(283.84)**
(iii) Other comprehensive income		
Opening balance	(14.47)	5.90
Add: Other comprehensive (loss) for the year	(19.06)	(20.37)
Closing balance (C)	**(33.53)**	**(14.47)**
(iv) Share application money pending allotment		
Opening balance	-	0.24
Add : Additions during the year	8,983.60	-
Less: Shares allotted during the year	(8,982.95)	(0.24)
Closing balance (D)	**0.65**	**-**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
(v) Employee Share Options Scheme Reserve		
Opening balance	89.37	109.83
Add : Additions during the year	143.06	52.61
Less: Shares exercised during the year	(76.52)	(71.76)
Less: Options lapsed during the year	-	(1.31)
Closing balance (E)	**155.91**	**89.37**
(vi) Capital Reserve		
Opening balance	-	-
Add : Forfeiture of OCRPS	0.36	-
Closing balance (F)	**0.36**	**-**
Total (A+B+C+D+E+F)	**15,025.36**	**5,457.64**

Nature and purpose of reserves

(i) **Securities premium:** Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares is transferred to Securities Premium.

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

(iii) **Other Comprehensive Income:** This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

(iv) **Share application money pending allotment:** This represents the share application money received in previous year for Employee Stock Option Scheme for which shares are allotted during the current financial year.

(v) **Employee Share Options Scheme Reserve:** The fair value of the equity-settled share based payment transactions with employees is recognised in Employee Share Options Scheme Reserve.

(vi) **Capital Reserve:** Capital reserve is on account of forfeiture of partly paid up OCRPS and security premium thereon.

21 Lease liabilities (Non current)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for lease liabilities (Refer note 41)	147.30	162.51
Total	**147.30**	**162.51**

22 Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Put option liability (Refer note 7)	242.40	-
Total	**242.40**	**-**

23 Long-term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Gratuity (Refer note 42)	12.40	9.40
Total	**12.40**	**9.40**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

24 Borrowings (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Working capital loan from Banks	313.27	243.54
Total	**313.27**	**243.54**

Notes:

(i) Working Capital/Cash Credit Facilities from Bank is secured by hypothecation of book debts, current assets and movable Property, plant and equipment both present and future.

(ii) Loan is payable on demand. Interest payable on working capital loan is MCLR adjusted with the risk spread mutually agreed between the parties.

(iii) Maximum amount of loan outstanding during the year was ₹ 669.47 Mn (March 31, 2021: ₹ 679.37 Mn).

(iv) Bank loan contain certain financial covenants and the Company has satisfied all covenants as per the terms of bank loan.

(v) As at March 31, 2022, the Company had undrawn committed funded and non-funded borrowing facilities of ₹ 381.60 Mn (March 31, 2021: ₹ 256.46 Mn).

Reconciliation of statements submitted to banks during the year:

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-20	Kotak Bank, HDFC Bank, RBL Bank	Inventory	386.24	398.65	(12.41)	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade receivables	285.51	263.49	22.02	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.
Sep-20	Kotak Bank, HDFC Bank, RBL Bank	Inventory	328.95	354.56	(25.61)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date.
		Trade receivables	229.85	199.68	30.17	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.
Dec-20	Kotak Bank, HDFC Bank, RBL Bank	Inventory	242.77	288.59	(45.82)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date.

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Mar-21	Kotak Bank, HDFC Bank, RBL Bank	Trade receivables and Advance to suppliers	703.20	648.17	55.03	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days.
Jun-21	Kotak Bank, HDFC Bank, Citibank	Inventory	351.43	373.83	(22.40)	Amount as per books includes total inventory balance as per trial balance. Amount as reported in quarterly return includes inventory greater than 9 months. Detailed backup information for difference is not readily retrievable. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade Receivable	463.45	416.60	46.85	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.

[1] Kotak Bank, Citibank, RBL Bank, HDFC Bank referred in the above table are for Kotak Mahindra Bank Limited, Citi Bank N.A., The Ratnakar Bank Limited and HDFC Bank Limited.

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Sep-21[2]	Citibank, Kotak Bank, HDFC Bank	Inventory	401.38	396.19	5.19	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Citibank, Kotak Bank	Trade receivables, Other Receivables	401.67	306.58	95.08	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank.
	HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	485.98	355.91	130.07	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank. Further, amount as per books excludes trade receivables more than 90 days whereas total receivables was considered in statement submitted to bank.
	Citibank, Kotak Bank	Advances To suppliers	84.32	29.61	54.71	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Dec-21[2]	Citibank, Kotak Bank, HDFC Bank	Inventory	507.97	601.39	(93.42)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
	HDFC Bank	Trade receivables, Other Receivables	492.97	482.05	10.92	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Mar-22[3]	Citibank, Kotak Bank	Inventory	725.45	760.91	(35.46)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		725.45	723.33	2.12	

[1] Kotak Bank, Citibank and HDFC Bank referred in the above table are for Kotak Mahindra Bank Limited, Citi Bank N.A., and HDFC Bank Limited.

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

[3] For quarter ended March 31, 2022, the Company is in process of submitting revised statement with bank post balance sheet date.

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25 Lease liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for lease liabilities (Refer note 41)	53.54	51.25
Total	**53.54**	**51.25**

26 Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	34.86	15.78
Total outstanding dues of trade payables other than micro enterprises and small enterprises	131.30	98.14
Total	**166.16**	**113.92**

Refer Note 43 for trade payables to related parties.

Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006:

The identification of Micro, Small and Medium Enterprises is based on the Management's knowledge of their status. Disclosure is based on the information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

Particulars	March 31, 2022	March 31, 2021
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	34.86	15.78
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.34	0.09
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Trade payables aging schedule

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	31.58	2.59	0.63	0.06	-	34.86
Total outstanding dues of creditors other than micro enterprises and small enterprises	99.78	28.28	2.77	0.46	0.01	131.30
Total	**131.36**	**30.87**	**3.40**	**0.52**	**0.01**	**166.16**

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(Amount in ₹ Million, unless otherwise stated)

As at 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	7.71	8.01	0.06	-	-	15.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	70.50	24.38	3.24	0.01	0.01	98.14
Total	**78.21**	**32.39**	**3.30**	**0.01**	**0.01**	**113.92**

27 Other financial liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Financial Liabilities at amortised cost		
Employee related liabilities	20.56	1.52
Accrued expenses	142.22	146.09
Creditors for Capital Goods	0.43	2.02
Interest accrued but not due	0.91	0.78
Other payables*	226.42	-
Total other financial liabilities at amortised cost (A)	**390.54**	**150.41**
Financial guarantee contracts (Refer note 44) (B)	24.18	26.53
Total (A+B)	**414.72**	**176.94**

* Other payables consist of amount payable to selling shareholders out of the IPO proceeds currently withheld pending final settlement of IPO expenses.

For details of employee related liabilities with related parties, refer note 43, related party disclosures

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	0.78	-
Interest and Finance charge accrued during the year	38.58	28.94
Payment of interest and Finance charge during the year	(38.45)	(28.16)
Closing balance	**0.91**	**0.78**

28 Short-term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Gratuity (Refer note 42)	2.39	6.20
Provision for Compensated absences (Refer note 42)	14.23	11.01
Total	**16.62**	**17.21**

29 Contract liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers	2.26	0.42
Total	**2.26**	**0.42**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

30 Other liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	36.26	79.74
Total	**36.26**	**79.74**

31 Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products	1,876.99	1,458.13
Total	**1,876.99**	**1,458.13**
Within India	1,876.99	1,454.90
Outside India	-	3.23
	1,876.99	**1,458.13**

(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 March 31, 2022	As at March 31, 2021
Trade Receivables	242.16	637.22
Contract Liabilities	2.26	0.42
Contract Price	1,878.83	1,458.55
Revenue recognised in the period from:		
Revenue recognised in the current year from contract liability:		
Advance from Customer	0.42	-
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(2.26)	(0.42)
Revenue from operations	**1,876.99**	**1,458.13**

32 Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on:		
Loan given to subsidiaries	252.05	187.00
Net investment (sublease)	13.71	5.61
Security deposit	1.01	0.99
Bank deposit	174.44	81.54
Others	-	0.18
Fair value of put option liability (Refer note 7)	260.36	-
Foreign exchange gain (net)	2.45	0.74
Brand Usage Fees	394.51	262.51
Commission on Financial guarantees	58.54	63.93
Total	**1,157.07**	**602.50**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

33 Cost of material consumed

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Stock	115.52	88.47
Add: Purchase	787.70	307.90
Closing Stock	(182.55)	(115.52)
Total	**720.67**	**280.85**

34 Purchase of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases of traded goods	193.99	206.65
Total	**193.99**	**206.65**

35 Changes in inventories of finished goods and stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Finished goods		
Opening balance	143.19	3.27
Closing balance	281.34	143.19
	(138.15)	**(139.92)**
Stock-in-trade		
Opening balance	73.46	371.67
Closing balance	261.56	73.46
	(188.10)	**298.21**
Total	**(326.25)**	**158.29**

36 Employee benefit expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Bonus (Refer note 58)	231.53	142.01
Contribution to provident fund	9.64	4.87
Gratuity expenses (Refer note 42)	1.19	5.45
Compensated expenses (Refer note 42)	4.84	12.94
Share based expenses (Refer note 50)	35.82	11.15
Staff welfare expenses	4.91	1.41
Total	**287.93**	**177.83**

37 Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses on borrowings	34.95	26.51
Interest expenses on lease liabilities	19.95	12.27
Other interest charges	0.34	-
Other finance charges	3.63	2.43
Total	**58.87**	**41.21**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

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38 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 4)	12.26	16.52
Depreciation of Right-of-use assets (Refer note 5)	27.22	23.86
Amortisation of Intangible assets (Refer note 6)	7.36	43.89
Total	**46.84**	**84.27**

39 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Marketing & Advertisement Expenses	494.28	456.24
Beauty advisor Expenses	69.42	50.48
Legal and Professional Fees	40.04	25.46
Web & Technology Expenses	31.62	21.51
Freight Expenses	35.68	17.96
Outsource warehouse manpower expense (Refer note 58)	27.74	12.80
Other Administrative Expense	9.28	11.52
Recruitment Expenses	4.01	9.75
Travelling & Conveyance Expenses	18.83	7.92
Expected credit (loss)/credit impaired	(5.54)	5.89
Communication Expenses	8.07	5.95
Rates & Taxes	14.08	6.80
Insurance Expenses	6.39	5.70
Rent and Maintenance Expenses	2.76	3.80
Director sitting fees and commission	15.69	3.52
Repairs & Maintenance - Others	2.59	2.74
Security Expenses	6.55	2.59
Selling Expense	38.82	6.21
Electricity Charges	2.12	1.28
Bank charges	0.60	0.92
Auditors remuneration*		
- Audit fees	7.30	2.90
- Taxation Matters	0.35	0.30
- Other Matters	-	0.15
Expenditure towards corporate social responsibility (CSR) activities (Refer note 54)	4.41	0.88
Total	**835.09**	**663.27**

* Excludes amount of ₹ 29.26 Mn paid towards Initial Public Offer services out of which the Company's share of expenses has been adjusted to Securities Premium during the year and the balance has been recovered from Selling Share holders.

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(Amount in ₹ Million, unless otherwise stated)

40 Basic & Diluted earnings per share (EPS)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021**
Nominal value of per equity share	1/-	1/-
Profit after tax (A)	1,035.13	361.88
Profit attributable to equity shareholders	1,035.13	361.88
Total number of shares outstanding during the year	474,104,876	451,717,110
Weighted average number of equity shares outstanding during the year (B)	465,653,766	445,370,340
Basic EPS	**2.22**	**0.81**
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	5,384,855	17,661,660
Weighted average number of diluted equity shares (D=B+C)	471,038,621	463,032,000
Diluted EPS	**2.20**	**0.78**

** The number of shares at the beginning of the year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholder's approval dated July 16, 2021.

41 Leases

The Company as lessee

The Company has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 3 to 5 years.

The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Refer note 5 for carrying value of right of use assets.

Set out below are the carrying amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	213.76	101.22
Addition	40.12	165.36
Accretion of interest	19.95	12.27
Deletion due to closure	-	(3.92)
Rent waiver	-	(1.35)
Payments	(72.99)	(59.82)
Closing balance	**200.84**	**213.76**
Non-current	147.30	162.51
Current	53.54	51.25
	200.84	**213.76**

The maturity analysis of lease liabilities are disclosed in note 47.

The effective interest rate for lease liabilities as at March 31, 2022 is 9.45% (March 31, 2021: 9.45%)

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

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The following are the amounts recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expenses of right of use assets	27.22	23.86
Interest expenses on lease liabilities	19.95	12.27
Total amount recognised in statement of profit and loss	**47.17**	**36.13**

The Company had total cash outflow for leases of ₹ 72.99 Mn (March 31, 2021: ₹ 59.82Mn).

The Company earned rental income from sublease of ₹ 39.45 Mn (March 31, 2021: ₹ 32.50 Mn)

42 Defined Benefit Plan and Other Long Term Employee Benefit Plan:

I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 9.64 Mn (March 31, 2021: ₹ 4.87 Mn) and the same has been recognised as an expense in the statement of profit and loss.

II) Defined Benefit Plans

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

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

A. The following tables set out the amounts recognised in the Company's financial statements as at March 31, 2022 and March 31, 2021:

i. Amount recognised in the balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	14.79	15.60
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	14.79	15.60
Net liability recognised in balance sheet	**14.79**	**15.60**
Non-current	12.40	9.40
Current	2.39	6.20

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	15.60	9.36
Current service cost	4.10	4.84
Past service cost	(3.69)	-
Interest cost	0.78	0.61
Actuarial (Gain)/Loss in obligation for year ended due to changes in demographic / financial assumptions	(0.57)	0.54
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	0.06	1.84
Benefit paid	(1.49)	(1.59)
Closing defined benefit obligations	**14.79**	**15.60**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

iii. Net defined benefit liability/ (asset) reconciliation

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening net defined benefit liability/ (asset)	15.60	9.36
Defined benefit cost included in P&L	1.19	5.45
Total re-measurements included in OCI	(0.51)	2.38
Employer contributions	-	-
Employer direct benefit payments	(1.49)	(1.59)
Closing net defined benefit liability/ (asset)	**14.79**	**15.60**

B. Amount for the year ended March 31, 2022 and March 31, 2021 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	4.10	4.84
Past service cost	(3.69)	-
Interest expenses	0.78	0.61
Amount recognised in Statement of Profit and Loss	**1.19**	**5.45**
Actuarial (Gain)/Loss in obligation for year ended due to changes in demographic / financial assumptions	(0.57)	0.54
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	0.06	1.84
Amount recognised in Other Comprehensive Income (OCI)	**(0.51)**	**2.38**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	5.95%	6.25%
Future salary increases*	8.00% until year 1 then 6.50%	6.50%
Withdrawal rates	20.64%-30.54% across all levels	15.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

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

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

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

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

	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	2.39	4.54
Between 2 and 5 years	9.32	1.48
Between 6 and 10 years	5.13	18.37
10 & Above following years	3.09	4.03
Total expected payments	**19.93**	**28.42**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4.50 years (March 31, 2021: 6 years).

E Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

Particulars	Pre-tax impact (decrease) / increase in liability	
	As at March 31, 2022	As at March 31, 2021
Discount rate (-/+ 1%)		
Decrease by 100 basis points	0.69	1.61
Increase by 100 basis points	(0.64)	(1.31)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(0.47)	(1.15)
Increase by 100 basis points	0.49	1.40

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

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

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(C) Salary risk – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

iv Compensated absences:

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

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43 Related party transactions

A. Names of the related parties

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

Relationship	Name of entity
Subsidiary	FSN Brands Marketing Private Limited
	Nykaa E-Retail Private Limited
	Nykaa-KK Beauty Private Limited
	Nykaa Fashion Private Limited
	FSN International Private Limited
	Nykaa International UK Limited (wholly owned subsidiary of FSN International Private Limited w.e.f. January 29, 2021)
	FSN Global FZE (wholly owned subsidiary of FSN International Private Limited w.e.f. June 21, 2020)
	FSN Distribution Private Limited w.e.f. July 30, 2021
	Dot & Key Wellness Private Limited w.e.f. September 28, 2021
Directors and Key Management Personnel (KMP)	Mrs. Falguni Nayar -- Executive Chairperson, CEO and Managing Director
	Mr. Anchit Nayar -- Executive Director w.e.f. July 22, 2021
	Ms. Adwaita Nayar -- Executive Director w.e.f. July 22, 2021
	Mr. Sanjay Nayar -- Director w.e.f. April 09, 2021
	Mr. Milan Khakhar -- Director
	Ms. Alpana Parida -- Director
	Ms. Anita Ramachandran -- Independent Director
	Mr. Milind Sarwate -- Independent Director w.e.f. July 15, 2021
	Mr. Seshashayee Sridhara -- Independent Director w.e.f. July 26, 2021
	Mr. Pradeep Parameswaran -- Independent Director w.e.f. July 15, 2021
	Ms. Shefali Munjal -- Director till July 15, 2021
	Ms. Padmini Somani -- Director till July 15, 2021
	Mr. Yogeshkumar Mahansaria -- Director till July 30, 2021
	Mr. William Sean Sovak -- Director till July 15, 2021
	Mr. Vikram Sud -- Director till April 09, 2021
	Mr. Arvind Agarwal -- Chief Financial Officer w.e.f. June 01, 2020
	Mr. Rajendra Punde -- Company Secretary w.e.f. November 05, 2020
	Mr. Akshay Tanna -- Nominee Director till July 15, 2021
Relative of Key Management Personnel (KMP)	Mrs. Rashmi Mehta - Relative of Managing Director
Company in which key management personnel have significant influence	Sealink View Probuild Private Limited

B. Transactions with Related party

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Directors and Key Management Personnel (KMP)					
Mrs. Falguni Nayar	Remuneration	22.62	-	94.73	-
Mrs. Falguni Nayar (through family trust)	Issuance of OCRPS	-	-	0.44	-
Mr. Sachin Parikh	Remuneration & reimbursements	-	-	1.83	-

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Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Mr. Arvind Agarwal	Remuneration & reimbursements*	75.24	-	19.58	-
	Issuance of OCRPS	-	-	0.10	-
Mr. Pratik Bhujade	Remuneration & reimbursements	-	-	1.11	-
Mr. Rajendra Punde	Remuneration & reimbursements	12.12	-	4.96	-
Ms. Anita Ramachandran	Sitting Fees	2.02	-	0.34	-
	Commission	2.25	-	1.00	-
Ms. Alpana Parida	Sitting Fees	1.68	-	0.34	-
	Commission	2.25	-	0.50	-
Mr. Yogeshkumar Mahansaria	Sitting Fees	0.49	-	0.34	-
	Commission	0.75	-	1.00	-
Mr. Pradeep Parameswaran	Sitting Fees	0.45	-	-	-
	Commission	1.59	-	-	-
Mr. Milind Sarwate	Sitting Fees	1.33	-	-	-
	Commission	1.59	-	-	-
Mr. Seshashayee Sridhara	Sitting Fees	0.43	-	-	-
	Commission	1.50	-	-	-
Mr. Anchit Nayar	Issuance of OCRPS	-	-	0.39	-
	Remuneration & reimbursements	4.16	-	-	-
Ms. Adwaita Nayar	Issuance of OCRPS	-	-	0.39	-
	Remuneration & reimbursements	16.65	-	-	-
Relative of Key Management Personnel (KMP)					
Mrs. Rashmi Mehta	Rent expenses	2.85	(0.07)	2.42	(0.05)
	Security deposit	-	0.46	-	0.41
	Notional interest income on security deposit	(0.05)	-	0.04	-
	Lease liability	-	(1.41)	-	(3.96)
	Interest cost on lease liability	0.30	-	0.54	-
Subsidiary					
FSN Brands Marketing Private Limited	Loan given	(78.40)	1,662.55	655.70	1,761.93
	Interest income	(99.32)	-	(99.36)	-
	Sales	(326.64)	23.78	(234.51)	306.43
	Purchases	-	-	9.09	-
	Sub-lease income	(18.58)	-	(4.99)	-
	Discount expense	58.52	-	46.83	-
	Marketing expense	136.41	-	97.30	-

