

## INDEPENDENT AUDITOR'S REPORT

To the Members of FSN International Private Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of FSN International Private Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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

### **Responsibilities of Management for Consolidated Financial Statements**

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

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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





- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.
- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

### **Report on Other Legal and Regulatory Requirements**

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.



- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. The Holding Company is a Private Limited Company as per the Act. The requirement of payment of managerial remuneration as per section 197 read with Schedule V of the Act is not applicable.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations provided to us:
- i. The Group does not have any pending litigations which would impact its consolidated financial position in its financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries





- (b) The Management has represented, that, to the best of its knowledge and belief, no funds which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year. So compliance with respect to section 123 of the Act is not applicable.

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

*A. N. Shah*



A. N. Shah  
Partner  
Membership No.: 042649  
UDIN: 23042649BGWPLV6602  
Place: Mumbai  
Date: May 19, 2023

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

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

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

We have audited the internal financial controls over financial reporting of **FSN International Private Limited** (hereinafter referred to as the "Holding Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as the "Group"), which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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





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

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements**

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

## **Opinion**

In our opinion, the Holding Company and its subsidiaries have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

*A. N. Shah*

A. N. Shah  
Partner

Membership No.: 042649  
UDIN: 23042649BGWPLV6602  
Place: Mumbai  
Date: May 19, 2023



**FSN International Private Limited**  
 (All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

Consolidated Balance Sheet as at March 31, 2023

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2.37	-
Intangible assets	4	0.16	-
<b>Financial assets</b>			
Other financial assets	5	0.07	0.07
Deferred tax assets (net)	6	8.37	2.51
Non current tax assets (net)	6	0.13	-
<b>Total non-current assets (A)</b>		<b>11.10</b>	<b>2.58</b>
<b>Current assets</b>			
Inventories	7	3.92	2.42
<b>Financial assets</b>			
Trade receivables	8	33.02	18.78
Cash and cash equivalents	9	19.20	20.59
Other financial assets	10	-	20.22
Other current assets	11	15.81	9.61
<b>Total current assets (B)</b>		<b>71.95</b>	<b>71.62</b>
<b>Total Assets (A+B)</b>		<b>83.05</b>	<b>74.20</b>

[This space has been intentionally left blank]





**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Consolidated Balance Sheet as at March 31, 2023**

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	12	51.00	51.00
Other equity	13	(82.86)	(22.70)
<b>Equity attributable to equity holders of the parent</b>		<b>(31.86)</b>	<b>28.30</b>
Non-controlling interest		0.37	-
<b>Total equity (A)</b>		<b>(31.49)</b>	<b>28.30</b>
<b>Liabilities</b>			
<b>Non-current liabilities:</b>			
Financial liabilities			
Borrowings	14	16.91	16.86
<b>Total non-current liabilities (B)</b>		<b>16.91</b>	<b>16.86</b>
<b>Current liabilities:</b>			
Financial liabilities			
Borrowings	15	63.13	-
Trade payables	16	-	-
-Total outstanding dues of Micro enterprise and small enterprises		-	-
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		16.18	3.58
Other financial liabilities	17	16.69	25.08
Other current liabilities	18	1.63	0.38
<b>Total current liabilities (C)</b>		<b>97.63</b>	<b>29.04</b>
<b>Total liabilities (B+C)</b>		<b>114.54</b>	<b>45.90</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>83.05</b>	<b>74.20</b>
<b>The accompanying notes are an integral part of the Consolidated Financial Statements</b>			

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

*A. N. Shah*

A. N. Shah  
Partner  
Membership No: 042649

Date: May 19, 2023



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

*Sanjay Nayar*

Sanjay Nayar  
Director  
DIN 00002615

Date: May 19, 2023

*Sujeet Jain*

Sujeet Jain  
Director  
DIN 03440936

Date: May 19, 2023



*h*

**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Consolidated Statement of Profit and Loss for the period ended March 31, 2023**

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	19	59.72	31.17
Other income	20	0.34	0.48
<b>Total Income</b>		<b>60.06</b>	<b>31.65</b>
<b>Expenses</b>			
Purchase of traded goods	21	24.36	7.74
Changes in inventories of finished goods	22	(1.50)	(2.42)
Employee benefits expense	23	35.94	17.50
Finance costs	24	3.25	1.26
Depreciation and amortisation expense	25	0.10	-
Other expenses	26	64.57	31.04
<b>Total expenses</b>		<b>126.72</b>	<b>55.12</b>
<b>(Loss) before tax</b>		<b>(66.66)</b>	<b>(23.47)</b>
<b>Tax expense:</b>			
Deferred tax	6	(5.85)	(1.65)
<b>Total tax expense</b>		<b>(5.85)</b>	<b>(1.65)</b>
<b>(Loss) after tax</b>		<b>(60.81)</b>	<b>(21.82)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Foreign currency translation reserve		0.65	0.19
<b>Other comprehensive income for the year</b>		<b>0.65</b>	<b>0.19</b>
<b>Total Comprehensive (loss) for the year</b>		<b>(60.16)</b>	<b>(21.63)</b>
<b>(Loss) attributable to:</b>			
Equity holders of the parent		(60.81)	(21.82)
Non-controlling interest		-	-
		<b>(60.81)</b>	<b>(21.82)</b>
<b>Other comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent		0.65	0.19
Non-controlling interest		-	-
		<b>0.65</b>	<b>0.19</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		(60.16)	(21.63)
Non-controlling interest		-	-
		<b>(60.16)</b>	<b>(21.63)</b>
<b>Earnings per share of face value Rs. 10/- each</b>			
Basic	27	(11.92)	(6.14)
Diluted	27	(11.92)	(6.14)
<b>The accompanying notes are an integral part of the Consolidated Financial Statements</b>			

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



A. N. Shah  
Partner  
Membership No: 042649

Date: May 19, 2023

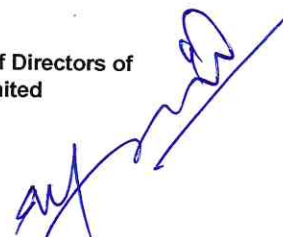


For and on behalf of Board of Directors of  
FSN International Private Limited



Sanjay Nayar  
Director  
DIN 00002615

Date: May 19, 2023



Sujeet Jain  
Director  
DIN 03440936

Date: May 19, 2023





**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Consolidated Statement of Changes in Equity for the year ended March 31, 2023**

**A. Equity share capital:**

Equity shares of Rs 10 each issued, subscribed and fully paid	No. of shares	Amount
As at April 1, 2021	1,00,000	1.00
Issue during the year	50,00,000	50.00
As at March 31, 2022	51,00,000	51.00
Issue during the year	-	-
As at March 31, 2023	51,00,000	51.00

**B. Other Equity:**

Particulars	Equity attributable to equity holders of the parent				Non - controlling interest	Total Equity
	Capital contribution from Parent	Reserves & Surplus	Other Comprehensive Income (OCI)	Total		
As at April 1, 2021	0.29	(2.84)	-	(2.55)	-	(2.55)
(Loss) for the year	-	(21.82)	-	(21.82)	-	(21.82)
Other comprehensive income	-	-	0.19	0.19	-	0.19
Total comprehensive income	-	(21.82)	0.19	(21.63)	-	(21.63)
Addition during the year	1.48	-	-	1.48	-	1.48
As at March 31, 2022	1.77	(24.66)	0.19	(22.70)	-	(22.70)
(Loss) for the year	-	(60.81)	-	(60.81)	-	(60.81)
Other comprehensive income	-	-	0.65	0.65	-	0.65
Total comprehensive income	-	(60.81)	0.65	(60.16)	-	(60.16)
Acquisition during the year (Refer note - 35)	-	-	-	-	0.37	0.37
As at March 31, 2023	1.77	(85.47)	0.84	(82.86)	0.37	(82.49)