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Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
FSN Brands Marketing Private Limited	Notional interest income- Financial guarantee	(18.65)	-	(8.23)	-
	Notional interest income- Loan	(50.79)	-	(45.44)	-
	Notional interest income- sub-lease	(6.51)	-	(1.85)	-
	Recovery (Reimbursement) of expenses	(95.70)	-	(14.95)	-
	Brands usage fees	(26.58)	-	(11.84)	-
	Share based expense reimbursement	(7.16)	-	(3.10)	-
	Other equity contribution	100.74	309.75	87.68	209.01
	Investment in subsidiary	1,000.00	1,020.00	-	20.00
	Net Investment- sub-lease	-	62.80	-	73.75
Nykaa E-Retail Private Limited	Loan given	1,921.87	1,921.87	(77.40)	-
	Interest income	(45.44)	-	(10.55)	-
	Sales	(1,577.53)	71.09	(1,382.24)	161.05
	Discount expenses	286.42	-	264.69	-
	Banner advertisement expenses	186.76	-	193.68	-
	Recovery (Reimbursement) of expenses	(409.44)	-	(399.30)	-
	Sublease income	-	-	(18.10)	-
	Rent expenses	0.41	-	0.61	-
	Property, plant and equipment sale	-	-	(0.18)	-
	Notional interest expense- Lease	-	-	0.02	-
	Notional interest income- sublease	(0.03)	-	(0.81)	-
	Notional interest income- Financial guarantee	(36.65)	-	(53.30)	-
	Notional interest income- Loan	-	-	(5.56)	-
	Share based expense reimbursement	(71.43)	-	(35.60)	-
	Other equity contribution	102.04	395.44	88.90	293.40
	Brand usage fees	(314.28)	-	(212.95)	-
	Net Investment- sub-lease	-	0.35	-	-
	Lease liability	-	-	-	(0.03)
Nykaa Fashion Private Limited	Loan given	1,132.10	1,358.43	140.10	323.79
	Interest Income	(47.29)	-	(17.21)	-
	Recovery (Reimbursement) of expenses	(130.06)	49.38	(26.44)	62.77
	Sales	(2.98)	-	(0.47)	-
	Notional interest income- Loan	(6.08)	-	(3.97)	-
	Sublease Income	(17.63)	-	(4.31)	-
	Notional interest income- sub-lease	(6.43)	-	(1.75)	-
	Notional Commission on financial guarantee	(1.40)	-	(0.70)	-
	Share based expense reimbursement	(29.33)	-	(2.39)	-
	Other equity contribution	134.28	182.56	17.08	48.28
	Brand usage fees	(32.53)	-	(14.71)	-
	Net Investment- sub-lease	-	61.40	-	72.45
	Investment in subsidiary	250.00	250.10	-	0.10

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Nykaa-KK Beauty Private Limited	Loan given	70.94	71.14	(23.10)	0.37
	Interest Income	(1.81)	-	(5.63)	-
	Sublease Income	(4.68)	-	(5.17)	-
	Recovery (Reimbursement) of expenses	(13.59)	-	(13.68)	-
	Sales	(0.56)	-	-	-
	Purchase	0.37	-	-	-
	Notional interest income- sublease	(0.90)	-	(1.20)	-
	Notional interest income- Financial guarantee	(1.84)	-	(1.70)	-
	Notional interest income- Loan	0.16	-	(2.99)	-
	Share based expense reimbursement	0.36	-	(0.36)	-
	Other equity contribution	(1.34)	11.67	2.06	10.33
	Royalty	(22.05)	14.03	(23.01)	30.37
	Net Investment- sub-lease	-	5.74	-	9.64
FSN International Private Limited	Loan given	15.20	16.78	0.40	2.55
	Interest Income	(0.71)	-	(0.15)	-
	Recovery (Reimbursement) of expenses	(3.49)	-	-	-
	Sales	(5.44)	2.98	-	-
	Investment in subsidiary	50.00	51.00	0.04	0.29
	Notional interest income- Loan	(0.55)	-	(0.08)	-
	Other equity contribution	-	1.77	-	-
FSN Distribution Private Limited	Loan given	49.74	49.74	-	-
	Interest Income	(0.29)	-	-	-
	Recovery (Reimbursement) of expenses	(6.60)	4.02	-	-
	Investment in subsidiary	0.10	0.10	-	-
Company in which key management personnel have significant influence					
Sealink View Probuild Private Limited	Rent, maintenance, electricity & other expenses	38.22	-	29.37	-
	Notional interest income on security deposit	(0.55)	-	(0.53)	-
	Security deposit	-	6.02	-	5.48
	Interest cost on lease liability	12.76	-	4.32	
	Lease liability	-	(122.74)	-	(144.90)

Figures in brackets indicates payables and income

Terms and conditions of transactions with related parties

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

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

*Remuneration includes amount towards ESOP based on exercise of options.

Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

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The total offer expenses are estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which are proportionately allocated between the selling shareholders (including a related party) and the Company in the proportion of equity shares sold by the selling shareholders and the Company. As at March 31, 2022 amount of ₹ 226.42 Mn payable to selling shareholders (Refer note 27) out of the IPO proceeds has been currently withheld pending final settlement of IPO proceeds includes amount payable to a related party.

44 Commitments and contingent liabilities

A Commitments

The Company does not have any contract remaining to be executed on capital account and not provided for (net of advances) ₹ Nil as at March 31, 2022 (March 31, 2021 – ₹ Nil)

The Company does not have lease contracts that have not yet commenced as at March 31, 2022.

B Contingent liabilities (not provided for)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Claims against the Company, not acknowledged as debts		
Disputed Indirect tax matters (including interest up to the date of demand, if any) [Refer note (i) below]	26.64	11.77
ii) Corporate guarantees given to banks [Refer note (ii) below]	3,540.00	3,290.00
iii) Bank guarantees [Refer note (iii) below]	505.19	-
Total	**4,071.83**	**3,301.77**

Notes:

i. The Company has received VAT assessments order for financial years 2016-17 with demands amounting to ₹ 32.02 Mn on account of certain input disallowances/adjustment made by VAT department. Out of the total demand amount, the Company has paid ₹ 5.38 Mn to tax authorities during the year and for the balance ₹ 26.64 Mn the management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements.

ii. Corporate guarantees given to banks with respect to borrowings taken by the subsidiary companies to a maximum amount of ₹ 3,540 Mn (March 31, 2021: ₹ 3,290 Mn), carrying amounts of the related financial guarantee contracts at March 31, 2022 were ₹ 24.18 Mn (March 31, 2021: ₹ 26.53 Mn). (Refer note 27).

iii. Bank guarantees have been given to National Stock Exchange for completion of process of IPO.

45 Disclosure as per the requirement of regulation 34 of the Securities and Exchange Board of India (Listing obligations and disclosure requirements) regulations, 2015:

The amounts at the year end and the maximum amount of loans and advances outstanding during the year is as follows:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Outstanding Balance	Maximum Amount Outstanding during the year	Outstanding Balance	Maximum Amount Outstanding during the year
Subsidiaries				
FSN Brands Marketing Private Limited	1,662.55	2,478.89	1,761.93	1,993.13
Nykaa E-Retail Private Limited	1,921.87	1,928.57	-	705.71
FSN International Private Limited	16.78	19.95	2.55	2.86
Nykaa Fashion Private Limited	1,358.43	1,482.25	323.79	405.72
Nykaa-KK Beauty Private Limited	71.14	75.67	0.37	156.72
FSN Distribution Private Limited	49.74	49.74	-	-
Total	**5,080.51**	**6,035.07**	**2,088.64**	**3,264.14**

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

46 Fair value of financial assets and financial liabilities

The fair values of 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:

- The carrying values of financial assets i.e. 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 approximation of their fair values due to the short maturities of these instruments.

Particulars	Level	Carrying value as of		Fair value as of	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial Assets:					
Fair Value through other comprehensive income					
Non-current investments	Level 2	-	13.19	-	13.19
Amortised cost					
Non-current investments		3,794.80	682.61	3,794.80	682.61
Loans		5,080.51	2,088.64	5,080.51	2,088.64
Trade receivables		242.16	637.22	242.16	637.22
Cash and cash equivalents		317.74	312.83	317.74	312.83
Bank balance other than cash and cash equivalents		1,885.53	1,610.20	1,885.53	1,610.20
Other financial assets		4,332.66	243.36	4,332.66	243.36
		15,653.40	**5,588.05**	**15,653.40**	**5,588.05**
Financial Liabilities:					
Amortised cost					
Borrowings		313.27	243.54	313.27	243.54
Lease liabilities		200.84	213.76	200.84	213.76
Trade payables		166.16	113.92	166.16	113.92
Other financial liabilities		414.72	176.94	414.72	176.94
		1,094.99	**748.16**	**1,094.99**	**748.16**

Valuation methodology:

i) The Company has measured fair value for Level 2 investment using the third-party pricing information without adjustment.

47 Financial Instruments:

The Company's principal financial liabilities comprise borrowings from banks, 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 and March 31, 2021.

NOTES

Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

a) Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in basis points	Effect (decrease) / increase on profit before tax
March 31, 2022	+50	(1.57)
	-50	1.57
March 31, 2021	+50	(1.22)
	-50	1.22

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. 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.

The year end foreign currency forward contracts and unhedged foreign currency exposures are given below:

a) Derivatives (forward contracts) outstanding as at the reporting date (in respective currency)

Amount as at March 31, 2022:

Particulars of transactions	Currency	As at March 31, 2022		As at March 31, 2021	
		Foreign currency	₹*	Foreign currency	₹
Forward contracts to Purchases EUR - Trade Payable	Euro	0.08	6.67	0.02	1.92

*Amount in ₹ represents conversion at hedged rate.

b) Particulars of unhedged foreign currency exposure as at the reporting date (in respective currency):

Particulars	Currency	As at March 31, 2022		As at March 31, 2021	
		Foreign currency	₹	Foreign currency	₹
Payables:					
Trade payables	USD	0.01	0.84	-*	0.33
	Euro	-*	0.07	0.06	4.93
	CNY	0.10	1.25	0.06	0.67
Advances:					
Advance to vendors against purchases / expense	USD	0.32	23.88	0.25	18.57
	Euro	-*	0.09	-	-
	CNY	0.40	4.77	0.43	4.75

*Numbers are below million under the rounding off convention adopted by the Company and accordingly not reported.

Since the business of the Company doesn't involves material foreign currency transactions, its exposure to foreign currency changes is not material.

c) 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.

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

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).

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 has 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 covered by the Company. (Refer accounting policy 2(g)(IV) for expected credit loss on trade receivable).

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	6.42	0.53
Provision made / written back during the year	(5.54)	5.89
Closing balance	**0.88**	**6.42**

b) **Security deposit**

The Company also carries credit risk on lease deposits with landlords for properties taken on leases, for which agreements are signed and property possessions are taken for operations. The risk relating to refunds after vacating the premises is managed through successful negotiations or appropriate legal actions, where necessary.

c) **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.

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2022					
Borrowings	313.27	313.27	-	-	313.27
Trade payables	166.16	166.16	-	-	166.16
Other financial liabilities	414.72	414.72	-	-	414.72
Lease liabilities	200.84	70.31	169.58	-	239.89
Total	**1,094.99**	**964.46**	**169.58**	**-**	**1,134.04**
As at March 31, 2021					
Borrowings	243.54	243.54	-	-	243.54
Trade payables	113.92	113.92	-	-	113.92
Other financial liabilities	176.94	176.94	-	-	176.94
Lease liabilities	213.76	69.74	191.02	-	260.76
Total	**748.16**	**604.14**	**191.02**	**-**	**795.16**

48 Segment information:

The Company has identified Board of directors and Group CEO as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on Omni business and Omni channel strategy, which in terms of Ind AS 108 on "Operating Segments" constitutes a single reporting segment.

i) The Company operates in a single geographical environment i.e. in India.

ii) No single external customer (other than related party) contributed 10% or more to Company's revenue.

49 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, convertible preference shares, securities premium 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 consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

Particulars	As at March 31, 2022	As at March 31, 2021
Gross debt	313.27	243.54
Less: Cash and cash equivalents	(317.74)	(312.83)
Net debt (A)	**(4.47)**	**(69.29)**
Equity	15,499.47	5,608.21
Preference share capital	-	3.27
Total Equity (B)	**15,499.47**	**5,611.48**
Net gearing ratio* (A)/(B)	**-**	**-**

*As at March 31, 2022 and March 31, 2021, the cash and cash equivalent was higher than outstanding net debt.

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

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50 Employee Share Based Payment

The Company has granted stock options under the employee stock option scheme- ESOS 2012 and ESOS 2017 respectively, as approved by the Board of Directors of the Company, to the eligible employees of the Company or its subsidiaries. These options would vest in 3 or 4 equal annual installments from the date of grant based on the vesting conditions as per letter of grant executed between the Company and the employee of the Company or its subsidiaries. The maximum period for exercise of options is 4 years from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of ₹ 10 each of the Company. The options granted under ESOS 2012 and ESOS 2017 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of ₹ 35.82 Mn (March 31, 2021: ₹ 11.15 Mn) arising from equity settled share based payment transactions for employee services received during the year. The carrying amount of Employee stock options outstanding reserve as at March 31, 2022 is ₹ 155.91 Mn (March 31, 2021: ₹ 89.37 Mn).

As at the end of the financial year, details and movements of the outstanding options are as follows:

a Options granted under ESOS 2012

Particulars	As at March 31, 2022	As at March 31, 2021**
Options outstanding at the beginning of the year	525,930	10,075,380
Options granted during the year	174,000	-
Options forfeited during the year	-	(30,000)
Options expired/lapsed during the year	-	(30,000)
Options exercised during the year	(525,930)	(9,489,450)
Options outstanding at the end of the year	174,000	525,930
Exercisable at the end of the year	174,000	525,930
For options outstanding at the end of the year:		
Exercise price range	₹ 594 - 1125	₹ 100 - 650
Weighted average remaining contractual life (in years)	5.98	2.45

b Options granted under ESOS 2017

Particulars	As at March 31, 2022	As at March 31, 2021**
Options outstanding at the beginning of the year	5,657,280	5,197,200
Options granted during the year	2,026,200	2,541,000
Options forfeited during the year	(536,000)	(532,350)
Options expired/lapsed during the year	-	(63,300)
Options exercised during the year	(2,728,830)	(1,485,270)
Options outstanding at the end of the year	4,418,650	5,657,280
Exercisable at the end of the year	4,418,650	5,657,280
For options outstanding at the end of the year:		
Exercise price range	₹ 594 - 10,766.75	₹ 650 - 6,059.56
Weighted average remaining contractual life (in years)	5.40	4.81

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Forming part of the Financial Statements as at and for the year ended March 31, 2022

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c Fair value of options granted

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	ESOS 2012			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.23 - 2.33	2.93 - 2.96	3.47 - 3.54	4.47 - 4.54
Risk free interest rate (%)	4.08% to 4.43%	4.81% to 5.14%	5.14% to 5.34%	5.40% to 5.66%
Volatility (%)	32.57% to 32.83%	30.04% to 30.29%	28.64% to 30.04%	28.02% to 28.48%
Share price on date of grant	594 - 1125.00			
Fair value of options	140.59 - 263.37	157.56 - 299.82	172.61 - 330.68	200.74 - 376.44

Particulars	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.23 - 2.33	2.73 - 2.96	3.23 - 3.54	4.23 - 4.54
Risk free interest rate (%)	4.08% to 4.77%	4.76% to 5.24%	4.76% to 5.55%	5.39% to 5.70%
Volatility (%)	32.60% to 33.45%	30.04% to 30.86 %	28.80% to 30.86%	28.02% to 29.38%
Share price on date of grant	358.89-1125			
Fair value of options	85.74 - 263.37	91.37 - 299.82	100.65 - 330.68	118.23 - 376.44

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on annualised standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of time. The Company has determined the market price on grant date based on latest equity valuation report available with the Company preceding the grant date.

The weighted average share price at the date of exercise of options exercised during the year was ₹ 920 (March 31, 2021: ₹ 486.21).

**The movement of options & the fair value assumptions for FY 2020-21 have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholder's approval dated July 16, 2021.

d Expenses arising from share-based payment transactions

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	35.82	11.15
Stock based compensation expense pertaining to employees of subsidiaries, determined under fair value method recognised as cost of investment	107.28	41.45

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51 Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
1	Current ratio	Current assets	Current liabilities	9.49	4.61	105.81%	Increase is on account of increase in current assets during the year.
2	Debt equity ratio	Total debt	Shareholder's equity	0.02	0.04	(53.43%)	Decrease is on account of increase in shareholder's equity during the year.
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	7.70	2.52	205.28%	Increase is on account of increase in earnings for debt service during the year.
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.10	0.07	32.79%	Increase is on account of increase in net profit after tax and shareholder's equity during the year.
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	1.11	1.62	(31.46%)	Decrease is on account of increase in average inventory during the year.
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	4.27	3.27	30.62%	Increase is on account of increase in sales during current year.
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	7.01	3.58	95.80%	Increase is on account of increase in purchase during current year.
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	0.22	0.59	(62.71%)	Decrease in capital turnover ratio is on account of increase in working capital during the current year.
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	0.55	0.25	122.21%	Increase is on account of increase in net profits during the year.
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt - Deferred Tax Asset	0.08	0.09	(6.47%)	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	0.04	0.06	(19.94%)	

52 Subsequent events

Subsequent to the year ended March 31, 2022 on April 22, 2022, the Board of Directors of the Company has approved strategic investments in Earth Rhythm Private Limited (Earth Rhythm) and Nudge Wellness Private Limited (Nudge). The Company has accordingly executed a share subscription and share purchase agreement with:

- Earth Rhythm to acquire upto 18.51% of the fully diluted share capital by way of subscription and/or purchase of Compulsorily Convertible Cumulative Preference Shares and/or Equity Shares for a consideration of ₹ 416.5 Mn. The transaction has been consummated on May 04, 2022.
- Nudge to acquire initially upto 60% (with a right to go upto 100%) of the fully diluted share capital by way of subscription and/or purchase of Equity Shares for a consideration of ₹ 36 Mn.

NOTES

Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

53 Utilisation of IPO funds

During the year, the Company has completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹ 100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn. Pursuant to the IPO, the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on November 10, 2021.

The total offer expenses are estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Company as per respective offer size. The utilisation of IPO proceeds of ₹ 6,009.51 Mn (net of provisional IPO expenses of ₹290.49 Mn) is summarised below:

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2022	Unutilised upto March 31, 2021
Investment in certain of our Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	420.00	4.20	415.80
Capital expenditure to be incurred by our Company and investment in certain of our Subsidiaries, namely, Nykaa E-Retail, FSN Brands and Nykaa Fashion for funding the set-up of new warehouses	420.00	13.47	406.53
Repayment or prepayment of outstanding borrowings availed by our Company and one of our Subsidiaries, namely, Nykaa E-Retail	1,560.00	1,560.00	-
Expenditure to acquire and retain customers by enhancing the visibility and awareness of our brands	2,340.00	369.52	1,970.48
General corporate purposes	1,269.51	401.05	868.46
Total	**6,009.51**	**2,348.24**	**3,661.27**

Net proceeds which were unutilised as at March 31, 2022 were temporarily invested in deposits with scheduled commercial banks and kept in current account with scheduled commercial banks and monitoring agency bank account.

54 Expenditure towards corporate social responsibility (CSR) activities

SN	Particulars	As at March 31, 2022	As at March 31, 2021
a	Gross amount required to be spent by the Company during the year	4.41	0.72
b	Amount spent during the year on the following in cash		
	i. Construction/ acquisition of any asset	-	-
	ii. On purpose other than (i) above	2.90	0.85
c	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	1.51	-
d	The total of previous years' shortfall amounts;	-	-
e	Related party transactions in relation to corporate social responsibility	-	-
f	Provision movement during the year	1.51	-

Unspent amount as at March 31, 2022 has been subsequently transferred to CSR Account as per the requirements of Section 135(6), of the Companies Act, 2013 post balance-sheet date.

The amount during the year has been spent towards promoting education, sustainability and environmental responsibility and health care including preventive health care.

NOTES

Forming part of the Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

55 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 date 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.

56 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 and impact on leases. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these 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.

57 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).

58 During the year, outsourced warehouse manpower expenses has been reclassified from employee benefit expenses and disclosed separately under other expenses for the year ended March 31, 2022 and March 31, 2021. The reclassification does not have any impact on the profit of the group for the respective years.

59 Previous year figures have been regrouped and reclassed wherever required to conform to those of the current year.

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of FSN E-Commerce Ventures Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of FSN E-Commerce Ventures Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") comprising of the consolidated Balance Sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditors Responsibilities for the Audit of the Consolidated Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Assessment of carrying value of inventory (as mentioned in Note 13 of the consolidated financial statements)	
The Group has inventories of ₹ 8,756.21 million after writing down inventory by ₹ 311.20 million as at March 31, 2022. These inventories are held at stores and warehouses of the Group. The Group recognizes inventory obsolescence based on the age of the product (i.e. whether it is close to expiry and expired), slow moving and damaged goods including future expectations of disposal of these goods. Significant judgment is required in assessing the appropriate level of slow moving and/or obsolete inventory. Accordingly, we considered carrying value of inventory to be a key audit matter.	Our audit procedures included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to provision for slow moving, close to expiry, expired and damaged inventories. • Performed testing on the company controls over the inventory physical verification process. In testing these controls, we inspected the results of the physical verification carried out by the Company during the FY 21-22 and confirmed variances were accounted for and approved by the management.

Key audit matters	How our audit addressed the key audit matter
	• Observed physical inventory counts at major locations to ascertain the condition of inventory and tested on a sample of items to assess the cost basis and net realisable value of inventory and evaluated the adequacy of provision for close to expiry, expired and damaged inventories as at March 31, 2022. • Performed procedures to evaluate the expiry date in the inventory report to identify slow moving or obsolete inventories. • Analysed the sales trend to gain an understanding of the forecast inventory demand, product expiry dates and inventories disposal plans for near expiry items, expired and damaged inventories. • Verified on sample basis, whether inventories are carried at the lower of cost and net realizable value.
Accounting for business combination (as described in Note 2C and Note 46 of the consolidated financial statements)	
The Group has acquired 51% shareholding of Dot & Key Wellness Private Limited ('D&K') on September 28, 2021, and accounted for this transaction as business combination in accordance with Ind AS 103 referred to in the group accounting policies (refer Note 2C). Further, the promoter shareholders of D&K have put option for acquisition of incremental stake up to 49% by the Company at a value to be determined as per the terms of shareholders' agreement for consideration not exceeding ₹1,530 million. The fair value of financial liability in the consolidated financial statements as at March 31, 2022 is ₹ 1,222.26 million in accordance with Ind AS 109. The details of the assets and liabilities acquired along with their fair values, the resultant goodwill recognized, and the consideration paid for the acquisitions have been disclosed in Note 2C and Note 46 to the consolidated financial statements. We considered the audit of this acquisition to be a key audit matter as this is a significant non routine transaction during the year and it requires significant management judgement regarding allocation of the purchase price to the assets and liabilities acquired including fair valuation and identification of intangible assets in acquisition.	Our audit procedures included the following: • We have, amongst others, read the Share Purchase Agreement (SPA), and other related documents to obtain an understanding of the transactions and the key terms and conditions and evaluated the accounting treatment in accordance with Ind AS 103. • Assessed and tested the effectiveness of internal controls relating to business acquisition accounting. • Where the Company used the work of an external specialist, we assessed competence, professional qualification, objectivity and independence of such specialist. • Obtained and read the report of external specialist to understand the work performed on testing of key assumptions and estimates and their outcome of testing. • Recalculated the model using the management inputs and assumptions for ascertaining mathematical accuracy. • Assessed management assumptions in respect of future sales growth rate and discount rate used in valuation. We involved our valuation specialists to assist in evaluating the key assumptions and methodologies used in the valuation. • Assessed the disclosures made in the Consolidated financial statements.
Impairment of Goodwill (as described in Note 2C, Note 7 and Note 46 of the consolidated financial statements)	
The Group acquired certain businesses in the current year and earlier years which resulted in significant goodwill as at balance sheet amounting to ₹ 474.78 million. In accordance with Ind AS 36 'Impairment of Assets', these balances are allocated to Cash Generating Units (CGUs) which are tested annually for impairment using discounted cash-flow models of each CGUs recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGUs net assets would result in impairment. The Group's disclosures are included in Note 2C, Note 7 and Note 46 to the consolidated financial statements, which outlines the accounting policy and give method and assumptions used for impairment testing. The inputs to the impairment testing model which have the most significant impact on CGU recoverable value include projected revenue growth, budgeted operating margins and operating cash-flows, pre-tax discount rates and terminal value. The annual impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the consolidated financial statements as a whole.	Our audit procedures included the following: • Assessed and tested the effectiveness of internal controls relating to impairment evaluation process. • Assessed the Group's methodology applied in determining the (CGUs) to which goodwill is allocated. In making this assessment, we assessed competence, professional qualification, objectivity and independence of Company's external specialists involved in the process. • Assessed the assumptions around the key drivers of the cash flow forecasts including expected growth rates. • Involved our valuation specialist to assist in evaluating assumptions of discount rates and terminal growth rates used in the valuation. • Assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • Compared the budgeted and actual performance for the year to evaluate the inputs and assumptions used in the cash flow forecasts. • Tested the arithmetical accuracy of the models. • Assessed the disclosures made in the Consolidated Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Recognition of Deferred Tax Assets in the subsidiaries viz., FSN Brands Private Limited ("Brands") and Nykaa Fashion Private Limited ("Nykaa Fashion") (as described in Note 2C(q) and Note 11 of the consolidated financial statements)	
As per Ind AS 12 – "Income taxes", Deferred tax assets are recognised 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 credits and unused tax losses can be utilised. As at March 31, 2022, Brands and Nykaa Fashion has recognized deferred tax asset of ₹ 332 million and ₹ 351 million, respectively. Significant judgments and estimates are involved in making this assessment. The estimate of future taxable profits is based on the future business plans. The recognition of deferred tax asset is therefore sensitive to changes in the business plan and hence there is inherent uncertainty involved in projecting future profits. This assessment requires the management to make assumptions to be used in the forecasts of future taxable profits, including expectations for future revenue and margin developments and overall market and economic conditions. This area was important to our audit due to the significance of judgment and estimates involved in management's assessment of the likelihood and magnitude of forecasting future taxable profits. This area was important to our audit due to the significance of judgment and estimates involved in management's assessment of the likelihood and magnitude of forecasting future taxable profits.	Our audit procedures included the following: • Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes". • Assessed and tested the effectiveness of internal controls relating to deferred tax assets. • Assessed the historical accuracy of management's assumptions and estimation process by comparing the actual financials against previously forecasted financials for the year ended March 31, 2022 of Brands and Nykaa Fashion. • Analysed the performance of Brands and Nykaa Fashion and assessed the assumptions used in computation of future profits including understanding of management's estimate of business impact based on current market. • Assessed the disclosures made in the consolidated financial statements as per Ind AS 12- "Income Taxes".

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Directors' report for Holding Company, but does not include the consolidated financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual report other than Directors' report of the Holding Company, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report other than Directors' report of Holding Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of eight subsidiaries whose financial statements include total assets of ₹ 8,339.42 million as at March 31, 2022, and total revenues of ₹ 9,918.72 million and net cash outflow of ₹ 480.73 million for the year ended on that date. These financial statement and other financial information have been audited by solely by one of the joint auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such other auditors.

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

Report on Other Legal and Regulatory Requirements

1. 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 Act, based on our audit and the other financial information of the subsidiary companies, incorporated in India, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors of the Holding Company and its subsidiaries as on March 31, 2022 and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies referred to in 'other matter' paragraph, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 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 with reference to these consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
   (g) In our opinion the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company and its subsidiary viz., Nykaa E-Retail Private Limited to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
   (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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
      (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 45 (B) to the consolidated financial statements;
      (ii) The Group did not have any long-term contracts including derivative contracts

for which there were any material foreseeable losses;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2022. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries incorporated in India during the year ended March 31, 2022.

(iv) (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively 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 respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

(v) No dividend has been declared or paid during the year / subsequent to the year-end by the Holding Company and subsidiary companies incorporated in India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJTA05925

Place: Mumbai
Date: May 27, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number:
109818W

per A.N. Shah
Partner
Membership Number: 42649
UDIN: 22042649AJTTOS2704

Place: Mumbai
Date: May 27, 2022

Annexure 1 referred to in clause 1 of paragraph on the report on 'Other Legal and Regulatory Requirements' of our report of even date

Re: FSN E-Commerce Ventures Limited (the "Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sr. No.	Name	CIN	Holding company/ subsidiary	Clause no. of the CARO report which is qualified
1	FSN E- Commerce Ventures Limited	L52600MH2012PLC230136	Holding company	(i)(a)(A)
2	FSN E- Commerce Ventures Limited	L52600MH2012PLC230136	Holding company	(ii)(b)
3	Nykaa E-Retail Private Limited	U74999MH2017PTC291558	Subsidiary	(i)(a)(A)
4	Nykaa E-Retail Private Limited	U74999MH2017PTC291558	Subsidiary	(ii)(b)
5	FSN Brands Marketing Private Limited	U74120MH2015PTC262096	Subsidiary	(i)(a)(A)
6	FSN Brands Marketing Private Limited	U74120MH2015PTC262096	Subsidiary	(i)(b)
7	FSN Brands Marketing Private Limited	U74120MH2015PTC262096	Subsidiary	(ii)(b)
8	Nykaa-KK Beauty Private Limited	U24290MH2018PTC311880	Subsidiary	(i)(a)(A)
9	Nykaa-KK Beauty Private Limited	U24290MH2018PTC311880	Subsidiary	(ii)(b)
10	Nykaa Fashion Private Limited	U18102MH2019PTC320627	Subsidiary	(i)(a)(A)
11	Nykaa Fashion Private Limited	U18102MH2019PTC320627	Subsidiary	(ii)(b)

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJTCOV2314

Place: Mumbai
Date: May 27, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number:
109818W

per A.N. Shah
Partner
Membership Number: 42649
UDIN: 22042649AJTUDB5591

Place: Mumbai
Date: May 27, 2022

Annexure 2 to the Independent Auditors' Report of even date on the consolidated financial statements of FSN E-Commerce Ventures Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of FSN E-Commerce Ventures Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as the "Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the " Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated financial statements 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 with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, 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 auditor's judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated financial statements.

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

A company's internal financial control with reference to these consolidated financial statements 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 with reference to these consolidated financial statements 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 with Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated financial statements, 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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:
101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AJTCOV2314

Place: Mumbai
Date: May 27, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number:
109818W

per A.N. Shah
Partner
Membership Number: 42649
UDIN: 22042649AJTUDB5591

Place: Mumbai
Date: May 27, 2022

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	4	1,244.42	685.78
Right of use assets	5	2,473.26	1,389.33
Capital work-in-progress	6	97.64	19.68
Goodwill	7	474.78	5.06
Intangible assets	7	640.05	231.08
Intangible assets under development	8	147.31	3.88
Financial assets			
Investments	9	-	13.19
Other financial assets	10	718.79	161.71
Deferred tax assets (net)	11	1,152.18	780.35
Non current tax assets (net)	11	138.70	85.62
Other non-current assets	12	102.69	13.53
Total non-current assets (A)		**7,189.82**	**3,389.21**
Current assets			
Inventories	13	8,756.21	4,980.90
Financial assets			
Trade receivables	14	945.33	766.35
Cash and cash equivalents	15	658.90	835.82
Bank balance other than cash and cash equivalents	16	2,011.53	1,640.87
Other financial assets	17	4,878.78	574.39
Other current assets	18	2,019.78	831.81
Total current assets (B)		**19,270.53**	**9,630.14**
Total Assets (A+B)		**26,460.35**	**13,019.35**
Equity and liabilities			
Equity			
Equity share capital	19	474.11	150.57
Other equity	20	12,924.89	4,748.39
Equity attributable to equity holders of the parent		**13,399.00**	**4,898.96**
Non-controlling interest		56.15	8.34
Total equity (A)		**13,455.15**	**4,907.30**
Liabilities			
Non-current liabilities:			
Financial liabilities			
Borrowings	21	9.22	16.60
Lease Liabilities	22	2,043.19	1,073.82
Other financial liabilities	23	1,222.26	-
Long-term provisions	24	77.96	73.46
Total non-current liabilities (B)		**3,352.63**	**1,163.88**
Current liabilities:			
Financial liabilities			
Borrowings	25	3,321.12	1,858.05
Lease liabilities	26	552.70	378.16
Trade payables	27		
-Total outstanding dues of Micro enterprise and small enterprises		560.70	90.75
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		3,059.84	3,071.37
Other financial liabilities	28	1,666.92	850.13
Short-term provisions	29	88.66	108.47
Contract liabilities	30	160.41	169.14
Current tax liabilities (net)	11	21.73	246.93
Other current liabilities	31	220.49	175.17
Total current liabilities (C)		**9,652.57**	**6,948.17**
Total liabilities (B+C)		**13,005.20**	**8,112.05**
Total equity and liabilities (A+B+C)		**26,460.35**	**13,019.35**

The accompanying notes are an integral part of the consolidated financial statements.

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	32	37,739.35	24,408.95
Other Income	33	269.72	117.59
Total Income		**38,009.07**	**24,526.54**
Expenses			
Cost of material consumed	34	843.12	382.41
Purchase of traded goods	35	24,078.31	14,956.07
Changes in inventories of finished goods and stock-in-trade	36	(3,621.28)	(412.71)
Employee benefits expense	37	3,259.39	2,330.23
Finance costs	38	465.11	307.01
Depreciation and amortisation expense	39	964.13	715.89
Other expenses	40	11,547.23	5,586.40
Profit before tax		**37,536.01**	**23,865.30**
		473.06	**661.24**
Tax expense:			
Current tax	11	446.39	385.56
Deferred tax	11	(386.21)	(340.80)
Total tax expense		**60.18**	**44.76**
Profit after tax		412.88	616.48
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		32.72	(4.41)
Income tax effect on above		(8.25)	1.19
Fair valuation of investments measured through OCI		(13.19)	(24.84)
Income tax effect on above		(6.25)	6.25
		5.03	**(21.81)**
(ii) Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations, net		0.53	-
		0.53	**-**
Other comprehensive income/(loss) for the year, net of tax		5.56	(21.81)
Total Comprehensive Income for the year		**418.44**	**594.67**
Profit/ (loss) attributable to:			
Equity holders of the parent		410.75	615.52
Non-controlling interest		2.13	0.96
		412.88	**616.48**
Other comprehensive income/(loss) attributable to:			
Equity holders of the parent		5.57	(21.82)
Non-controlling interest		(0.01)	0.01
		5.56	**(21.81)**
Total comprehensive income attributable to:			
Equity holders of the parent		416.32	593.70
Non-controlling interest		2.12	0.97
		418.44	**594.67**
Earnings per share of face value ₹ 1/- each			
Basic	41	0.88	1.38
Diluted	41	0.87	1.33

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Operating activities		
Profit before tax as per Statement of profit & loss	473.06	661.24
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation of property, plant & equipment	835.05	594.47
Amortisation of intangible assets	129.08	121.42
Interest expense and other finance costs	465.11	307.01
Foreign exchange loss	0.64	-
Share Based expense	143.24	52.60
Provision for Gratuity expense	35.50	38.02
Provision for Leave compensated expense	0.65	102.81
Expected credit loss	(23.29)	66.67
Interest income	(227.78)	(102.92)
Loss on sale of plant, property and equipment	-	17.75
Gain on closure of ROU	-	(3.44)
Operating profit before working capital changes	**1,831.26**	**1,855.63**
Working capital Adjustments:		
(Increase) / Decrease in trade receivables	(136.97)	152.50
(Increase) in inventories	(3,719.01)	(473.78)
(Increase) in current financial asset	(413.29)	(342.10)
(Increase) in non-current financial assets	(193.69)	(108.66)
(Increase) in other current assets	(1,169.20)	(175.93)
(Increase) in other non-current assets	(35.00)	-
Increase in trade payables	412.38	19.71
(Decrease) / Increase in short-term provisions	(20.18)	107.80
Increase in current financial liabilities	620.56	460.86
Increase in other current liabilities	4.07	91.85
Increase / (decrease) in long-term provisions	1.07	(124.38)
Cash (used in)/ from operations	**(2,818.00)**	**1,463.50**
Payment of taxes (net)	(721.57)	(131.71)
Net cash flow (used in)/ from operating activities (A)	**(3,539.57)**	**1,331.79**
Cash flows from Investing activities		
Purchase of property, plant and equipment and other intangible assets	(939.73)	(420.70)
Sale of investments in mutual funds	5.47	-
Investment in subsidiary (net off cash and cash equivalent from subsidiary)	(510.84)	-
Investment in fixed deposits	(4,745.51)	(896.60)
Payable towards purchase of business in slump sale	(2.85)	(16.15)
Interest received	165.57	36.02
Net cash flows (used in) investing activities (B)	**(6,027.89)**	**(1,297.43)**
Financing activities		
Proceeds from issue of equity shares / shares pending allotment	8,727.28	1,028.62
Proceeds from issue of preference shares	1.58	-
Repayment of Non-Current borrowings (net)	(7.38)	15.11

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Proceeds from Current borrowings (net)	1,463.06	(815.20)
Interest expenses on borrowings	(262.46)	(176.54)
Principal payment of lease liabilities	(449.80)	(299.50)
Interest expenses on lease liabilities	(202.21)	(129.69)
Net cash flows from / (used in) financing activities (C)	**9,270.07**	**(377.20)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(297.39)**	**(342.84)**
Cash and cash equivalents at the beginning of the year	669.11	1,011.87
Net foreign exchange differences	-	0.08
Cash and cash equivalents at the year end (Refer note 15)	**371.72**	**669.11**

Note:

1. Non cash transaction relating to investing and financing activities (Refer note 17, 28 and 42)
2. The above Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

A. Equity share capital:

Equity shares issued, subscribed and fully paid

Particulars	No. of shares	Amount
As at April 01, 2020[(1)]	14,549,077	145.49
Issue of equity shares of face value of ₹ 10 each	508,160	5.08
As at March 31, 2021[(1)]	15,057,237	150.57
Issue of equity shares of face value of ₹ 10 each	60,130	0.60
Conversion of Optionally Convertible Redeemable Preference Shares ('OCRPS')[(1)]	450,528	4.51
Split of shares[(2)]	140,111,055	-
Issue of bonus shares[(3)]	311,357,900	311.36
Issue of equity shares of face value of ₹ 1 each	7,068,026	7.07
As at March 31, 2022[(4)]	**474,104,876**	**474.11**

[(1)] Equity shares of face value of ₹ 10 each

[(2)] Equity shares of face value of ₹ 10 each of the Company were sub-divided into equity shares of face value of ₹ 1 each pursuant to approval of the shareholders at Extra Ordinary General Meeting held on July 16, 2021.

[(3)] The Company has issued 311,357,900 bonus shared during the year vide shareholder's approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.

[(4)] Equity shares of face value of ₹ 1 each.

B. Other equity

Particulars	Instruments classified as Equity	Equity attributable to equity holders of the parent									Non-controlling interest	Total
		Share application money pending allotment	Reserves & Surplus					Foreign Currency Translation Reserve	Other Comprehensive Income (OCI)	Total other equity		
			Surplus/ (Deficit) in statement of profit and loss	Securities premium	Capital reserve	Employee share options scheme reserve	Other reserves					
As at April 01, 2020	**2.06**	**0.24**	**(1,609.08)**	**4,572.26**	**-**	**109.83**	**-**	**-**	**3.24**	**3,078.55**	**7.37**	**3,085.92**
Net Profit for the year	-	-	615.52	-	-	-	-	-	-	615.52	0.96	616.48
Other comprehensive income	-	-	-	-	-	-	-	-	(21.81)	(21.81)	0.01	(21.80)
Total comprehensive income	**-**	**-**	**615.52**	**-**	**-**	**-**	**-**	**-**	**(21.81)**	**593.71**	**0.97**	**594.68**
Issue during the year	1.21	-	-	-	-	-	-	-	-	1.21	-	1.21
Securities premium on issue of shares	-	-	-	1,035.68	-	-	-	-	-	1,035.68	-	1,035.68
Shares allotted during the year	-	(0.24)	-	71.76	-	(71.76)	-	-	-	(0.24)	-	(0.24)
Addition during the year	-	-	-	-	-	52.61	-	-	-	52.61	-	52.61
ESOP lapse	-	-	1.31	-	-	(1.31)	-	-	-	-	-	-
Share issue expense	-	-	-	(13.12)	-	-	-	-	-	(13.12)	-	(13.12)
As at March 31, 2021	**3.27**	**-**	**(992.25)**	**5,666.58**	**-**	**89.37**	**-**	**-**	**(18.57)**	**4,748.39**	**8.34**	**4,756.73**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Particulars	Instruments classified as Equity	Equity attributable to equity holders of the parent									Non-controlling interest	Total
		Share application money pending allotment	Reserves & Surplus					Foreign Currency Translation Reserve	Other Comprehensive Income (OCI)	Total other equity		
			Surplus/ (Deficit) in statement of profit and loss	Securities premium	Capital reserve	Employee share options scheme reserve	Other reserves					
Net Profit for the year	-	-	410.75	-	-	-	-	-	-	410.75	2.13	412.88
Other comprehensive income	-	-	-	-	-	-	-	0.53	5.04	5.57	(0.01)	5.56
Total comprehensive income	**-**	**-**	**410.75**	**-**	**-**	**-**	**-**	**0.53**	**5.04**	**416.32**	**2.12**	**418.44**
Securities premium utilised on issue of bonus shares	-	-	-	(311.36)	-	-	-	-	-	(311.36)	-	(311.36)
Securities premium on issue of shares	-	-	-	8,975.26	-	-	-	-	-	8,975.26	-	8,975.26
Addition during the year	1.50	8,983.60	-	-	-	143.10	-	-	-	9,128.20	-	9,128.20
Shares allotted during the year	-	(8,982.95)	-	76.52	-	(76.52)	-	-	-	(8,982.95)	-	(8,982.95)
Financial liability for acquisition through Put Option	-	-	-	-	-		(1,222.26)	-		(1,222.26)	479.70	(742.56)
Adjustment for NCI's carrying value for Put Option	-	-	-	-	-	-	434.01	-	-	434.01	(434.01)	-
Forefeiture of OCRPS	(4.77)	-	-	(0.10)	0.36	-	-	-	-	(4.51)	-	(4.51)
Share issue expense	-	-	-	(256.22)	-	-	-	-	-	(256.22)	-	(256.22)
As at March 31, 2022	**-**	**0.65**	**(581.50)**	**14,150.68**	**0.36**	**155.95**	**(788.25)**	**0.53**	**(13.53)**	**12,924.89**	**56.15**	**12,981.04**

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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountant
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

NOTES

Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

1. Corporate Information

The consolidated financial statements comprise financial statements of FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited, the 'Company' or 'Parent' or 'Holding Company') and its subsidiaries (collectively, the 'Group') for the year ended March 31, 2022. The Company is a public company incorporated and domiciled in India. The registered office of the Company is located at 104, Vasan Udyog Bhavan. Sun Mill compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013.

The Company has converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on July 16, 2021 and consequently the name of the Company has changed to FSN E-Commerce Ventures Limited vide fresh certificate of incorporation issued by ROC on July 28, 2021. The Company has completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on November 10, 2021.

The Group is engaged in the business of manufacturing, selling & distribution of beauty, wellness, fitness, personal care, health care, skin care, hair care products, fashion garments, fashion accessories and equipments on the online portals or websites such as e-commerce, m-commerce, internet, intranet as well as through physical stores, stalls, general trade and modern trade etc.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2022 and authorised for issue on May 27, 2022.

2A. Basis of preparation

i) Statement of compliance:

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III, as amended).

ii) Historical cost convention:

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

2B. Basis of Consolidation

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period/year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., twelve months ended March 31, 2022. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

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

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

2C. Summary of significant accounting policies:

a) Business combinations and goodwill

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

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costs are recognised as incurred and included in other expenses.