As per our report of even date

**For V. C. Shah & Co.**

Chartered Accountants

ICAI Firm Registration No: 109818W

*A. N. Shah*

**A. N. Shah**

Partner

Membership No: 042649

Date: May 19, 2023



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

*Sanjay Nayyar*

**Sanjay Nayyar**

Director

DIN 00002615

Date: May 19, 2023

*Sejeet Jain*

**Sejeet Jain**

Director

DIN 03440936

Date: May 19, 2023



**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Consolidated Statement of Cash Flows for the period ended March 31, 2023**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Cash flows from operating activities</b>		
<b>Net (loss) before tax as per Statement of profit &amp; loss</b>	<b>(66.66)</b>	<b>(23.47)</b>
Adjustments to reconcile (loss) before tax to net cash flows:		
Depreciation of property, plant & equipment	0.08	-
Amortisation of intangible assets	0.02	-
Interest expense and other finance costs	3.25	1.26
Expected credit loss	0.06	-
Interest income	(0.34)	(0.48)
Unrealised Loss on Foreign Exchange Fluctuations (net)	0.11	-
<b>Operating (loss) before working capital changes</b>	<b>(63.48)</b>	<b>(22.69)</b>
Working capital Adjustments:		
(Increase) in trade receivables	(14.30)	(18.34)
(Increase) in inventories	(1.50)	(2.42)
(Increase) in other current assets	(6.20)	(9.57)
(Increase) in other financial assets	-	(0.07)
Increase in trade payables	12.48	2.95
(Decrease)/Increase in current financial liabilities	(9.35)	24.38
Increase in other current liabilities	1.25	0.39
<b>Cash (used in) operations</b>	<b>(81.10)</b>	<b>(25.37)</b>
Payment of taxes (net)	(0.13)	-
<b>Net cash flows (used in) operating activities (A)</b>	<b>(81.23)</b>	<b>(25.37)</b>
<b>Cash flows from investing activities</b>		
Investment in subsidiary (net off cash and cash equivalent from subsidiary) (Refer Note 34)	0.37	-
Purchase of Property, Plant and Equipment and other intangible assets	(2.09)	-
Investment in / (proceeds) from fixed deposits	19.80	(19.80)
Interest Received	0.76	0.06
<b>Net cash flows (used in) investing activities (B)</b>	<b>18.84</b>	<b>(19.74)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	-	50.00
Proceeds from loan from holding company	62.58	15.79
Payment of interest charges	(2.23)	(1.26)
<b>Net cash flows from financing activities (C)</b>	<b>60.35</b>	<b>64.53</b>





**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Consolidated Statement of Cash Flows for the period ended March 31, 2023**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(2.04)	19.42
Cash and cash equivalents at the beginning of the year	20.59	0.98
Net foreign exchange differences	0.65	0.19
Cash and cash equivalents at the year end (Refer note 9)	19.20	20.59

**Note:**

1. Non cash transactions relating to investing and financing activities (Refer note 10 and 17).
2. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash flow.

**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



A. N. Shah

Partner

Membership No: 042649

Date: May 19, 2023



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



Sanjay Nayyar

Director

DIN 00002615

Date: May 19, 2023



Sujeet Jain

Director

DIN 03440936

Date: May 19, 2023



**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**1. Corporate Information**

The consolidated financial statements comprise financial statements of FSN International Private Limited (the 'Company') and its subsidiaries (collectively, the Group) for the year ended March 31, 2021. The Company is a private limited Company incorporated on December 10, 2019 and domiciled in India. The Company is wholly owned subsidiary of FSN E-Commerce Ventures Private Limited (the 'Holding Company'), The registered office of the Company is located at 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel west, Mumbai 400013

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

The consolidated financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on May 19, 2023.

**2. Significant accounting policies**

**2A. Basis of preparation**

**i) Statement of compliance:**

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act.