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

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

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

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

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

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

b) Current versus non-current classification

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

- Expected to be realised 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 Group classifies all other liabilities as non-current.

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

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

c) Property Plant & Equipment

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant & Equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant & Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation on Property, Plant & Equipment:

Depreciation is provided using the Straight Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are amortised on a straight line basis over the period of primary lease or the extended lease period, as applicable.

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Computers and Hardwares	3
Furniture & Fixtures	10
Office Equipments	5
Vehicles	8
Plant and Machinery	8

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimates.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the period/ year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Amortisation of intangible assets:

Intangible assets are amortised on straight line basis as per the following useful lives:

Intangible asset	Useful lives (in years)
Trade Mark	5 - 15
Business application development (Internally generated)	3
Website	3
Software	3

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

e) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

f) 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 realisable 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, 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.

g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right of use for warehouse/offices/stores 3 to 9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of non-financial assets.

ii. Lease liabilities:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease

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payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short term leases and leases of low value assets:

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

h) 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.

Initial recognition and measurement:

All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial Assets

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

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

Financial Liabilities

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

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

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 though profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

The Group's financial assets at amortised cost includes trade and other receivables and loans to employees.

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

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial Assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

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

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

ii. Financial liabilities

Financial liabilities at fair value through Profit or Loss

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

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

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All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial guarantee contracts issued by the Group 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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Derecognition

Financial Assets

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

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

On derecognition of a financial asset, 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.

Impairment of financial assets:

In accordance with Ind AS 109, the Group 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.

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

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

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Revenue recognition:

Revenue from contracts with customers

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

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

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

Sale of products:

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the Group 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.

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

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

Rendering of services:

Income from services are recognised as and when the services are rendered.

Marketing Support Revenue

- Advertising revenue is derived from displaying web and application based banner ads and sale of online advertisements. Revenue from banner advertisement is recognised pro rata over the period of display of advertisement as per contract.
- Revenue from sale of online advertisements is recognised based on output method and the Group applies the practical expedient to recognise advertising revenue in the amount to which the Group has a right to invoice upon rendering of services.

Reward points programme

The Group has a reward points programme which allows customers to accumulate points that can be redeemed against future purchases of products at discounted prices. The reward points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the reward points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the reward points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on an annual basis and any adjustments to the contract liability balance are charged against revenue.

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

- **Contract liabilities**

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

j) 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.

k) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l) Foreign currency transactions

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (Rs.), which is the functional currency of each entity of the Group and the currency of the primary economic environment in which the Group 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.

m) Share Based payment

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees

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render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share Options outstanding reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

n) Post-employment and other employee benefits

Short term employee benefits

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

Post-employment benefits

i. Defined Contribution Plans:

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

ii. Defined Benefit Plans

Gratuity

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

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

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

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

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the

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balance sheet with a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

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

o) 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 capitalised 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, amortisation of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

p) Fair value measurement:

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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

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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 Group's external valuers, which valuation techniques and inputs to use for each case.

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

q) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 recognised outside profit and loss is recognised outside profit and loss (either in OCI or in equity). The Group 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 Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

r) Cash and cash equivalents

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

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

s) 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 Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

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t) 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.

u) Segment reporting policies

The Group drives synergy across fulfilment models, sales channels and product categories and accordingly the management reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

v) 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.

3A. 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 estimates that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I. Judgements:

- Determining the lease term of contracts with renewal and termination options – the Company as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

II. Estimates and assumptions:

a. Estimation of useful life of property, plant and equipment and intangible asset

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

b. 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.

c. Estimation of defined benefit obligation and compensated absences

The cost of the defined benefit gratuity plan, compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

d. 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.

e. 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.

f. Business combination:

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

g. Provision

Provisions and liabilities are recognised 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

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adjusted to take account of changing facts and circumstances.

h. 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.

i. 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.

j. Leases – Estimating the incremental borrowing rates:

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

k. Other estimates:

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

3B. 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 01, 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.

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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 statement.

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(Amount in ₹ Million, unless otherwise stated)

4 Property, plant and equipment

Particulars	Computers & Hardware	Furniture & Fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total
Cost							
As at April 1, 2020	**163.49**	**457.78**	**119.22**	**4.40**	**4.14**	**202.93**	**951.96**
Additions[2]	51.80	65.90	33.13	-	0.13	37.87	188.83
Disposals	(0.18)	(18.62)	(1.19)	-	-	(13.92)	(33.91)
As at March 31, 2021	**215.11**	**505.06**	**151.16**	**4.40**	**4.27**	**226.88**	**1,106.88**
Addition on acquisition of subsidiary (Refer note 46)	1.13	0.98	0.51	0.10	5.25	-	7.97
Additions	205.36	331.98	200.82	-	1.28	73.93	813.37
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	**421.60**	**838.02**	**352.49**	**4.50**	**10.80**	**300.81**	**1,928.22**
Accumulated depreciation							
As at April 1, 2020	**75.37**	**78.80**	**33.91**	**1.05**	**0.66**	**61.34**	**251.13**
Depreciation charge for the year	44.56	51.97	23.18	3.28	0.47	62.65	186.11
Disposals	(0.09)	(8.14)	(0.59)	-	-	(7.32)	(16.14)
As at March 31, 2021	**119.84**	**122.63**	**56.50**	**4.33**	**1.13**	**116.67**	**421.10**
Addition on acquisition of subsidiary (Refer note 46)	0.17	0.17	0.13	0.02	0.16	-	0.65
Depreciation charge for the year	74.37	98.38	47.36	0.01	0.67	41.26	262.05
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	**194.38**	**221.18**	**103.99**	**4.36**	**1.96**	**157.93**	**683.80**
Net Book Value							
As at March 31, 2022	227.22	616.84	248.50	0.14	8.84	142.88	1,244.42
As at March 31, 2021	95.27	382.43	94.66	0.07	3.14	110.21	685.78

Footnotes:

1. Movable assets have been pledged to secure borrowings of the Company (Refer note – 21 and 25).
2. Refer note 47 for acquisition of assets on account of business purchase.

5 Right of use assets

Particulars	Right of use assets	Total
Cost		
As at April 1, 2020	**2,016.54**	**2,016.54**
Additions	389.05	389.05
Disposals	(63.63)	(63.63)
As at March 31, 2021	**2,341.96**	**2,341.96**
Addition on acquisition of subsidiary (Refer note 46)	11.50	11.50
Additions	1,768.61	1,768.61
Disposals	(136.02)	(136.02)
As at March 31, 2022	**3,986.05**	**3,986.05**
Accumulated depreciation		
As at April 1, 2020	**576.60**	**576.60**

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Right of use assets	Total
Depreciation charge for the year	408.36	408.36
Disposals	(32.33)	(32.33)
As at March 31, 2021	**952.63**	**952.63**
Addition on acquisition of subsidiary (Refer note 46)	0.07	0.07
Depreciation charge for the year	601.72	601.72
Disposals	(41.63)	(41.63)
As at March 31, 2022	**1,512.79**	**1,512.79**
Net Book Value		
As at March 31, 2022	**2,473.26**	**2,473.26**
As at March 31, 2021	**1,389.33**	**1,389.33**

Disposals includes derecognition of RoU asset on cancellation of lease contract.

6 Capital Work-in-progress

Particulars	Amount	Total
As at April 01, 2020	**7.78**	**7.78**
Addition	19.68	19.68
Capitalisation	(7.78)	(7.78)
As at March 31, 2021	**19.68**	**19.68**
Addition	94.69	94.69
Capitalisation	(16.73)	(16.73)
As at March 31, 2022	**97.64**	**97.64**

Capital Work-in-progress ageing schedule:

Period in progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2022	97.64	-	-	-
As at March 31, 2021	19.68	-	-	-

Capital work-in-progress comprises of expenses incurred towards improvement to leasehold premises.

There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended, on the above mentioned reporting dates.

7 Intangible assets

Particulars	Catalogue	Business application development cost	Computer Softwares	Trademark	Goodwill	Total
Cost						
As at April 01, 2020	**154.15**	**289.89**	**19.40**	**-**	**1.43**	**464.87**
Additions[1]	0.99	103.48	25.86	49.44	4.00	183.77
Disposals	-	-	-	-	-	-
As at March 31, 2021	**155.14**	**393.37**	**45.26**	**49.44**	**5.43**	**648.64**
Addition on account of acquisition (Refer note 46)	-	0.10	-	489.00	469.72	958.82
Additions	-	39.29	9.68	-	-	48.97
Disposals	(155.14)	-	-	-	-	(155.14)

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Catalogue	Business application development cost	Computer Softwares	Trademark	Goodwill	Total
As at March 31, 2022	**-**	**432.76**	**54.94**	**538.44**	**475.15**	**1,501.29**
Accumulated amortisation						
As at April 01, 2020	**109.54**	**169.98**	**11.19**	**-**	**0.37**	**291.08**
Amortisation charge for the year	45.60	65.87	9.90	0.05	-	121.42
Disposals	-	-	-	-	-	-
As at March 31, 2021	**155.14**	**235.85**	**21.09**	**0.05**	**0.37**	**412.50**
Addition on account of acquisition (Refer note 46)	-	0.02	-	-	-	0.02
Amortisation charge for the year	-	89.82	12.60	26.66	-	129.08
Disposals	(155.14)	-	-	-	-	(155.14)
As at March 31, 2022	**-**	**325.69**	**33.69**	**26.71**	**0.37**	**386.46**
Net Book Value						
At March 31, 2022	**-**	**107.07**	**21.25**	**511.73**	**474.78**	**1,114.83**
At March 31, 2021	**-**	**157.52**	**24.17**	**49.39**	**5.06**	**236.14**

1. Refer note 47 for acquisition of assets on account of business purchase.

8 Intangible assets under development

Particulars	Amount	Total
As at April 01, 2020	**12.45**	**12.45**
Addition	3.88	3.88
Capitalisation	(12.45)	(12.45)
As at March 31, 2021	**3.88**	**3.88**
Addition	182.58	182.58
Addition on acquisition of subsidiary (Refer Note 46)	0.06	0.06
Capitalisation	(39.21)	(39.21)
As at March 31, 2022	**147.31**	**147.31**

Period in progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2022	147.31	-	-	-
As at March 31, 2021	3.88	-	-	-

Intangible assets under development include cost for development of business application and cost for implementation of computer software.

There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above-mentioned reporting dates.

NOTES

Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

9 Non-current investments (Unquoted)

Particulars	As at March 31, 2022	As at March 31, 2021
Investment in Preference Shares (Unquoted, fully paid up)		
JMS Logistics and Express Private Limited		
In Series A1 Compulsory Convertible Cumulative Preference Shares of ₹ 1/- each	-	13.19
Total investments measured at FVTOCI	**-**	**13.19**
Total Non-current investments	**-**	**13.19**
Aggregate amount of Unquoted Investments	-	13.19
Aggregate amount of impairment in value of investments	38.03	24.84

Investments at fair value through OCI (fully paid) reflect investment in unquoted securities. These securities are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus, disclosing their fair value fluctuation in profit or loss will not reflect the purpose of holding.

During the year the Group has recognised the impact of decline in fair value of investment of ₹ 13.19 Mn (March 31, 2021: 24.84 Mn) through other comprehensive income.

10 Other financial assets (Non-current)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits (Unsecured, considered good)	292.19	161.71
Deposits with banks with maturity period more than 12 months	426.60	-
Total	**718.79**	**161.71**

11 Income tax

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

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax:		
In respect of current year	422.93	400.78
In respect of earlier year	23.46	(15.22)
	446.39	**385.56**
Deferred tax:		
In respect of current year	(328.11)	(309.61)
In respect of unrecognised business loss of earlier years	(58.10)	(31.19)
	(386.21)	**(340.80)**
Income tax expense reported in the statement of profit or loss	**60.18**	**44.76**
OCI section - Deferred tax related to items recognised in OCI during the year:		
Tax (Income)/Expense on remeasurements of defined benefit plans & fair valuation of investments	(14.50)	7.44
Income tax expense (credited) / charged to OCI	**(14.50)**	**7.44**

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Profit before tax	473.06	661.24
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	119.07	166.43
Tax effect of:		
Amortisation on acquired trademark	4.23	-
Others (including permanent differences and brought forward losses)	(28.48)	(75.27)
Tax (credit) relating to earlier years	(34.64)	(46.40)
	60.18	**44.76**
Current tax expense	446.39	385.56
Deferred tax expense/(credit)	(386.21)	(340.80)
Tax expense recognised in the statement of profit and loss	60.18	44.76
Effective tax rate	12.72%	6.77%

Gross movement in the current income tax assets/(liabilities) for the years ended March 31, 2022 and March 31, 2021:

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax asset / (liability) (net) at the beginning of the year	(161.31)	(246.93)
Income tax asset (net) acquired on acquisition of subsidiary	3.10	-
Income tax paid during the year	721.57	471.18
Current tax expense / tax expense pertaining to earlier years	(446.39)	(385.56)
Net income tax asset / (liability) (net) at the end of the year	**116.97**	**(161.31)**
Income tax assets as per balance sheet	**138.70**	**85.62**
Income tax liability as per balance sheet	**(21.73)**	**(246.93)**
Income tax asset / (liability) (net)	**116.97**	**(161.31)**

Deferred tax:

Particulars	As at March 31, 2022	As at March 31, 2021
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	253.04	67.44
Impact of brought forward losses	626.90	491.26
Provision of doubtful debts	11.54	48.73
Impact of difference between tax depreciation / amortisation and depreciation / amortisation as per books	106.01	82.22
Impact of stock elimination	154.69	90.70
Deferred tax assets (A)	**1,152.18**	**780.35**
Deferred tax liabilities (B)	**-**	**-**
Deferred tax assets (net) (C=A-B)	**1,152.18**	**780.35**

The Group as at March 31, 2022 has recognised deferred tax assets in the books of FSN Brands Marketing Private Limited of ₹ 331.58 Mn (March 31, 2021: ₹ 236.23 Mn), Nykaa Fashion Private Limited of ₹ 351.02 Mn (March 31, 2021: 137.77 Mn) in respect of carry forward losses, unabsorbed depreciation and other temporary differences. In assessing the realisability of its deferred tax assets, the management of these entities has considered 3 years business 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 and unabsorbed depreciation can be utilised.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	780.35	432.11
Tax income/(expense) recognised in statement of profit and loss for the year	328.11	309.61
Tax (expense)/income recognised in OCI for the year	(14.50)	7.44
On account of acquisition of subsidiary	0.12	-
Deferred tax credit for unrecognised business loss of earlier years	58.10	31.19
Closing balance	**1,152.18**	**780.35**

12 Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance for capital goods	67.69	13.53
Balance with statutory / government authorities	35.00	-
Total	**102.69**	**13.53**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Stock-in-trade	7,609.44	4,464.94
Finished goods	713.89	244.64
Raw Materials	317.50	199.03
Packing material	115.38	72.29
Total	**8,756.21**	**4,980.90**

As at March 31, 2022 ₹ 311.20 Mn (March 31, 2021: ₹ 223.45 Mn) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

14 Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables - Unsecured, considered good	945.33	766.35
Trade receivables which have significant increase in credit risk	46.68	69.58
Less: Allowances for expected credit loss (Refer note 50)	(46.68)	(69.58)
Total	**945.33**	**766.35**

No Trade receivable are due from directors or other officers of the group either severally or jointly with any other person. Trade receivables are non- interest bearing and are generally on payment terms of 0-90 days.

Trade receivables aging schedule

As at 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	625.47	319.86	-	-	-	-	945.33
Undisputed Trade Receivables – which have significant increase in credit risk	1.21	1.96	6.73	15.09	21.69	-	46.68
Total	**626.68**	**321.82**	**6.73**	**15.09**	**21.69**	**-**	**992.01**

NOTES

Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

As at 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	415.55	226.14	124.66	-	-	-	766.35
Undisputed Trade Receivables – which have significant increase in credit risk	-	7.33	32.16	26.02	4.06	-	69.58
Total	**415.55**	**233.47**	**156.82**	**26.02**	**4.06**	**-**	**835.93**

15 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	7.72	3.43
Balances with banks in current accounts	348.65	419.87
Balances with bank in nodal account[(1)]	287.18	166.71
Deposits with original maturity of less than three months[(2)]		
- With Banks	15.35	145.49
- With Financial Institution.	-	100.00
Cheques on hand	-	0.32
Total	**658.90**	**835.82**

[(1)] Balance with bank in nodal account is in accordance with regulation for market-place business of the Group.

[(2)] Short Term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

[(3)] Cash and cash equivalents as per cash flow statement excludes balance with bank in nodal account. Refer table below:

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents (C&CE) as per Balance Sheet	658.90	835.82
Less:- Balance in nodal accounts not considered as part of C&CE	(287.18)	(166.71)
Total	**371.72**	**669.11**

16 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Margin money deposits with bank (held as lien by bank against guarantees)	51.56	30.67
Deposits with original maturity for more than 3 months but less than 12 months		
- With Banks	1,959.97	1,440.00
- With Financial Institution.	-	170.20
Total	**2,011.53**	**1,640.87**

17 Other financial assets (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposit (Unsecured, considered good)	36.59	54.26
Unbilled receivable	490.88	160.48
Deposits with banks with maturity period more than 12 months	3,948.25	-
Receivable from payment gateway / cash collection vendors	291.62	310.42
Interest accrued on deposit but not due	111.44	49.23
Total	**4,878.78**	**574.39**

NOTES

Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Interest accrued on deposit but not due

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	49.23	2.44
Interest accrued during the year	227.78	82.81
Receipt of interest during the year	(165.57)	(36.02)
Closing balance	**111.44**	**49.23**

18 Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to suppliers (Unsecured, considered good)	464.47	323.56
Advance against expenses (Unsecured, considered good)	191.06	142.96
Prepaid expenses	95.03	57.87
Balance with statutory / government authorities	1,269.22	307.42
Total	**2,019.78**	**831.81**

19 Share Capital

Particulars	Equity Shares		Preference Shares	
	Numbers	Amount	Numbers	Amount
i) Authorised Share Capital				
As at April 01, 2020 (Shares of face value of ₹ 10 each)	195,000,000	1,950.00	5,000,000	50.00
Increase during the year	-	-	-	-
As at March 31, 2021 (Shares of face value of ₹ 10 each)	195,000,000	1,950.00	5,000,000	50.00
Increase during the year*	2,555,000,000	800.00	495,000,000	450.00
As at March 31, 2022 (Shares of face value ₹ 1 each)	**2,750,000,000**	**2,750.00**	**500,000,000**	**500.00**

*Pursuant to the approval of the shareholders at Extra Ordinary General Meeting of the Company held on July 16, 2021 each equity share of face value of ₹ 10/- per share was sub-divided into ten equity shares of face value of ₹1/- per share, with effect from the record date i.e. July 16, 2021. The above increase during the year includes the effect of such split of face value of the shares.

i) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

ii) Issued share capital

Issued, subscribed and fully paid

Particulars	Equity Shares	
	Numbers	Amount
As at April 01, 2020	14,549,077	145.49
Issue of equity shares of face value of ₹ 10 each	508,160	5.08
As at March 31, 2021	**15,057,237**	**150.57**
Issue of equity shares of face value of ₹ 10 each	60,130	0.60
Conversion of OCRPS into equity shares of face value of ₹ 10 each	450,528	4.51
Adjustment of split of shares into face value of ₹ 1 each	140,111,055	-
Issue of bonus shares of face value of ₹ 1 each	311,357,900	311.36
Issue of equity shares of face value of ₹ 1 each	7,068,026	7.07
As at March 31, 2022	**474,104,876**	**474.11**

During the year, the Company has completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue and allotment of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn.

iii) 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
Sanjay Nayar (through family trust)	105,818,920	22.32%	4,003,964	26.59%
Falguni Nayar (through family trust)	104,305,770	22.00%	3,313,331	22.00%
Indra Singh Banga / Harindarpal Singh Banga	30,479,790	6.43%	1,355,993	9.01%

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.

iv) Shares reserved for issue under employee stock option.

The Company has reserved issuance of 33,000,000 (Previous year 33,000,000) Equity Shares of ₹ 10 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year ended March 31, 2022 the Company has granted 2,200,200 options (March 31, 2021: 2,541,000). Cumulative number of equity shares granted under Employee Stock Option Scheme (ESOS) is 28,227,450 equity shares as at March 31, 2022 (March 31, 2021: 26,027,250).

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

v) Details of promoter shareholding:

As at March 31, 2022

Description	Promoter Name	No. of shares at the beginning of the year**	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 1 each fully paid	Sanjay Nayar (through family trust)	120,118,920	26.59%	105,818,920	22.32%	(11.90%)
Equity shares of ₹ 1 each fully paid	Falguni Nayar (through family trust)	99,399,930	22.00%	104,305,770	22.00%	4.94%
Total		**219,518,850**	**48.59%**	**210,124,690**	**44.32%**	**(6.97%)**
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through family trust)	143,500	32.88%	-	0.00%	(100.00%)
Total		**143,500**	**32.88%**	**-**	**0.00%**	**(100.00%)**

** The number of shares at the beginning of the year have been restated to give effect of share split of equity shares of face value of ₹. 10 each sub-divided into equity shares of face value of Re. 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholders' approval dated July 16, 2021.

As at March 31, 2021

Description	Promoter Name	No. of shares at the beginning of the year	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each fully paid	Sanjay Nayar (through family trust)	4,003,964	26.59%	4,003,964	26.59%	-
Equity shares of ₹ 10 each fully paid	Falguni Nayar (through family trust)	3,313,331	22.00%	3,313,331	22.00%	-
Total		**7,317,295**	**48.59%**	**7,317,295**	**48.59%**	**-**
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through family trust)	100,000	22.91%	143,500	32.88%	15.82%
Total		**100,000**	**22.91%**	**143,500**	**32.88%**	**15.82%**

vi) Share issued for consideration other than cash:

The Company has issued 311,357,900 bonus shares vide shareholder's approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held during the year.

20 Other equity

(A) Instruments classified as Equity

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares ('OCRPS')

Particulars	No. of shares	Amount
As at April 01, 2020	275,000	2.06
Issue of preference shares during the year	161,500	1.21
As at March 31, 2021	**436,500**	**3.27**
Issue of preference shares during the year at ₹ 10 per share	50,028	0.50
Call money at ₹ 2.50 per share on 400,500 shares	-	1.00
Forefeiture of partly paid 36,000 shares at ₹ 7.5 per share	(36,000)	(0.26)
Conversion of preference share capital during the year	(450,528)	(4.51)
As at March 31, 2022	-	-

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The Company has availed the option to convert fully paid up OCRPS and accordingly 414,528 OCRPS were converted into equity shares as on June 30, 2021, at the issue price as per conditions given in the letter of offer and forfeited OCRPS of 36,000 were re-issued and converted into equity shares on July 15, 2021.

(B) Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Securities premium		
Opening balance	5,666.58	4,572.26
Add : Additions during the year	8,975.26	1,035.68
Add: Transfer from Employee Share options scheme reserve	76.52	71.76
Less: Utilised on issue of bonus shares	(311.36)	-
Less: Options lapsed during the year	(0.10)	-
Less: Share issue expenses	(256.22)	(13.12)
Closing balance (A)	**14,150.68**	**5,666.58**
(ii) Retained earnings		
Opening balance	(992.25)	(1,609.08)
Add: Profit / (Loss) during the year	410.75	615.52
Less:-Options lapse/ forfeited during the year	-	1.31
Closing balance (B)	**(581.50)**	**(992.25)**
(iii) Other comprehensive income		
Opening balance	(18.57)	3.24
Add: Other comprehensive income for the year	5.04	(21.81)
Closing balance (C)	**(13.53)**	**(18.57)**
(iv) Share application money pending allotment		
Opening balance	-	0.24
Add : Additions during the year	8,983.60	-
Less: Shares allotted during the year	(8,982.95)	(0.24)
Closing balance (D)	**0.65**	**-**
(v) Employee Share Options Scheme Reserve		
Opening balance	89.37	109.83
Add : Additions during the year	143.10	52.61
Less: Shares excersied during the year		(71.76)
Less: Lapsed during the year	(76.52)	(1.31)
Closing balance (E)	**155.95**	**89.37**
(vi) Capital Reserve		
Opening balance	-	-
Add : Additions during the year	0.36	-
Closing balance (F)	**0.36**	**-**
(vii) Other reserve		
Opening balance	-	-
Add : NCI / Put option liability on acquisition of subsidiary	(1,222.26)	-
Less: NCI share of fair value of put option	434.04	-
Closing balance (G)	**(788.25)**	**-**
(viii) Foreign currency translation reserve		
Opening balance	-	-
Add : Addition during the year	0.53	-
Closing balance (H)	**0.53**	**-**
Total (A+B+C+D+E+F+G+H)	**12,924.89**	**4,745.12**

Nature and purpose of reserves

(i) **Securities premium:** Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares is transferred to Securities Premium.

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(Amount in ₹ Million, unless otherwise stated)

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

(iii) **Other Comprehensive Income:** This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

(iv) **Share application money pending allotment:** This represents the share application money received in previous year for Employee Stock Option Scheme for which shares are allotted during the current financial year.

(v) **Employee Share Options Scheme Reserve:** The fair value of the equity-settled share based payment transactions with employees is recognised in Employee Share Options Scheme Reserve.

(vi) **Capital Reserve:** Capital reserve is on account of forfeiture of partly paid up OCRPS and security premium thereon.

(vii) **Other Reserve:** This represents fair value of put option liability towards acquisition of subsidiary.

(viii) **Foreign Currency translation reserve:** Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

21 Borrowings (Non-current)

Particulars	As at March 31, 2022	As at March 31, 2021
Term loan from bank	9.22	16.60
Total	**9.22**	**16.60**

Notes:

Term loan from bank is secured against second charge on all current assets, moveable property, plant and equipment both present and future of Nykaa-KK Beauty Private Limited. Tenure is 48 months (including 12 month moratorium period) & rate of interest 8% p.a.

22 Lease liabilities (Non-Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for lease liabilities (Refer note 42)	2,043.19	1,073.82
Total	**2,043.19**	**1,073.82**

23 Other financial liabilities (Non-current)

Particulars	As at March 31, 2022	As at March 31, 2021
Put option liability (Refer note 46)	1,222.26	-
Total	**1,222.26**	**-**

24 Long-term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (Refer note 43)	77.96	73.46
Total	**77.96**	**73.46**

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

25 Borrowings (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Working capital loan from banks	3,315.83	1,858.05
Current maturities of term loan from bank	5.29	-
Total	**3,321.12**	**1,858.05**

Notes:

(i) Working Capital/Cash Credit Facilities from Bank is secured by hypothecation of book debts, current assets and movable Property, plant and equipment both present and future.

(ii) Loan is payable on demand. Interest payable on working capital loan is MCLR adjusted with the risk spread mutually agreed between the parties.

(iii) Maximum amount of loan outstanding during the year was ₹ 3,732.02 Mn (March 31, 2021. ₹ 1,858.05Mn).

(iv) Bank loan contain certain financial covenants & the Group has satisfied all covenants as per the terms of bank loan.

(v) As at March 31, 2022, the Group had undrawn funded and non-funded borrowing facilities of ₹ 695.80 Mn (March 31, 2021: ₹ 256.46 Mn).

Reconciliation of statements submitted to banks during the year:

FSN E-Commerce Ventures Limited:

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-20	Kotak Bank, HDFC Bank, RBL Bank	Inventory	386.24	398.65	(12.41)	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade receivables	285.51	263.49	22.02	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.
Sep-20	Kotak Bank, HDFC Bank, RBL Bank	Inventory	328.95	354.56	(25.61)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date.
		Trade receivables	229.85	199.68	30.17	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Dec-20	Kotak Bank, HDFC Bank, RBL Bank	Inventory	242.77	288.59	(45.82)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Amount reported in the quarterly return include inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date.
Mar-21	Kotak Bank, HDFC Bank, RBL Bank	Trade receivables and Advance to suppliers	703.20	648.17	55.03	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days.
Jun-21	Kotak Bank, HDFC Bank, Citibank, Axis Bank	Inventory	351.43	373.83	(22.40)	Amount as per books includes total inventory balance as per trial balance. Amount as reported in quarterly return includes inventory greater than 9 months. Detailed backup information for difference is not readily retrievable. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade Receivable	463.45	416.60	46.85	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.

[1] Kotak Bank, Citibank, RBL Bank, HDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, Citi Bank N.A., The Ratnakar Bank Limited, HDFC Bank Limited and Axis Bank Limited.

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Sep-21[2]	Citibank, Kotak Bank, HDFC Bank	Inventory	401.38	396.19	5.19	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Citibank, Kotak Bank	Trade receivables, Other Receivables	401.67	306.58	95.08	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank.
	HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	485.98	355.91	130.07	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank. Further, amount as per books excludes trade receivables more than 90 days whereas total receivables was considered in statement submitted to bank.
	Citibank, Kotak Bank	Advances To suppliers	84.32	29.61	54.71	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Dec-21[2]	Citibank, Kotak Bank, HDFC Bank	Inventory	507.97	601.39	(93.42)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
	HDFC Bank	Trade receivables, Other Receivables	492.97	482.05	10.92	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Mar-22[3]	Citibank, Kotak Bank	Inventory	725.45	760.91	(35.46)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		725.45	723.33	2.12	

[1] Kotak Bank, Citibank and HDFC Bank referred in the above table are for Kotak Mahindra Bank Limited, Citi Bank N.A., and HDFC Bank Limited

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

[3] For quarter ended March 31, 2022, the Company is in process of submitting revised statement with bank post balance sheet date.

Nykaa E-Retail Private Limited

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-20	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	2,275.44	2,628.78	(353.34)	Amount as per books represents total inventory balance as per trial balance.The difference is primarily on account of Goods in transit included and provision for inventory not considered in the quarterly return. The amount reported in the quarterly return includes inventory greater than 9 months. Detailed backup information for difference is not readily retrievable as on date.
		Trade receivable and others	1,323.65	837.89	485.76	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. The difference is primarily on account of Unbilled receivable and Receivable from COD/ Prepaid not considered in the quarterly return. Detailed backup information for the difference is not readily retrievable as on date."
Sep-20	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	2,914.36	2,914.36	-	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return includes inventory greater than 9 months as detailed backup information for inventory aged greater than 9 months is not readily retrievable as on date.
		Trade receivable and others	1,470.24	1,370.04	100.20	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed backup information for difference is not readily retrievable as on date.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Dec-20	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	2,713.62	2,844.24	(130.62)	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return include inventory greater than 9 months as detailed reconciliation for difference is not readily retrievable as on date.
		Trade receivable and others	1,193.20	1,126.08	67.12	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed backup information for difference is not readily retrievable as on date.
Mar-21	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	3,552.48	3,552.48	-	Amount as per books includes total inventory balance as per trial balance. Amount reported in the quarterly return includes inventory greater than 9 months.
		Trade receivable and others	1,315.06	1,315.08	(0.02)	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days

[1] Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank	Inventory	4,170.83	4,289.47	(118.64)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Also amount reported in the quarterly return include inventory greater than 9 months.
		Trade receivable and others	1,626.69	1,290.56	336.13	Difference is due to unbilled receivable and receivable from COD / Prepaid which are not considered in the quarterly return.
Sep-21[2]	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank	Inventory	3,973.65	4,232.93	(259.28)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		3,973.65	4,309.91	(336.26)	
	Kotak Bank, IDFC Bank, ICICI Bank	Trade receivable, Advance to Supplier, Other Receivable	1,213.52	896.29	317.23	The difference is primarily on account of advance to suppliers which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Sep-21[2]	HDFC Bank	Trade receivable, Advance to Supplier, Other Receivable	1,213.52	1,087.44	126.09	The difference is primarily on account of advance to suppliers and trade receivables greater than 90 days which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Axis Bank		1,213.52	805.25	408.28	The difference is primarily on account of advance to suppliers which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

[1] Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Dec-21[2]	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank, HDFC Bank	Inventory	4,704.58	5,169.90	(465.32)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Kotak Bank, IDFC Bank, ICICI Bank, HDFC Bank	Trade receivable, Advance to Supplier, Other Receivable	1,309.76	1,255.04	54.72	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Axis Bank		1,309.76	1,187.44	122.32	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank, HDFC Bank	Advances to suppliers	186.43	201.43	(15.00)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Mar-22[3]	Axis Bank, IDFC Bank, ICICI Bank, Kotak Bank	Inventory	5,808.15	6,657.90	(849.75)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		5,808.15	6,652.22	(844.07)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Axis Bank, IDFC Bank	Trade receivable, Advance to Supplier, Other Receivable	1,042.29	1,051.37	(9.08)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	HDFC Bank		1,042.29	1,058.17	(15.88)	

[1] Kotak Bank, ICICI Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

[3] For quarter ended March 31, 2022, the Company is in process of submitting revised statement with bank post balance sheet date.

FSN Brands Marketing Private Limited

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank, IDFC Bank, Citibank, HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	325.42	449.95	(124.53)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Kotak Bank, IDFC Bank, Citibank	Inventory	1,621.94	1,365.51	256.43	The difference is primarily on account of inventory greater than 9 months included in inventory balance and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Inventory	1,621.94	1,655.97	(34.03)	The difference is primarily on account of inventory greater than 9 months included in inventory balance and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank[(1)]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Sep-21[(2)]	HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	261.04	64.45	196.59	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	IDFC Bank		261.04	205.01	56.04	
	Kotak Bank, Citibank	Trade receivables, Other Receivables	183.41	155.25	28.16	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,489.09	1,879.43	(390.33)	The difference is primarily on account of GST input credit and inventory greater than 9 months included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		1,489.09	1,518.33	(29.23)	
	Citi Bank, Kotak Bank	Advances To suppliers	80.54	49.76	30.78	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Dec-21[(2)]	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,849.39	1,950.00	(100.61)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		1,849.39	1,946.93	(97.54)	
Mar-22[(3)]	IDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	423.09	165.03	258.07	The difference is primarily on account of inter-company receivable not included in the quarterly submission to the bank.
	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,608.07	1,888.83	(280.76)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Advance to suppliers	95.32	509.02	(413.70)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

(1) Kotak Bank, ICICI Bank, HDFC Bank, IDFC Bank, Axis Bank, Citibank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, HDFC Bank Limited, IDFC First Bank, Axis Bank Limited and Citi Bank N.A.

(2) For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

(3) For quarter ended March 31, 2022, the Company is in process of submitting revised statement with bank post balance sheet date.

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(Amount in ₹ Million, unless otherwise stated)

Nykaa Fashion Private Limited

Quarter	Name of Bank[(1)]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	127.55	38.43	89.12	The difference is primarily on account of other receivables and trade receivable balance which has not been considered by the Company as part of quarterly submission to the bank.
		Inventory	186.75	259.07	(72.32)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
Sep-21[(2)]	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	160.78	186.39	(25.61)	The difference is primarily on account of advance to suppliers and trade receivables greater than 90 days which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
		Inventory	218.63	264.04	(45.41)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
Dec-21[(2)]	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	367.05	371.55	(4.50)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
		Inventory	421.15	462.53	(41.38)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
Mar-22[(3)]	Kotak Bank	Inventory	497.06	586.53	(89.47)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.

(1) Kotak Bank in the above table is for Kotak Mahindra Bank Limited.

(2) For quarters ended June 30, 2021, September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

(3) For quarter ended March 31, 2022, the Company is in process of submitting revised statement with bank post balance sheet date.

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(Amount in ₹ Million, unless otherwise stated)

Nykaa-KK Beauty Private Limited

Quarter	Name of Bank[1]	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	43.94	44.13	(0.19)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
		Inventory	111.90	133.87	(21.97)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
Sep-21[2]	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	50.13	36.41	13.72	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
		Inventory	130.56	149.79	(19.23)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
Dec-21[2]	Kotak Bank	Inventory	155.58	172.60	(17.02)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.

[1] Kotak Bank referred in the above table is for Kotak Mahindra Bank Limited.

[2] For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

26 Lease liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable for lease liabilities (Refer note 42)	552.70	378.16
Total	**552.70**	**378.16**

27 Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	560.70	90.75
Total outstanding dues of trade payables other than micro enterprises and small enterprises	3,059.84	3,071.37
Total	**3,620.54**	**3,162.12**

Refer note 44 for trade payables to related parties.

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(Amount in ₹ Million, unless otherwise stated)

Amounts due to micro and small enterprises as defined under the MSMED Act, 2006:

Particulars	March 31, 2022	March 31, 2021
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	560.70	90.75
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	3.25	0.19
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Trade payables aging schedule

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	352.91	205.48	1.40	0.88	0.03	560.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,243.80	756.65	53.71	4.49	1.19	3,059.84
Total	**2,596.71**	**962.13**	**55.11**	**5.37**	**1.22**	**3,620.54**

As at 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	59.48	31.21	0.06	-	-	90.75
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,671.75	1,371.52	18.29	9.67	0.14	3,071.37
Total	**1,731.23**	**1,402.73**	**18.35**	**9.67**	**0.14**	**3,162.12**

28 Other financial liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Financial Liabilities at amortised cost		
Employee related liabilities	263.07	53.21
Accrued expenses	863.91	594.57
Creditors for capital goods	219.20	21.18
Market-place vendors	87.34	171.79
Interest accrued but not due	6.98	6.53
Other payables	226.42	-
Payable towards Purchase of business towards slump sale (Refer note 47)	-	2.85
Total	**1,666.92**	**850.13**

Other payables consist of amount payable to selling shareholder's out of the IPO proceeds currently withheld pending final settlement of IPO expenses.

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(Amount in ₹ Million, unless otherwise stated)

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	6.53	5.75
Interest and finance charge accrued during the year	262.91	177.32
Payment of interest and finance charge during the year	(262.46)	(176.54)
Closing balance	**6.98**	**6.53**

29 Short-term provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (Refer note 43)	12.66	17.39
Provision for compensated absences (Refer note 43)	76.00	91.08
Total	**88.66**	**108.47**

30 Contract liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers	83.51	112.20
Deferred revenue (Provision for reward points)	76.90	56.94
Total	**160.41**	**169.14**

Movement in provision for reward points:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	56.95	49.77
Provision made during the year	321.54	212.44
Provision utilised during the year	(301.58)	(205.26)
Closing balance	**76.90**	**56.95**

31 Other liabilities (Current)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	220.49	175.17
Total	**220.49**	**175.17**

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

32 Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Sale of products	32,186.09	21,809.06
B. Sale of services		
Marketing support revenue	3,741.80	1,950.12
Income from marketplace services	1,591.50	552.87
C. Other Operating Revenue		
Logistics services income (shipping and delivery charges)	189.84	87.44
Gift card expiration	5.59	9.46
Income from TOI	20.86	-
Income from Pickup Mile	3.67	-
	37,739.35	**24,408.95**
Revenue from geographical market		
Within India	37,723.66	24,401.46
Outside India	15.69	7.49
	37,739.35	**24,408.95**

(A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and sale of products on its own platform, which is a single line of business.

The group also earns revenue from sale of services primarily from advertisement services (marketing support) to its suppliers which is related to sale of product business and the revenue of the Group is recognised over the period of the service.

The Group further earns revenue from marketplace services by providing its platform to various marketplace vendors to sell their products.

(B) Contract Balances

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables	945.33	766.35
Contract Liabilities	160.41	169.14
Contract Price	37,748.07	24,388.51
Revenue recognised in the period from:		
Revenue recognised in the current year from contract liability:		
Advance from Customer	112.20	98.93
Reward Point	56.94	49.77
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(83.51)	(112.20)
Reward Point	(76.90)	(56.94)
Revenue from operations	**37,739.35**	**24,408.95**

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

33 Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on:		
Security Deposit	25.69	20.11
Bank deposit	187.68	82.81
Miscellaneous income	20.72	3.58
Liabilities no longer required written back	19.39	-
Foreign exchange gain (net)	16.24	11.09
Total	**269.72**	**117.59**

34 Cost of material consumed

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Stock	206.56	174.46
Add: Purchase	1,069.44	414.51
Less: Closing Stock	432.88	206.56
Total	**843.12**	**382.41**

35 Purchase of traded goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases of traded goods	24,078.31	14,956.07
Total	**24,078.31**	**14,956.07**

36 Changes in inventories of finished goods and stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Finished goods		
Opening balance	237.10	29.21
Closing balance	713.89	237.10
	(476.79)	(207.89)
Stock-in-trade		
Opening balance	4,464.95	4,260.13
Closing balance	7,609.44	4,464.95
	(3,144.49)	**(204.82)**
Total	**(3,621.28)**	**(412.71)**

NOTES

Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

37 Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Bonus (Refer note 60)	2,971.55	2,075.82
Contribution to provident fund	58.23	43.57
Gratuity expenses (Refer note 43)	35.50	38.02
Compensated expenses (Refer note 43)	0.65	102.81
Share based expenses (Refer note 52)	143.24	52.60
Staff welfare expenses	50.22	17.41
Total	**3,259.39**	**2,330.23**

38 Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses on borrowings	239.70	162.42
Interest expenses on lease liabilities	202.20	129.69
Other interest charges	3.26	-
Other finance charge	19.95	14.90
Total	**465.11**	**307.01**

Interest expense on Lease Liabilities include impact of rent waiver of ₹ 12.72 Mn (March 31,2021: 31.24 Mn) received during the period.

39 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 4)	262.05	186.11
Depreciation of Right-of-use assets (Refer note 5)	573.00	408.36
Amortisation of Intangible assets (Refer note 7)	129.08	121.42
Total	**964.13**	**715.89**

Depreciation on ROU assets include impact of rent waiver of ₹ 28.72 Mn (March 31,2021: 80.89 Mn) received during the period.

40 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Marketing & advertisement expense	4,781.11	1,689.03
Freight expenses	2,856.01	1,580.08
Outsourced warehouse manpower expense (Refer note 60)	814.94	506.24
Consumption of packing materials	868.60	438.73
Web & technology expenses	627.55	401.16
Payment gateway charges	231.20	157.97
Legal and professional fees	145.63	83.15
Rent and maintenance expenses	106.35	83.13
Rates & taxes	120.27	77.19
Allowance for expected credit loss	(23.29)	66.67

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(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Selling expenses	285.23	71.41
Beauty advisor fees	114.30	58.85
Electricity charges	66.41	44.02
Insurance expenses	35.78	34.13
Travelling & conveyance expenses	105.02	33.54
Security expenses	97.38	33.28
Recruitment expenses	65.02	32.45
Warehouse operation management Expenses	31.56	1.96
Printing and stationery expenses	34.99	27.11
Repairs & maintenance	21.72	24.14
Communication expenses	43.75	23.71
Royalty	26.66	23.01
Bank charges	7.90	15.91
Office expenses	-	28.31
Director sitting fees and commission	16.32	3.52
Expenditure towards corporate social responsibility (CSR) activities (Refer note 54)	13.86	2.28
Auditors remuneration*		
- Audit fees	14.76	7.86
- Taxation matters	1.61	2.27
Foreign exchange loss (net)	-	0.18
Miscellaneous expenses	36.59	35.11
Total	**11,547.23**	**5,586.40**

* Excludes amount of ₹ 29.26 Mn paid towards Initial Public Offer services out of which the Company's share of expenses has been adjusted to Securities premium during the year and the balance has been recovered from Selling Share holders.