**ii) Historical cost convention:**

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value
- assets held for sale – measured at fair value less cost to sell
- defined benefit plans – plan assets measured at fair value
- share-based payments.

**iii) New and amended standards adopted by the Group**

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**iv) New and amended standards issued but not effective**

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 1 - Presentation of financial statements, Ind AS 8 - Accounting policies, Ind AS 12 - Income taxes, changes in accounting estimates and errors.





**FSN International Private Limited**

**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

The amendment in Ind AS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explains how to identify when accounting policy information is material. It is further clarified that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendment in Ind AS 8 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment in Ind AS 12 requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

**2B. Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2023. 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.

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. 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.



**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

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 Holding Company, i.e., year ended on March 31, 2023. When the end of the reporting period of the Holding Company 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 Holding Company to enable the Holding Company 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 Holding Company 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 Company's investment in each subsidiary and the Company'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 Holding Company 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 Company'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





**Notes to Consolidated Financial Statements**

**2C. Summary of significant accounting policies:**

**a) Business combinations and goodwill**

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

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

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

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



**FSN International Private Limited**

**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

**b) Current versus non-current classification**

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

**c) 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 recognized in the Statement of Profit and Loss when the asset is derecognized.





**Notes to Consolidated Financial Statements**

**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.

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Furniture & Fixtures	10

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 amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized 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 and Loss.

**Amortization of intangible assets:**

Intangible assets are amortized on straight line basis as per the following useful lives:

Intangible asset	Useful lives (in years)
Computer Software	3



**Notes to Consolidated Financial Statements**

**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 and 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.





**Notes to Consolidated Financial Statements**

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

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

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

**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.

**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 2B(i) Revenue from contracts with customers.

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

**Financial Liabilities**

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

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



**Notes to Consolidated Financial Statements**

**Subsequent measurement:**

**i. Financial assets**

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

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

***Financial assets at amortised cost (debt instruments)***

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

The 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.





**Notes to Consolidated Financial Statements**

**ii. Financial liabilities**

***Financial liabilities at fair value through Profit or Loss***

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

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



**Notes to Consolidated Financial Statements**

**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 and 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 for 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 and do not contain significant financing components.

The Group applies general approach for recognition of expected credit losses on all other financial assets.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**h) 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 towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

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.





**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

Contracts where the Group's obligation is to arrange for the provision of goods and services by another party, the Group recognizes 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**

- The Group recognizes marketing income i.e. visibility services provided by the Group to various brands at retail outlets of the Group. Revenue from advertisement services is recognised when advertisement is displayed.

- 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 recognize advertising revenue in the amount to which the Group has a right to invoice upon rendering of services.

**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.

**i) 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.

**j) Provisions**

A provision is recognized 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.



**FSN International Private Limited**

**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**k) Foreign currency transactions**

***Functional and presentation currency***

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

***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 recognized as income or as expenses in the Statement of Profit and Loss in the period/year in which they arise.

**l) Employee benefits**

***Short term employee benefits***

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

***Post-employment benefits***

**i. Defined Contribution Plans:**

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





**Notes to Consolidated Financial Statements**

**m) Borrowing cost:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

**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 Group.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The management assessed that cash and cash equivalents, trade receivables, 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 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.



**FSN International Private Limited**

**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

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

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

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

Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity). The 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.

**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 Group'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 Group or a present obligation that is not recognized 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.





**FSN International Private Limited**

**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated 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**

The Group drives synergy across fulfilment models, sales channels and product categories and accordingly the Chief Operating Decision Maker ('CODM') 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.

**2D. Significant accounting judgements, estimates and assumptions**

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

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

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



**Notes to Consolidated Financial Statements**

**I. Estimates and assumptions:**

**a. Fair Value measurement of financial instruments**

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

**b. Income taxes**

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

**c. Deferred Taxes**

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

**d. Business combination:**

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

**e. Provisions**

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

**f. Impairment of financial assets:**

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





**FSN International Private Limited**

**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

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

These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the income approaches. The income approach includes the use of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.