41 Basic & Diluted earnings per share (EPS)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021**
Nominal value of per equity share	1/-	1/-
Profit after tax (A)	410.75	615.52
Profit attributable to equity shareholders	410.75	615.52
Total number of shares outstanding during the year	474,104,876	451,717,110
Weighted average number of equity shares outstanding during the year (B)	465,653,766	445,370,340
Basic EPS (A/B)	**0.88**	**1.38**
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	5,384,855	17,661,660
Weighted average number of diluted equity shares (D=B+C)	471,038,621	463,032,000
Diluted EPS (A/D)	**0.87**	**1.33**

**The number of shares at the beginning of the year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholder's approval dated July 16, 2021.

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(Amount in ₹ Million, unless otherwise stated)

42 Leases

The Company as lessee

The Group has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 3 to 9 years.

The Group's obligations under its leases are secured by the lessor's title to the leased assets.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below. (Refer note 5 for carrying value of right of use assets).

Leases for which the lease term ends within 12 months of the date of initial application are accounted in the same way as short term leases.

Set out below are the carrying amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1,451.98	1,450.04
Addition	1,699.82	416.57
Addition on account of acquisition of subsidiary (Refer note 54)	11.50	-
Accretion of interest	214.92	160.93
Deletion due to closure	(88.89)	(34.75)
Rent waiver	(41.44)	(111.63)
Payments	(652.01)	(429.19)
Closing balance	**2,595.89**	**1,451.98**
Current	552.70	378.16
Non-current	2,043.19	1,073.82
	2,595.89	**1,451.98**

The maturity analysis of lease liabilities are disclosed in note 50.

The effective interest rate for lease liabilities for the group as at March 31, 2022 ranges between 9.40%-9.50% (March 31, 2021: 9.40%-9.50%)

The following are the amounts recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expenses of right of use assets	573.00	408.36
Interest expenses on lease liabilities	202.20	129.69
Expenses relating to short term leases	106.35	83.13
Total amount recognised in statement of profit and loss	**881.55**	**621.18**

The Group had total cash outflow for leases of ₹ 652.01 Mn (March 31, 2021: ₹ 429.19 Mn).

43 Defined Benefit Plan and Other Long Term Employee Benefit Plan:

I) Defined Contribution Plan

During the year, the Group has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 58.23 Mn (March 31, 2021: ₹ 43.57 Mn) and the same has been recognised as an expense in the statement of profit and loss.

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(Amount in ₹ Million, unless otherwise stated)

II) Defined Benefit Plans

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

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

A. The following tables set out the amounts recognised in the Company's financial statements as at March 31, 2022 and March 31, 2021:

i. Amount recognised in the balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	90.62	90.85
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	90.62	90.85
Net liability recognised in balance sheet	**90.62**	**90.85**

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	90.85	53.27
Addition on acquisition of subsidiary	0.30	-
Current service cost	35.58	34.56
Past service cost	(5.22)	-
Interest cost	5.14	3.46
Actuarial (Gain)/Loss in obligation for year ended due to changes in demographic / financial assumptions	(7.20)	5.76
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	(25.52)	(1.35)
Benefit paid	(3.31)	(4.85)
Closing defined benefit obligations	**90.62**	**90.85**

iii. Net defined benefit liability reconciliation

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening net defined benefit liability	90.85	53.27
Addition on acquisition of subsidiary	0.30	-
Defined benefit cost included in statement of profit and loss	35.50	38.02
Total re-measurements included in OCI	(32.72)	4.41
Employer contributions	-	-
Employer direct benefit payments	(3.31)	(4.85)
Closing net defined benefit liability	**90.62**	**90.85**

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

B Amount for the year ended March 31, 2022 and March 31, 2021 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	35.58	34.56
Past Service Cost	(5.22)	-
Interest expenses	5.14	3.46
Amount recognised in Statement of Profit and Loss	**35.50**	**38.02**
Actuarial (Gain)/Loss in obligation for year ended due to changes in demographic / financial assumptions	(7.20)	5.76
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	(25.52)	(1.35)
Amount recognised in Other Comprehensive Income (OCI)	**(32.72)**	**4.41**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	5.95%	6.25%
Future salary increases*	8.00% until year 1 inclusive, then 6.50%	6.50%
Withdrawal rates	20.64%-30.54% across all levels	15.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

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

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

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	12.69	4.54
Between 2 and 5 years	57.10	1.83
Between 6 and 9 years	31.97	40.12
10 & Above following years	23.79	62.54
Total expected payments	**125.55**	**109.03**

The average duration of defined benefit plan obligation at the end of the reporting period is 4 - 6 years (March 31,2021: 5-8 years).

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E Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

Particulars	Pre-tax impact (decrease) / increase in liability For the year ended March 31, 2022	For the year ended March 31, 2021
Discount rate (-/+ 1%)		
Decrease by 100 basis points	4.54	15.77
Increase by 100 basis points	(4.17)	(11.85)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(3.83)	(11.58)
Increase by 100 basis points	4.05	14.43

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

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

a) **Interest risk -** A decrease in the discount rate will increase the plan liability.

b) **Longevity risk** – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

c) **Salary risk** – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

III. Compensated absences:

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

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44 Related party transactions

A. Names of the related parties

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

Relationship	Name of entity
Directors and Key Management Personnel (KMP)	Mrs. Falguni Nayar -- Executive Chairperson, CEO and Managing Director
	Mr. Anchit Nayar -- Executive Director w.e.f. July 22, 2021
	Ms. Adwaita Nayar -- Executive Director w.e.f. July 22, 2021
	Mr. Sanjay Nayar -- Director w.e.f. April 9, 2021
	Mr. Milan Khakhar -- Director
	Ms. Alpana Parida -- Independent Director
	Ms. Anita Ramachandran -- Independent Director
	Mr. Milind Sarwate -- Independent Director w.e.f. July 15, 2021
	Mr. Seshashayee Sridhara -- Independent Director w.e.f. July 26, 2021
	Mr. Pradeep Parameswaran -- Independent Director w.e.f. July 15, 2021
	Ms. Shefali Munjal -- Director till July 15, 2021
	Ms. Padmini Somani -- Director till July 15, 2021
	Mr. Yogeshkumar Mahansaria -- Director till July 30, 2021
	Mr. William Sean Sovak -- Director till July 15, 2021
	Mr. Vikram Sud -- Director till April 9, 2021
	Mr. Arvind Agarwal -- Chief Financial Officer w.e.f. June 01, 2020
	Mr. Rajendra Punde -- Company Secretary w.e.f. November 05, 2020
	Mr. Akshay Tanna -- Nominee Director till July 15, 2021
Relative of Key Management Personnel (KMP)	Mrs. Rashmi Mehta - Relative of Managing Director
Company in which key management personnel have significant influence	Sealink View Probuild Private Limited
	Golfland Developers Private Limited

B. Transactions with Related party

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Directors and Key Management Personnel (KMP)					
Ms. Falguni Nayar	Remuneration	56.54	-	108.44	-
Ms. Falguni Nayar (through family trust)	Issuance of OCRPS	-	-	0.44	-
Ms. Adwaita Nayar	Remuneration(1)	16.65	-	16.97	(1.09)
	Issuance of OCRPS	-	-	0.39	-
Mr. Anchit Nayar	Remuneration(1)	16.65	-	18.60	(1.49)
	Issuance of OCRPS	-	-	-	-
Mr. Sachin Parikh	Remuneration	-	-	1.83	-
	Share Application money received pursuant to ESOP	-	-	-	-
	Issuance of OCRPS	-	-	-	-
	Share based payments	-	-	-	-

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2021-22	Balance as at March 31, 2022	Transactions during FY 2020-21	Balance as at March 31, 2021
Mr. Arvind Agarwal	Remuneration & reimbursements[2]	75.24	-	19.58	-
	Issuance of OCRPS	-	-	0.10	-
Mr. Pratik Bhujade	Remuneration & reimbursements	-	-	1.11	-
Mr. Rajendra Punde	Remuneration & reimbursements	12.12	-	4.96	-
Ms.Anita Ramachandran	Sitting Fees	2.02	-	0.34	-
	Commission	2.25	-	1.00	-
Ms. Alpana Parida Shah	Sitting Fees	2.07	-	0.34	-
	Commission	2.25	-	0.50	-
Mr. Yogeshkumar Mahansaria	Sitting Fees	0.49	-	0.34	-
	Commission	0.75	-	1.00	-
Mr. Pradeep Parameshwaran	Sitting Fees	0.48	-	-	-
	Commission	1.59	-	-	-
Mr. Milind Sarwate	Sitting Fees	1.33	-	-	-
	Commission	1.59	-	-	-
Mr. Seshashayee Sridhara	Sitting Fees	0.46	-	-	-
	Commission	1.50	-	-	-
Relative of Key Management Personnel (KMP)					
Mrs. Rashmi Mehta	Rent and maintenance expenses	2.85	0.07	2.42	(0.05)
	Security deposit	-	0.46	-	(0.41)
	Notional interest income on security deposit	(0.05)	-	0.04	-
	Lease liability	-	1.41	-	(3.96)
	Interest cost on lease liability	0.30	-	0.54	-
Company in which key management personnel have significant influence					
Sealink View Probuild Private Limited	Rent, maintenance, electricity & other expenses	38.22	-	29.37	-
	Notional interest income on security deposit	(0.55)	-	(0.53)	-
	Security deposit	-	6.02	-	5.48
	Interest cost on lease liability	12.76	-	4.32	-
	Lease liability	-	(122.74)	-	(144.90)
Golf land Developers Private Limited	Rent & maintenance expenses	26.20	-	26.02	-
	Security Deposit - given	-	9.10	-	10.22
	Notional Interest income- Security Deposit	(1.08)	-	(1.12)	-
	Lease Liability	-	(31.84)	-	(7.62)
	Notional Interest Expense- Lease	2.49	-	2.21	-

Figures in brackets indicates payables and income

[1] Above remuneration excludes ₹ 4.68 Mn paid individually to Ms. Adwaita Nayar and Mr. Anchit Nayar from April 01, 2021 to June 30, 2021 as employees in Nykaa Fashion Private Limited and FSN Brands Marketing Private Limited respectively.

[2] Remuneration includes amount of perquisite value towards ESOP based on exercise of options.

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Terms and conditions of transactions with related parties

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

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

Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

The total offer expenses are estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which are proportionately allocated between the selling shareholders (including a related party) and the Company in the proportion of equity shares sold by the selling shareholders and the Company. As at March 31, 2022 amount of ₹ 226.42 Mn payable to selling shareholders (Refer note 28) out of the IPO proceeds has been currently withheld pending final settlement of IPO proceeds includes amount payable to a related party.

45 Commitments and contingent liabilities

A Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – ₹ 113.32 Mn as at March 31, 2022 (March 31, 2021 – ₹ 19.99 Mn).
- The Group has various lease contracts that have not yet commenced as at the balance sheet date. The future lease payments for these non-cancellable lease contracts are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	138.24	70.23
After one year but not more than five years	248.92	95.49
More than five years	-	-
Total	**387.16**	**165.71**

B Contingent liabilities (not provided for)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Claims against the Company, not acknowledged as debts		
Disputed Indirect tax matters (including interest up to the date of demand, if any) [Refer note (i) below]	27.53	14.99
Disputed Direct tax matters (including interest up to the date of demand, if any) [Refer note (ii) below]	74.37	74.37
ii) Bank Guarantees [Refer note (iii) below]	669.69	11.50
Total	**771.59**	**100.86**

Notes:

i. The Group has received VAT assessments order for financial years 2016-17 with demands amounting to ₹ 40.17 Mn on account of certain input disallowances/adjustment made by VAT department. Out of the total demand amount, the Group has paid ₹ 11.29 Mn to tax authorities during the year, received favourable order for demand amounting to ₹ 1.18 Mn, charged off ₹ 0.17 Mn in statement of profit and loss account and for balance ₹ 27.53 Mn the management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements.

ii. The Group has received income tax assessments order pertaining to Nykaa E-Retail Private Limited for the Financial Year 2017-18 with demands amounting to ₹ 74.37 Mn on account of certain disallowances / adjustments made by income tax department during the year. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group is in the process of filing the appeal with the appropriate authority.

iii. Bank guarantees have been given to vendors and to National Stock Exchange for completion of process of IPO.

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46 Acquisition of Dot & Key Wellness Private Limited ('Dot & Key')

On September 28, 2021, the Group acquired 51% of the issued share capital of Dot & Key Wellness Private Limited ('Dot & Key'), this is the first D2C (direct to consumer) beauty brand acquired by Nykaa, allowing the Group to expand its skincare, personal care and nutraceuticals owned portfolio. Pursuant to the shareholder's agreement, the Group has written put option on the balance 49% of the equity share capital. The put option liability will be settled for a consideration not exceeding ₹ 1,530 Mn for stake upto 49%. The Group has assessed that it does not have present ownership interest over the balance 49% of the equity shares and has accordingly consolidated 51% of the assets and liabilities of Dot & Key. This transaction is accounted as per Ind AS 103 'Business Combination'.

The Group has recongnised fair value of put option liability. Key assumptions used to determine the fair value of put option are based on estimated projected EBITDA and revenue of Dot & Key, risk free interest rate, stock volatility, EBITDA and Revenue deviation float. The amount payable at the time of exit is estimated not to exceed ₹ 1,530 Mn. The fair value of put option liability has changed from ₹ 1,218.80 Mn to ₹ 1,222.26 Mn during the year.

The fair values of the identifiable assets and liabilities of Dot & Key as at the acquisition date were:

Particulars	Carrying value as per books	PPA fair value adjustments	Fair value of assets taken over
(A) Assets acquired			
(a) Property, plant and equipment	7.32	-	7.32
(b) Right of use assets	11.43	-	11.43
(c) Intangible assets			-
Trade Name	-	489.00	489.00
Others	0.08	-	0.08
(d) Intangible assets under development	0.06	-	0.06
(e) Investments	5.47	-	5.47
(f) Deferred tax assets (net)	0.12	-	0.12
(g) Non current tax assets (net)	3.10	-	3.10
(h) Inventories	56.30	-	56.30
(i) Trade receivables	18.73	-	18.73
(j) Cash and cash equivalents	458.16	-	458.16
(k) Other financial assets	1.11	-	1.11
(l) Other current assets	18.82	-	18.82
Total Assets acquired (A)	**580.70**	**489.00**	**1,069.70**
(B) Liabilities assumed			
(a) Lease liabilities	11.50	-	11.50
(b) Trade payables	46.33	-	46.33
(c) Other current liabilities	23.21	-	23.21
(d) Provisions	0.37	-	0.37
(e) Contract liabilities	9.31	-	9.31
Total Liabilities assumed (B)	**90.72**	**-**	**90.72**
Net identifiable assets acquired (A-B)	**489.98**	**489.00**	**978.98**
Non- controlling interests measured at fair value			(479.70)
Goodwill arising on acquisition			469.72
Purchase consideration transferred			969.00

The fair value of trade and other receivables amount to ₹ 18.73 Mn. The gross contractual amount receivable from trade and other receivables is ₹ 19.13 Mn. None of the trade and other receivables are credit impaired and it is expected that the full contractual amounts will be collected except ₹ 0.40 Mn. Further, no contingent liability has been transferred to the Group.

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The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Calculation of goodwill

Particulars	Amount
Purchase consideration	969.00
Less: Net identifiable assets acquired	(499.28)
Goodwill	**469.72**

The goodwill on acquisition is attributable to skilled employees, expected synergies from acquisition and other intangible assets of the Company that cannot be identified separately. The amount of goodwill is not expected to be deductible for tax purposes.

The fair value of the non-controlling interest in Dot & Key, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- An assumed discount rate of 27.5%
- A terminal value calculated based on long-term sustainable growth rates for the industry of 3%, which has been used to determine income for the future years
- A reinvestment ratio of 100% of earnings

The acquired business contributed ₹ 155.75 Mn and ₹ 35.03 Mn towards revenue from operations and loss after tax for the Group for the period October 01, 2021 to March 31, 2022.

Purchase consideration -- Cash outflow

Particulars	Amount
Cash consideration	969.00
Less: Cash and cash equivalent acquired	(458.16)
Net cashflow on acquisition	**510.84**

Impairment testing of Goodwill:

As at March 31, 2022, goodwill of ₹ 469.72 million has been allocated to Dot & Key. The recoverable amount of the Dot & Key has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As at March 31, 2022, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 21.80%. The cash flows beyond 5 years have been extrapolated assuming 5% growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

47 Purchase of business

On February 28, 2021, Nykaa Fashion Private Limited had entered into a business transfer agreement ('BTA') with the Company "Pipa Bella Accessories Private Limited" to acquire the jewellery business on slump sale basis. The business transfer involved transfer of certain assets and liabilities as stated in the BTA on a "slump sale basis" for an agreed cash consideration of ₹ 19 Mn.

Pursuant to the above agreements and the necessary resolutions passed by the Board of Directors of the Company, the business stood transferred to the Company on February 28, 2021 and the following assets and liabilities acquired by the Company were recorded at values as stated herein under. The values of fixed assets and intangible assets were recorded at fair values as determined by the external registered valuer and the difference between the value of net assets transferred and the aggregate purchase consideration is accounted as Goodwill as under:

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Amount
Assets:	
Property, plant and equipment	0.68
Intangible Assets (Karma Bangle)	15.00
Trade Receivables	1.36
Inventories	6.25
Total assets transferred	**23.29**
Liabilities:	
Trade payables	8.29
Total liabilities transferred	**8.29**
Consideration pursuant to BTA	19.00
Goodwill on purchase of jewellery business	4.00

Out of the outstanding of ₹ 19 Mn, the Company has paid ₹ 16.15 Mn during FY 2020-21. The outstanding balance of ₹ 2.85 Mn is shown under other financial liabilities as at March 31, 2021 and the same has been paid during the year ended March 31, 2022.

Further, Nykaa Fashion Private Limited has purchased interest in the Trademarks, Domain Name, Copyrights and Design of "Pipa Bella" for the consideration of ₹ 34.44 Mn from Parent Company of Pipa Bella which has been shown under 'Trademark' in Note 7 of intangible assets.

48 Fair value of financial assets and financial liabilities

The fair values of 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:

- The carrying values of financial assets i.e. 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 approximation of their fair values due to the short maturities of these instruments.

Particulars	Level	Carrying value as of		Fair value as of	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial Assets:					
Fair Value through other comprehensive income					
Non-current investments	Level 2	-	13.19	-	13.19
Amortised cost					
Trade receivables		945.33	766.35	945.33	766.35
Cash and cash equivalents		658.90	835.82	658.90	835.82
Bank balance other than cash and cash equivalents		2,011.53	1,640.87	2,011.53	1,640.87
Other financial assets		5,597.57	736.10	5,597.57	736.10
		9,213.33	**3,992.32**	**9,213.33**	**3,992.32**
Financial Liabilities:					
Amortised cost					
Borrowings		3,330.34	1,874.65	3,330.34	1,874.65
Lease liabilities		2,595.89	1,451.98	2,595.89	1,451.98
Other financial liabilities		2,889.18	850.13	2,889.18	850.13
Trade payables		3,620.54	3,162.12	3,620.54	3,162.12
		12,435.95	**7,338.88**	**12,435.95**	**7,338.88**

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

Valuation methodology:

i) The Group has measured fair value for Level 2 investment using the third-party pricing information without adjustment.

49 Segment Information:

The Group has identified Board of directors and Group CEO as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on Omni business and Omni channel strategy, which in terms of Ind AS 108 on "Operating Segments" constitutes a single reporting segment.

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

(a) Revenue from operations

Revenue from geographical market	For the year ended March 31, 2022	For the year ended March 31, 2021
Within India	37,723.66	24,401.46
Outside India	15.69	7.49
Total	**37,739.35**	**24,408.95**

(b) Non-current operating assets

All non-current operating assets are located in India.

(c) The Group does not have revenue from transactions with a single external customer amounting to 10 percent or more of the total revenue.

50 Financial Instruments:

The Company's principal financial liabilities comprise borrowings from banks, 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 and March 31, 2021.

a) Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in basis points	Effect (decrease) / increase on profit before tax
March 31, 2022	+50	(16.65)
	-50	16.65
March 31, 2021	+50	(9.29)
	-50	9.29

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Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. 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 and advances paid to vendors. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies. When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

The year end foreign currency forward contracts and unhedged foreign currency exposures are given below:

a) Derivatives (forward contracts) outstanding as at the reporting date (in respective currency):

Amount as at March 31, 2022:

Particulars of transactions	Currency	As at March 31, 2022		As at March 31, 2021	
		Foreign currency	₹*	Foreign currency	₹*
Forward contracts to Purchases EUR - Trade Payable	Euro	0.61	51.91	0.12	10.46
Forward contracts to Purchases GBP - Trade Payable	GBP	0.03	3.32	-	-
Forward contracts to Purchases USD - Trade Payable	USD	2.05	156.34	0.23	16.90

*Amount in ₹ represents conversion at hedged rate.

There were no forward contracts outstanding as at March 31, 2021.

b) Particulars of unhedged foreign currency exposure as at the reporting date (in respective currency):

Particulars	Currency	As at March 31, 2022		As at March 31, 2021	
		Foreign currency	₹	Foreign currency	₹
Payables:					
Trade payables	USD	0.12	9.94	0.97	71.22
	Euro	0.01	0.46	0.10	8.29
	CNY	0.10	1.25	0.06	0.67
	GBP	0.02	1.52	-	-
Advances:					
Advance to vendors against purchases / expense	USD	0.97	73.06	1.27	92.72
	Euro	0.03	2.99	0.04	3.40
	CNY	0.57	6.84	0.48	5.29

Since the business of the Group does not involve material foreign currency transactions, its exposure to foreign currency changes is not material.

c) 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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(Amount in ₹ Million, unless otherwise stated)

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 has 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 covered by the company. (Refer accounting policy 2(g)(iv) for expected credit loss on trade receivable).

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	69.58	2.91
Addition on account of acquisition of subsidiary	0.39	-
Provision made during the year	(23.29)	66.67
Provision written off during the year	-	-
Closing balance	**46.68**	**69.58**

b) Security deposit

The Company also carries credit risk on lease deposits with landlords for properties taken on leases, for which agreements are signed and property possessions are taken for operations. The risk relating to refunds after vacating the premises is managed through successful negotiations or appropriate legal actions, where necessary.

c) 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	3,330.34	3,321.12	9.22	-	3,330.34
Trade payables	3,620.54	3,620.54	-	-	3,620.54
Other financial liabilities	2,889.18	1,666.92	1,222.26	-	2,889.18
Lease liabilities	2,595.89	786.32	2,208.00	281.12	3,275.44

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
Total	**12,435.95**	**9,394.89**	**3,439.48**	**281.12**	**13,115.50**
As at March 31, 2021					
Borrowings	1,874.65	1,874.65	19.98	-	1,894.63
Trade payables	3,162.12	3,162.12	-	-	3,162.12
Other financial liabilities	850.13	850.13	-	-	850.13
Lease liabilities	1,451.98	515.22	1,283.05	-	1,798.27
Total	**7,338.88**	**6,402.12**	**1,303.03**	**-**	**7,705.15**

51 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, convertible preference shares, securities premium 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 consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Particulars	As at March 31, 2022	As at March 31, 2021
Gross debt	3,330.34	1,874.65
Less: Cash and cash equivalents	(658.90)	(835.82)
Net debt (A)	**2,671.44**	**1,038.83**
Equity	13,399.00	4,895.69
Preference share capital	-	3.27
Total Equity (B)	**13,399.00**	**4,898.96**
Net gearing ratio* (A)/(B)	**0.20**	**0.21**

*No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

52 Employee Share Based Payment

The Company has granted stock options under the employee stock option scheme- ESOS 2012 and ESOS 2017 respectively, as approved by the Board of Directors of the Company, to the eligible employees of the Company or its subsidiaries. These options would vest in 3 or 4 equal annual instalments from the date of grant based on the vesting conditions as per letter of grant executed between the Group and the employee of the Group or its subsidiaries. The maximum period for exercise of options is 4 years from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of ₹ 1 each of the Group. The options granted under ESOS 2012 and ESOS 2017 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of ₹ 143.24 Mn (March 31, 2021: ₹ 52.60 Mn) arising from equity settled share based payment transactions for employee services received during the year. The carrying amount of Employee stock options outstanding reserve as at March 31, 2022 is ₹ 155.95 Mn (March 31, 2021: ₹ 89.37 Mn).

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As at the end of the financial year, details and movements of the outstanding options are as follows:

a Options granted under ESOS 2012

Particulars	As at March 31, 2022	As at March 31, 2021
Options outstanding at the beginning of the year	525,930	10,075,380
Options granted during the year	174,000	-
Options forfeited during the year	-	(30,000)
Options expired/lapsed during the year	-	(30,000)
Options exercised during the year	(525,930)	(9,489,450)
Options outstanding at the end of the year	174,000	525,930
Excersisable at the end of the year	174,000	525,930
For options outstanding at the end of the year:		
Exercise price range	INR 594 - 1125	INR 100 - 650
Weighted average remaining contractual life (in years)	5.98	2.45

b Options granted under ESOS 2017

Particulars	As at March 31, 2022	As at March 31, 2021
Options outstanding at the beginning of the year	5,657,280	5,197,200
Options granted during the year	2,026,200	2,541,000
Options forfeited during the year	(536,000)	(532,350)
Options expired/lapsed during the year	-	(63,300)
Options exercised during the year	(2,728,830)	(1,485,270)
Options outstanding at the end of the year	4,418,650	5,657,280
Excersisable at the end of the year	4,418,650	5,657,280
For options outstanding at the end of the year:		
Exercise price range	INR 594 - 10,766.75	INR 650 - 6,059.56
Weighted average remaining contractual life (in years)	4.92	4.81

c Fair value of options granted

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	ESOS 2012			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.23 - 2.33	2.93 - 2.96	3.47 - 3.54	4.47 - 4.54
Risk free interest rate (%)	4.08% to 4.43%	4.81% to 5.14%	5.14% to 5.34%	5.40% to 5.66%
Volatility (%)	32.57% to 32.83%	30.04% to 30.29%	28.64% to 30.04%	28.02% to 28.48%
Fair value of shares on date of grant	594 - 1125.00			
Fair value of options	140.59 - 263.37	157.56 - 299.82	172.61 - 330.68	200.74 - 376.44

Particulars	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	2.23 - 2.33	2.73 - 2.96	3.23 - 3.54	4.23 - 4.54
Risk free interest rate (%)	4.08% to 4.77%	4.76% to 5.24%	4.76% to 5.55%	5.39% to 5.70%
Volatility (%)	32.60% to 33.45%	30.04% to 30.86 %	28.80% to 30.86%	28.02% to 29.38%
Share price on date of grant	358.89-1125			
Fair value of options	85.74 - 263.37	91.37 - 299.82	100.65 - 330.68	118.23 - 376.44

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The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on annualised standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of time. The Company has determined the market price on grant date based on latest equity valuation report available with the company preceding the grant date.

The weighted average share price at the date of exercise of options exercised during the year was ₹ 920 (March 31, 2021: ₹ 486.21).

**The movement of options & the fair value assumptions for FY 2020-21 have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholders' approval dated July 16, 2021.

d Expenses arising from share-based payment transactions

The total expenses arising from share-based payment transactions recognised were as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	143.24	52.60

53 Utilisation of IPO funds

During the year, the Company has completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹ 100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn. Pursuant to the IPO, the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on November 10, 2021.

The total offer expenses are estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Company in the proportion of equity shares sold by the selling shareholders and offered by the Company. The utilisation of IPO proceeds of ₹ 6,009.51 Mn (net of provisional IPO expenses of ₹290.49 Mn) is summarised below:

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31 2022	Unutilised as on March 31, 2022
Investment in certain of our Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	420.00	4.20	415.80
Capital expenditure to be incurred by our Company and investment in certain of our Subsidiaries, namely, Nykaa ERetail, FSN Brands and Nykaa Fashion for funding the set-up of new warehouses	420.00	13.47	406.53
Repayment or prepayment of outstanding borrowings availed by our Company and one of our Subsidiaries, namely, Nykaa ERetail	1,560.00	1,560.00	-
Expenditure to acquire and retain customers by enhancing the visibility and awareness of our brands	2,340.00	369.52	1,970.48
General corporate purposes	1,269.51	401.05	868.46
Total	**6,009.51**	**2,348.24**	**3,661.27**

Net proceeds which were unutilised as at March 31, 2022 were temporarily invested in deposits with scheduled commercial banks and kept in current account with scheduled commercial banks and monitoring agency bank account.

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54 Expenditure towards Corporate Social Responsibility (CSR) activities

SN	Particulars	As at March 31, 2022	As at March 31, 2021
a	Gross amount required to be spent by the Company during the year	13.78	0.76
b	Amount spent during the year on the following in cash	-	-
	i. Construction/ acquisition of any asset	-	-
	ii. On purpose other than (i) above	8.88	2.28
c	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	4.98	-
d	The total of previous years' shortfall amounts;	-	-
e	Related party transactions in relation to corporate social responsibility	-	-
f	Provision movement during the year	4.98	-

Unspent amount as at March 31, 2022 has been subsequently transferred to CSR Account as per the requirements of Section 135(6), of the Companies Act, 2013 post balance-sheet date.

The amount during the year has been spent towards promoting education, sustainability and environmental responsibility and health care including preventive health care.

55 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 date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

56 Impact of Covid 19

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

57 Subsequent events

Subsequent to the year ended March 31, 2022, on April 22, 2022, the Board of Directors of the Company has approved strategic investments in Earth Rhythm Private Limited (Earth Rhythm) and Nudge Wellness Private Limited (Nudge). The Company has accordingly executed a share subscription and share purchase agreement with:

1) The Company executed a Share Subscription and Share Purchase Agreement with:

- Earth Rhythm Private Limited (Earth Rhythm) to acquire upto 18.51% of the fully diluted share capital by way of subscription and/or purchase of Compulsorily Convertible Cumulative Preference Shares and/or Equity Shares for a consideration of ₹ 416.50 Mn. The transaction has been consummated on May 04, 2022.
- Nudge Wellness Private Limited (Nudge), to acquire initially upto 60% (with a right to go upto 100%) of the fully diluted share capital by way of subscription and/or purchase of Equity Shares for a consideration of ₹ 36 Mn.

2) Nykaa Fashion Private Limited (wholly owned subsidiary of the Company) entered into definitive agreements for acquisition of the Brand "Kica" including Brand Trademark, other Intellectual Property Rights, etc. for ₹ 45.10 Mn. The transaction has been consummated on May 24, 2022.

58 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.

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(Amount in ₹ Million, unless otherwise stated)

59 Additional information as required under Schedule III of the Act

Name of Entity	% of shareholding as at March 31, 2022	Principal place of operation / country of incorporation	March 31, 2022							
			Net Assets ('N A'), i.e. total assets minus total liabilities		Share in profit of loss ('P&L')		Share in total comprehensive income ('TCI')		Share in other comprehensive income ('OCI')	
			Amount	As a % of consolidated N A	Amount	As a % of consolidated P&L	Amount	As a % of TCI	Amount	As a % of OCI
Parent										
FSN E-Commerce Ventures Limited	100%	India	15,499.47	115.19%	1,035.13	250.71%	1,016.07	242.82%	(19.06)	(343.00%)
Subsidiary										
Nykaa E-Retail Private Limited	100%	India	2,140.57	15.91%	845.84	204.86%	860.82	205.72%	14.98	269.58%
FSN Brands Marketing Private Limited	100%	India	203.81	1.51%	(307.10)	(74.38%)	(301.99)	(72.17%)	5.11	91.96%
Nykaa Fashion Private Limited	100%	India	(608.66)	(4.52%)	(628.87)	(152.31%)	(624.86)	(149.33%)	4.01	72.16%
Nykaa KK Beauty Private Limited	51%	India	68.11	0.51%	39.36	9.53%	39.41	9.42%	0.05	0.90%
FSN International Private Limited	100%	India	44.01	0.33%	(6.19)	(1.50%)	(6.19)	(1.48%)	-	-
FSN Distribution Private Limited	100%	India	(48.18)	(0.36%)	(48.28)	(11.69%)	(48.28)	(11.54%)	-	-
Dot & Key Wellness Private Limited	51%	India	457.83	3.40%	(35.03)	(8.48%)	(35.09)	(8.39%)	(0.06)	(1.08%)
Step down subsidiary										
Nykaa International UK Limited	100%	United Kingdom	(10.30)	(0.08%)	(11.94)	(2.89%)	(11.34)	(2.71%)	0.60	10.80%
FSN Global FZE	100%	UAE	(1.17)	(0.01%)	(3.81)	(0.92%)	(3.82)	(0.91%)	(0.01)	(0.18%)
Minority interest in subsidiaries			257.71	1.92%	2.13	0.52%	2.12	0.51%	(0.01)	(0.18%)
Adjustments on consolidation			(4,548.05)	(33.80%)	(468.36)	(113.44%)	(468.41)	(111.94%)	(0.05)	(0.96%)
Total			**13,455.15**		**412.88**		**418.44**		**5.56**	

NOTES

Forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

(Amount in ₹ Million, unless otherwise stated)

60 During the year, outsourced warehouse manpower expenses has been reclassified from employee benefit expenses and disclosed separately under other expenses for the year ended March 31, 2022 and March 31, 2021. The reclassification does not have any impact on the profit of the group for the respective years.

61 Previous year figures have been regrouped and reclassed wherever required to conform 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

per A.N. Shah
Partner
Membership No: 42649

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W/E300004

per Vineet Kedia
Partner
Membership No: 212230

Place: Mumbai
Date: May 27, 2022

For and on behalf of the Board of Directors
FSN E-Commerce Ventures Limited

Falguni Nayar
Managing Director & CEO
DIN No. 00003633

Milan Khakhar
Director
DIN No. 00394065

Arvind Agarwal
Chief Financial Officer

Rajendra Punde
Company Secretary
ACS M.No.A9785

Place: Mumbai
Date: May 27, 2022

FINANCIAL PERFORMANCE (STANDALONE)

Particulars	2019-20	2020-21	2021-22
REVENUE ACCOUNTS (in millions)			
Revenue from Operations	2,041.28	1,458.13	1,876.99
Operating EBIDTA	34.40	(28.76)	165.56
Depreciation and Amortisation	74.05	84.27	46.84
Finance Costs	47.79	41.21	58.87
Other Income	305.00	602.50	1,157.07
Profit Before Taxes	217.57	448.26	1,216.92
Provision for Taxation	66.88	86.38	181.79
Profit after Taxes	150.69	361.88	1,035.13
CAPITAL ACCOUNTS (in millions)			
Net Fixed Asset (including ROU assets)	181.82	128.99	164.56
Debt	347.76	243.54	313.27
Net Debt	(607.54)	(69.29)	(4.47)
Equity Capital	145.49	150.57	474.11
Other Equity (Reserve & Surplus)	4,043.25	5,460.91	15,025.36
Shareholders' Funds	4,188.74	5,611.48	15,499.47
RATIOS			
Book Value Per Share (₹)*	9.60	12.42	32.69
Market price Per Share (₹)	N/A	N/A	1,688.85
Earning per Share (Basic) (₹)*	0.35	0.81	2.22
Earning per Share (Diluted) (₹)*	0.33	0.78	2.20
Market Capitalisation (in million)#	N/A	N/A	8,00,692
Fixed Assets Turnover Ratio	0.09	0.09	0.09
Operating EBIDTA Margin	2%	(2.0%)	8.8%
Interest Service Coverage Ratio	0.72	(0.70)	2.81
Net Debt Equity Ratio	(0.15)	(0.01)	0.00
Net Debt to EBIDTA	(17.66)	2.41	(0.03)

* Calculated after giving effect of split of equity shares and bonus shares allotted
\# as at 31 March 2022

FINANCIAL PERFORMANCE (CONSOLIDATED)

Particulars	2019-20	2020-21	2021-22
REVENUE ACCOUNTS (in millions)			
Revenue from operations	17,675.34	24,408.95	37,739.35
Operating EBIDTA	837.66	1,566.55	1,632.58
Depreciation and Amortisation	645.54	715.89	964.13
Finance Costs	442.93	307.01	465.11
Other Income	105.48	117.59	269.72
Profit Before Taxes	(145.33)	661.24	473.06
Provision for Taxation	84.66	44.76	60.18
Profit after Taxes	(230.00)	616.48	412.88
CAPITAL ACCOUNTS (in millions)			
Net Fixed Asset (including ROU assets)	2,334.77	2,334.80	5,077.46
Debt	2,674.76	1,874.65	3,330.34
Net Debt	1,662.84	1,038.83	2,671.44
Equity Capital	145.49	150.57	474.11
Other Equity (Reserve & Surplus)	3,078.56	4,748.39	12,924.89
Shareholders' Funds	3,231.43	4,907.30	13,455.15
RATIOS			
Book Value Per Share (₹)*	7.40	10.86	28.45
Market price Per Share (₹)	N/A	N/A	1,688.85
Earning per Share (Basic) (₹)*	(0.54)	1.38	0.88
Earning per Share (Diluted) (₹)*	(0.51)	1.33	0.87
Market Capitalisation (in millions)#	N/A	N/A	8,00,692
Fixed Assets Turnover Ratio	0.13	0.10	0.13
Operating EBIDTA Margin	4.7%	6.4%	4.3%
Interest Service Coverage Ratio	1.89	5.10	3.51
Net Debt Equity Ratio	0.51	0.21	0.20
Net Debt to EBIDTA	1.99	0.66	1.64

* Calculated after giving effect of split of equity shares and bonus shares allotted
\# as at 31 March 2022

NOTICE

NYKAA

FSN E-COMMERCE VENTURES LIMITED

(Formerly "FSN E-Commerce Ventures Private Limited")

CIN: L52600MH2012PLC230136

Registered Office: 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai – 400013

Email: nykaacompanysecretary@nykaa.com; **Website**: www.nykaa.com; **Phone No.:** +912266149696

Dear Member,

NOTICE is hereby given that the **10th (Tenth) Annual General Meeting** of the Members of FSN E-Commerce Ventures Limited will be held on Wednesday, August 10, 2022 at 05:00 p.m. (IST) through Video Conferencing / Other Audio-Visual Means organised by the Company, to transact the following business:

ORDINARY BUSINESS:

(1) To consider and adopt the:

(A) Standalone audited financial statements of the Company for the financial year ended March 31, 2022 together with the Reports of the Board of Directors and Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon as circulated to the members be and are hereby considered and adopted."

(B) Consolidated audited financial statements of the Company for the financial year ended March 31, 2022 together with the Report of Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 and the report of Auditors thereon as circulated to the members be and are hereby considered and adopted."

(2) To appoint a Director in place of Mr. Anchit Nayar (DIN: 08351358) who retires by rotation and being eligible offers himself for re-appointment and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Anchit Nayar (DIN: 08351358), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company."

(3) To appoint a Director in place of Mr. Sanjay Nayar (DIN: 00002615) who retires by rotation and being eligible offers himself for re-appointment and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Sanjay Nayar (DIN: 00002615), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company."

By order of the Board of Directors of
FSN E-Commerce Ventures Limited

Rajendra Punde
Head Legal, Company Secretary & Compliance Officer
Membership No.: A9785

Registered Office:
104, Vasan Udyog Bhavan,
Tulsi Pipe Road,
Sun Mill Compound, Lower Parel,
Mumbai, Maharashtra- 400013

Mumbai, July 12, 2022

NOTES:

(1) The Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 2/2022 dated May 05, 2022 read with General Circular Nos. 21/2021 dated December 14, 2021, 02/2021 dated January 13, 2021, 20/2020 dated May 05, 2020, 17/2020 dated April 13, 2020 and 14/2020 dated April 08, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Companies Act, 2013 ("the Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

(2) In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020, issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.

(3) As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by a Member is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

(4) However, Institutional/Corporate Members are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting. Institutional/Corporate Members are requested to send a certified true copy of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, to the Scrutiniser at csllp108@gmail.com with a copy marked to evoting@nsdl.co.in.

(5) **Re-appointment of Directors:**

(a) Mr. Anchit Nayar, Executive Director of the Company is interested in the Ordinary Resolution set out at Item No. 2 of the Notice, with regard to his re-appointment. Ms. Falguni Nayar, Executive Chairperson, Managing Director and Chief Executive Officer, Ms. Adwaita Nayar, Executive Director and Mr. Sanjay Nayar, Non – Executive Director, being related to Mr. Anchit Nayar, may be deemed to be interested in the resolution as set out at Item No. 2 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

Mr. Sanjay Nayar, Non-Executive Director is interested in the Ordinary Resolution set out at Item No. 3 of the Notice, with regard to his re-appointment. Ms. Falguni Nayar, Executive Chairperson, Managing Director and Chief Executive Officer, Ms. Adwaita Nayar, Executive Director and Mr. Anchit Nayar, Executive Director, being related to Mr. Sanjay Nayar may be deemed to be interested in the resolution as set out at Item No. 3 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

Save and except stated above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Business set out under Item Nos. 2 to 3 of the Notice.

(b) Information required pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with the applicable provisions of Secretarial Standard-2, in respect of the Directors seeking appointment / re-appointment, is provided at the end of this Notice as **Annexure – A.**

(6) The following additional information, although not related to any resolutions placed before the Annual General meeting, is being given voluntarily by way of a good governance practice.

Members would recall that M/s. V. C. Shah & Co., Chartered Accountants, Firm Registration Number: 109818W ("V. C. Shah & Co.") were re-appointed on September 30, 2020, as the Statutory Auditors of the Company to hold the office from the conclusion of 8th (Eighth) Annual General Meeting until the conclusion of 13th (Thirteenth) Annual General Meeting to be held for FY 2024-25.

Further, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Firm Registration Number: 101049W/E300004 ("S. R. Batliboi & Associates LLP") were appointed on September 29, 2021, as the Statutory Auditors of the Company to hold the office from the conclusion of 9th (Ninth) Annual General Meeting until the conclusion of 14th (Fourteenth) Annual General Meeting to be held for FY 2025-26.

The Company, thus, had two Statutory Auditors, as Joint Auditors for the Financial Year ended on March 31, 2022.

M/s. V. C. Shah & Co., vide letter dated June 28, 2022, have "expressed their desire to discontinue as the Joint Statutory Auditors of the Company since the statutory audits of material subsidiaries will be carried out by the other auditor".

The Audit Committee at its Meeting held on June 28, 2022, considered the resignation given by M/s. V. C. Shah & Co. and noted the reasons stated in the said resignation letter. The Audit Committee noted that the M/s. V. C. Shah & Co. have not raised any concern or issue. The Audit Committee also placed on record its appreciation of M/s. V. C. Shah & Co. for their valuable contribution to the Company with quality audit processes and standards of auditing. The Board of Directors of the Company has vide its resolution dated July 12, 2022 confirmed the decisions of the Audit Committee and taken on record the resignation of M/s. V. C. Shah & Co., as the Statutory Auditors of the Company.

M/s. V. C. Shah & Co. will however issue their limited review report on the financial statements of the Company (Standalone and Consolidated) for quarter ended June 30, 2022 in compliance with Para 6(A) (ii) of SEBI circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019.

With effect from the financial statements of the Company (Standalone and Consolidated) for quarter ended September 30, 2022, M/s. S. R. Batliboi & Associates LLP, will act as the sole Statutory Auditors of the Company till the expiry of their term i.e., conclusion of 14th (Fourteenth) Annual General Meeting to be held for FY 2025-26.

Given below for reference are the details of the Statutory Auditors of the Company and its subsidiaries, after considering the changes as indicated above, effective from the financial statements of the Company (Standalone and Consolidated) for quarter ending September 30, 2022:

Name of the Entity	Status of the entity for the quarter ending on September 30, 2022	Statutory Auditors
FSN E-Commerce Ventures Limited	Holding Company	M/s. S. R. Batliboi & Associates LLP, Chartered Accountants
Nykaa E-Retail Private Limited	Material Subsidiary	
FSN Brands Marketing Private Limited	Material Subsidiary	
Nykaa Fashion Private Limited	Non-material Subsidiary	M/s. V. C. Shah & Co., Chartered Accountants
Nykaa-KK Beauty Private Limited	Non-material Subsidiary	
FSN International Private Limited	Non-material Subsidiary	
FSN Distribution Private Limited	Non-material Subsidiary	
Dot & Key Wellness Private Limited	Non-material Subsidiary	

(7) **Electronic dispatch of Annual Report and process for registration of email ID for obtaining copy of Annual Report:**

(a) In compliance with the MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated May 13, 2022 (collectively referred to as "Circulars"), notice of the AGM along with the Annual Report for the financial year 2021-22 is being sent only through electronic mode to those members whose email addresses are registered with the Company and/or with Depository Participants (DPs). In case any member is desirous of obtaining physical copy of the Annual Report for the financial year 2021-22 and Notice of the 10th AGM of the Company, he/she may send a request to the Company by writing at nykaacompanysecretary@nykaa.com or Link Intime India Private Limited ("Link Intime") at rnt.helpdesk@linkintime.co.in.

Members may note that the Notice and the Annual Report for the financial year 2021-22 will also be available on the Company's website at www.nykaa.com, websites of the Stock Exchanges on which the equity shares of the Company are listed i.e. National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com), website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com and on the website of Registrar and Transfer Agent ("RTA") i.e. Link Intime at https://linkintime.co.in/.

(b) Process for registration of email ID for obtaining Notice of the AGM along with the Annual Report:

Those persons who are Members of the Company as on Cut-off date for dispatch of AGM Notice along with the Annual Report i.e., July 08, 2022 and who have not yet registered their e-mail with the Depository Participants ("DPs") (if shares held in electronic form)/ Company (if shares held in physical form) are requested to get their e-mail addresses registered to receive the Notice of the AGM along with the Annual Report for the financial year 2021-22 by completing the process as under:

Members holding share(s) in physical mode: by registering e-mail address with Link Intime. Click the link in their website www.linkintime.co.in at the Investor Services tab, choose the E-mail Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, DP ID, Client ID/ PAN, mobile number and e-mail id. In case of any query, a member may send an e-mail to Link Intime at rnt.helpdesk@linkintime.co.in

Members holding share(s) in electronic mode: by registering / updating their e-mail ID in respect of demat holdings with the respective DPs by following the procedure prescribed by the DPs for receiving all communications from the Company electronically.

(8) **Documents open for inspection:**

(a) All the documents referred to in the accompanying Notice shall be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e., August 10, 2022. Members seeking to inspect such documents can send an email to nykaacompanysecretary@nykaa.com.

(b) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and the Certificate from M/s. S.N. Ananthasubramanian & Co., Company Secretaries, Secretarial Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available electronically for inspection by the members during the AGM.

(9) **Instructions for Members for remote e-voting and e-voting during the AGM:**

(a) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of Listing Regulations (as amended) and the applicable MCA Circulars, the Company is pleased to provide a facility to the Members to cast their votes using an electronic voting system from any place before the meeting ("remote e-voting") and during the meeting in respect of the resolutions proposed in this Notice.

(b) In order to increase the efficiency of the voting process and in terms with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, demat account holders are being provided a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would now be able to cast their vote without having to register again with the e-voting service providers, thereby facilitating seamless authentication and convenience of participating in the e-voting process.

(c) NSDL will be providing facility for voting through remote e-voting. The remote e-voting period commences on August 05, 2022 from 09:00 a.m. IST and ends on August 09, 2022 at 05:00 p.m. IST. The remote e-voting module shall be disabled by NSDL thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The Members who have casted their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

(d) The Members, whose names appear in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e., August 03, 2022, are entitled to vote on the Resolutions set forth in this Notice. Voting Rights shall be reckoned on the paid-up value of equity shares registered in the name of the Members as on the cut- off date i.e., August 03, 2022. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.

In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

(e) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e., August 03, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30.

(f) In case of Individual Shareholders holding securities in demat mode and who become a member of the Company after sending of the Notice and hold share(s) as of the cut-off date may follow steps mentioned below in Note 10 under "Login method for e-voting and joining virtual AGM for individual shareholders holding securities in demat mode".

(10) **Procedure for remote e-voting and e-voting during the AGM:**

The detailed process and manner for accessing and participating in the 10th AGM through VC/OAVM facility and voting through electronic means including remote e-voting are explained herein below:

STEP 1: ACCESS TO NSDL E-VOTING SYSTEM

(A) Login method for e-voting and joining virtual AGM for individual shareholders holding securities in demat mode is given below:

(i) Individual Shareholders holding securities in demat mode with NSDL

(a) Users registered for NSDL IDeAS facility:

(1) Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the 'Beneficial Owner' icon under 'Login' which is available under 'IDeAS' section.

(2) A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on 'Access to e-voting' under e-voting services and you will be able to see e-voting page.

(3) Click on options available against Company name or e-voting service provider – NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

(b) Users not registered for IDeAS e-Services:

Option to register is available at https://eservices.nsdl.com. Select 'Register Online for IDeAS' Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

(c) Visit the e-voting website of NSDL:

(1) After successfully registering on IDeAS, visit the e-voting website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.

(2) A new screen will open. Enter your User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL e-voting website wherein you can see e-voting page.

(3) Click on options available against Company name or e-voting service provider – NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

(d) Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

(ii) Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited ["CDSL"]

(a) Users who have opted for Easi/Easiest:

NSDL Mobile App is available on

App Store   Google Play

(1) Shareholders can login through their User id and Password. Option will be made available to reach e-voting website without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.

(2) After successful login of Easi/Easiest the user will be also able to see the e-voting Menu.

(b) Users who have not opted for Easi/Easiest:

Option to register for Easi/Easiest is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration

(c) Visit the e-voting website of NSDL:

(1) account number and PAN at https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered mobile number and e-mail id as recorded in their demat account.

(2) After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress.

(iii) Securities held in demat mode login through DPs

(1) You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility.

(2) Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature.

(3) Click on options available against Company name or ESP – NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

Important note: *Members who are unable to retrieve User ID/Password are advised to use Forgot User ID and Forgot Password option available at respective websites.*

For Technical Assistance

Members facing any technical issues related to login may reach out the respective depositories helpdesk by sending a request on the e-mail id's or contact on the phone nos. provided below:

Login type Helpdesk details	**Login type Helpdesk details**
Securities held with NSDL Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or	Securities held with CDSL Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or
call at toll free nos.: 1800-1020-990 and 1800-224-430.	call at toll free nos.: 022- 23058738 or 022-23058542-43.

(B) Login method for e-voting and joining virtual meeting for shareholders other than individual:

How to login to NSDL e-voting website?

(1) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone.

(2) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.

(3) A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

(4) Alternatively, if you are registered for NSDL e-Services i.e. IDeAS, you can login at https://eservices.nsdl.com/ with your existing IDeAS login. Once you login to NSDL e-Services after using your login credentials, click on e-voting and you can proceed to Step 2 i.e., cast your vote electronically.

(5) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL/ CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12****** then your User ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example: if your Beneficiary ID is 12************** then your User ID is 12**************
c) For Members holding shares in Physical Form.	EVEN number followed by folio number registered with the Company For example: if folio number is 001*** and EVEN is 120459 then your User ID is 120459001***

(6) Your password details are given below:

(a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

(b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

(i) If your email id is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email id. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8-digit Client ID for NSDL account, last 8 digits of Beneficiary ID for CDSL account or folio no. for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) In case you have not registered your email address with the Company/ Depositories, please follow instructions mentioned below in this Notice.

(7) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

(a) Click on 'Forgot User Details/ Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com. b. 'Physical User Reset Password?'

(b) (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

(c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co. in mentioning your demat account number/folio no., PAN, name and registered address.

(d) Members can also use the OTP based login for casting the votes on the e-voting system of NSDL.

(8) After entering your password, click on agree to 'Terms and Conditions' by selecting on the check box.

(9) Now, you will have to click on 'Login' button.

(10) After you click on the 'Login' button, home page of e-voting will open.

STEP 2: CAST YOUR VOTE ELECTRONICALLY AND JOIN GENERAL MEETING ON NSDL E-VOTING SYSTEM.

(A) How to cast your vote electronically and join AGM on NSDL e-voting system?

(i) After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.

(ii) Select 'EVEN' of Company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link placed under 'Join Meeting'.

(iii) Now you are ready for e-voting as the voting page opens.

(iv) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

(v) Upon confirmation, the message 'Vote cast successfully' will be displayed.

(vi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

(vii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

(B) Process for those Shareholders whose e-mail ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this Notice:

(a) Members whose shares are held in physical form are requested to provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to evoting@nsdl.co.in.

(b) Members whose shares are held in demat mode are requested to provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to evoting@nsdl.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual Shareholders holding securities in demat mode.

(c) In terms of SEBI circular dated December 09, 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-voting facility.

(C) The instructions for members for e-voting on the day of the AGM are as under:

(a) The procedure for e-voting on the day of the AGM is same as mentioned above for remote e-voting.

(b) Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

(c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(d) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Assistant Vice-President, NSDL at evoting@nsdl.co.in.

(11) **Procedure for joining the 10th AGM through VC/ OAVM:**

(a) The Company has engaged the services of NSDL e-voting system as the authorized agency for conducting of the AGM through VC/OAVM and providing e-voting facility during the AGM.

(b) Members may note that the VC/OAVM facility, allows participation of at least 1,000 members on a first-come-first-served basis and shall open 30 minutes before the time scheduled for the AGM. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first-come-first-serve basis.

(c) Members are encouraged to join the Meeting through Laptops / Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

(d) Members joining the AGM from their mobile devices or tablets or through laptops connecting via mobile hotspot may experience audio/ video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

(e) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may attend the AGM by following the steps mentioned above for access to NSDL e-voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General Meeting" menu against the Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN (120459) of Company will be displayed.

(f) Members who do not have the User ID and Password for remote e-voting and e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.

(g) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

(h) Members who need assistance before or during the AGM, you may refer the Frequently Asked Questions ("FAQs") for shareholders and e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com or can:

- Send a request at evoting@nsdl.co.in or use toll free no.: 1800 1020 990 or 1800 224 430; or
- Contact Mr. Amit Vishal, Assistant Vice-President, NSDL at the designated e-mail ID: evoting@nsdl.co.in; or
- Contact Ms. Pallavi Mhatre, Senior Manager, NSDL at the designated e-mail ID: evoting@nsdl.co.in

(12) **Procedure to raise questions/seek clarifications with respect to Annual Report at the ensuing 10th AGM:**

(a) Members are encouraged to express their views/send their queries in advance mentioning their name, DP ID and Client ID/folio no., email ID, mobile no. at nykaacompanysecretary@nykaa.com. Questions/queries received by the Company till 05:00 p.m. (IST) on August 06, 2022 shall only be considered and responded during the AGM.

(b) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker, by following the steps mentioned at note no. 10 "Step 1: Access to NSDL e-voting system" till 05:00 p.m. (IST) on August 06, 2022. After successful login, members will be able to register themselves as a Speaker Shareholder by clicking on the link available against the EVEN (120459) of the Company.

(c) The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM and avoid repetition of questions, as appropriate for smooth conduct of the AGM. All shareholders attending the AGM will have the option to post their comments / queries through a dedicated Chat box that will be available below the Meeting Screen.

(13) The recorded transcript of the AGM will be hosted on the website of the Company post the AGM.

(14) **Declaration of voting results:**

(a) The Board of Directors have appointed Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423), Designated Partner, M/s. Sharma and Trivedi LLP (LLPIN: AAW-6850), Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. 23841/CP. No. 22407), Designated Partner, M/s. Sharma and Trivedi LLP (LLPIN: AAW-6850), Company Secretaries, Mumbai as the Scrutinizer to scrutinize the remote e-voting and e-voting at AGM process in a fair and transparent manner. They have communicated their willingness to be appointed and will be available for the said purpose.

(b) The Scrutinizer will submit the results to Executive Chairperson, Managing Director and CEO of the Company or any person authorized by her after completion of the scrutiny of the e-voting, and the results will be announced not later than 48 (forty-eight) hours of the conclusion of the AGM. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM.

(c) The voting results along with the Scrutiniser's Report will be displayed at the Registered Office of the Company, communicated to the Stock Exchanges viz. BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) and additionally be uploaded on the Company's website: www.nykaa.com and on the website of NSDL: https://www.evoting.nsdl.com/.

Others:

(15) As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA, Link Intime for assistance in this regard.

(16) SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialised form only while processing certain prescribed service requests. Accordingly, the members are requested to make service request by submitting a duly filled and signed Form No. ISR-4, the format of which is available on the Company's website at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/investor-service-request/investor-service-request.pdf and on the website of Link Intime at https://linkintime.co.in/. Members are requested to note that any service request would only be processed after the folio is KYC Compliant.

(17) In accordance with the provisions of Section 72 of the Act and SEBI circulars, the facility for nomination is available for the members of the Company in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form No. ISR-3 or Form No. SH-14, as the case may be. The said forms are available on the Company's website at https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/investor-service-request/investor-service-request.pdf.

Members are requested to submit the said details to their respective DP, in case the shares are held by them in dematerialised form and to the Company/Link Intime, in case the shares are held by them in physical form.

By order of the Board of Directors of
FSN E-Commerce Ventures Limited

Rajendra Punde
Head Legal, Company Secretary &
Compliance Officer
Membership No.: A9785

Registered Office:
104, Vasan Udyog Bhavan,
Tulsi Pipe Road,
Sun Mill Compound, Lower Parel,
Mumbai, Maharashtra- 400013

Mumbai, July 12, 2022

ANNEXURE - A

DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE MEETING

Particulars	Mr. Anchit Nayar	Mr. Sanjay Nayar
Designation	Executive Director	Non-Executive Director
Director Identification Number	08351358	00002615
Date of Birth (Age in years)	16/08/1990 (31 years)	13/10/1960 (61 years)
Date of joining the Board	13/08/2019	09/04/2021
Qualification	Bachelor's degree from Columbia University	• Bachelor's degree in science in mechanical engineering from the University of Delhi • Post-graduate diploma in management from the Indian Institute of Management, Ahmedabad.
Expertise in specific functional area	Mr. Anchit Nayar has more than 10 years of experience in various roles of investment banking, marketing and management of beauty business	Over 37 years of experience in the banking, and private equity
Term & Condition	Executive Director of the Company, liable to retire by rotation	Non-Executive Director of the Company, liable to retire by rotation
Profile	Mr. Anchit Nayar has previously served as the vice president of the Investment Banking Division at Morgan Stanley, New York. He is currently responsible for the beauty business and also serves as a member of the investor relations team. He joined FSN Brands Marketing Private Limited in 2018 as the chief executive officer and has overseen the expansion of retail Nykaa stores. He was also the chief marketing officer of our Company for the period from May 31, 2020 to January 12, 2021.	Mr. Sanjay Nayar has over 37 years of experience in the banking, and private equity. He was associated with Citibank N.A. for over 23 years, where he also served as the as Chief Executive Officer of the bank in India over six years. He was chief executive officer of KKR India Advisors Private Limited from 2009 to 2020. Presently he serves as a chairman of KKR India.
Number of meetings attended during the year	17	16
As the full-time employments of the Directors will be counted in the Number of Board membership for giving voting decision, Disclosure regarding such full-time employments of Directors, if Board is of the opinion that the director will be able to devote sufficient time along with the reason for such opinion.	Anchit Nayar is Chief Executive Officer of Nykaa E-Retail Private Limited, wholly owned subsidiary of FSN E-Commerce Ventures Limited and is also responsible for beauty business of Nykaa group. With regard to the above and in opinion of the Board, he will be able to devote full time to the business of the Company and its group entities.	N.A.
Whether atleast 75% Board Meetings have been attended in past 3 years by the director	Yes	Yes
In case the director is a past employee, whether the said director was appointed on the Board after the Completion of 5 years cooling off period	N.A.	N.A.
Detail of Remuneration amount drawn	3.75 million	Nil
Detail of Remuneration proposed	Shareholders pursuant to their resolution dated July 16, 2021, had approved: - Fixed Pay: ₹ 20 million p.a. - Variable Pay: 0.5% of profit before tax of the Company on a consolidated basis, subject to applicable statutory limits. - Perquisites / Benefits: Standard perquisites and benefits as per Company's policy in this regard - Further increments and revisions: To be reviewed annually in accordance with performance, market and applicable statutory limits.	Nil
Directorships along with entities from which the person has resigned in the past three years	**Current Directorships:** • Nykaa E- Retail Private Limited • FSN Brands Marketing Private Limited • Dot & Key Wellness Private Limited **Entities from which resigned in past three years:** • Nykaa Fashion Private Limited	**Current Directorships:** • FSN Distribution Private Limited • FSN International Private Limited • Heritage View Developers Private Limited • Sealink View Probuild Private Limited • Sea View Probuild Private Limited • Epimoney Private Limited • Radiant Life Care Private Limited • Grameen Impact Investments India Private Limited • CSEP Research Foundation • Seynse Technologies Private Limited • Indian School of Business • Pratham Institute for Literacy Education and Vocational Training • Sanjay & Falguni Nayar Foundation • Nykaa Foundation • Avendus Capital Private Limited • Nykaa International UK Limited • Pratham Education Foundation **Entities from which resigned in past three years:** • Max Financial Services Limited • J B Chemicals and Pharmaceuticals Limited • Coffee Day Enterprises Limited • Max Healthcare Institute Limited • Indigrid Investment Managers Limited • Valleyview Probuild Private Limited • KKR India Financial Services Limited • KKR India Advisors Private Limited • KKR Capital Markets India Private Limited • Re Sustainability Limited • Coffee Day Global Limited

Particulars	Mr. Anchit Nayar	Mr. Sanjay Nayar
Name of the entity in which the Director holds memberships & Chairpersonship of Committee	**FSN E-Commerce Ventures Limited:** • Audit Committee - Member • Stakeholders Relationship Committee – Member • Fundraise & Investment Committee – Member **Nykaa E-Retail Private Limited:** • Corporate Social Responsibility Committee – Chairperson	**FSN E-Commerce Ventures Limited:** • Risk Management Committee – Chairperson • Fundraise & Investment Committee – Member • Corporate Social Responsibility & Environmental, Social and Governance Committee – Member **Avendus Capital Private Limited:** • Audit & Risk Committee– Chairperson • Nomination & Remuneration Committee – Chairperson **Pratham Education Foundation:** • Audit and Finance Committee – Chairperson • Corporate Social Responsibility Committee – Chairperson **Indian School of Business:** • Audit and Finance Committee – Chairperson • Corporate Social Responsibility Committee - Chairperson
Companies which displayed poor governance practices and oversight, on which the said director was a Board member or that he failed in discharging fiduciary responsibilities in other Companies	Nil	Nil
Whether they are promotor director of any Company whose performance has been continuously deteriorating	No	No
No. of shares held in the Company as on March 31, 2022 (Including shareholding as a beneficial owner)	1,60,080 equity shares	10,58,18,920 equity shares held through Sanjay Nayar Family Trust
Number of Promotor family members on the Board of the Company	4	4
Relationship with other Directors / KMP	• Son of Ms. Falguni Nayar and Mr. Sanjay Nayar • Brother of Ms. Adwaita Nayar	• Spouse of Ms. Falguni Nayar • Father of Mr. Anchit Nayar and Ms. Adwaita Nayar
Reputational Risk, if any, associated with the said Director or any transactions associated in a manner prejudical to minority shareholders	Nil	Nil
Director's political linkages, if any	Nil	Nil

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"I started Nykaa at the age of 50 with no experience in beauty or fashion or retail or technology. With that, to everyone across India who's ever had a dream, especially all women with a dream - I hope the Nykaa journey, an Indian born, Indian owned and Indian managed dream come true - can inspire each of you to be the Nayaka of your lives."

-Falguni Nayar

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