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

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on The Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



**FSN International Private Limited**  
 (All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**Note 3**

**Property, plant and equipment**

Particulars	Furniture & Fixtures	Total
<b>Cost</b>		
As at April 1, 2021	-	-
Additions	-	-
Disposals/transfers	-	-
<b>As at March 31, 2022</b>	-	-
Additions	2.45	2.45
Disposals/transfers	-	-
<b>As at March 31, 2023</b>	<b>2.45</b>	<b>2.45</b>
<b>Accumulated depreciation</b>		
As at April 1, 2021	-	-
Depreciation charge for the year	-	-
Disposals/adjustments	-	-
<b>As at March 31, 2022</b>	-	-
Depreciation charge for the year	0.08	0.08
Disposals/adjustments	-	-
<b>As at March 31, 2023</b>	<b>0.08</b>	<b>0.08</b>
<b>Net Book Value</b>		
<b>As at March 31, 2023</b>	<b>2.37</b>	<b>2.37</b>
<b>As at March 31, 2022</b>	-	-

**Note 4**

**Intangible assets**

Particulars	Computer Softwares	Total
<b>Cost</b>		
As at April 1, 2021	-	-
Additions	-	-
Disposals/transfers	-	-
<b>As at March 31, 2022</b>	-	-
Additions	0.18	0.18
Disposals/transfers	-	-
<b>As at March 31, 2023</b>	<b>0.18</b>	<b>0.18</b>
<b>Accumulated depreciation</b>		
As at April 1, 2021	-	-
Amortisation charge for the year	-	-
Disposals/adjustments	-	-
<b>As at March 31, 2022</b>	-	-
Amortisation charge for the year	0.02	0.02
Disposals/adjustments	-	-
<b>As at March 31, 2023</b>	<b>0.02</b>	<b>0.02</b>
<b>Net Book Value</b>		
<b>As at March 31, 2023</b>	<b>0.16</b>	<b>0.16</b>
<b>As at March 31, 2022</b>	-	-





**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

**Note 5**

**Other financial assets (Non Current)**

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	0.07	0.07
<b>Total</b>	<b>0.07</b>	<b>0.07</b>

**Note 6**

**Income tax**

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(5.85)	(1.65)
<b>Income tax (income) reported in the Statement of Profit and Loss</b>	<b>(5.85)</b>	<b>(1.65)</b>

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2023 and 31 March 2022:**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss) before tax	(66.66)	(23.47)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(16.78)	(5.91)
<b>Tax effect of:</b>		
Losses from subsidiary	10.74	3.86
Others	0.19	0.40
<b>Total tax expenses/(income)</b>	<b>(5.85)</b>	<b>(1.65)</b>
<b>Tax (income) recognized in the Statement of Profit and Loss</b>	<b>(5.85)</b>	<b>(1.65)</b>
<b>Effective tax rate</b>	<b>8.78%</b>	<b>7.05%</b>

**Gross movement in the current income tax assets/(liabilities) for the years ended March 31, 2023 and March 31, 2022:**

Particulars	As at March 31, 2023	As at March 31, 2022
Net income tax asset at the beginning	-	-
Income tax paid	0.13	-
<b>Net income tax asset at the end</b>	<b>0.13</b>	<b>-</b>
<b>Income tax assets as per balance sheet</b>	<b>0.13</b>	<b>-</b>



**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**Deferred tax:**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Tax Losses	8.29	2.51
Provision for Expected Credit Loss	0.02	-
Others	0.08	-
<b>Deferred tax assets (A)</b>	<b>8.39</b>	<b>2.51</b>
Depreciation and amortisation	0.02	-
<b>Deferred tax liabilities (B)</b>	<b>0.02</b>	<b>-</b>
<b>Deferred tax assets (net) (C=A-B)*</b>	<b>8.37</b>	<b>2.51</b>

\*Refer Note 35

**ii. Reconciliation of deferred tax assets (net):**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening balance</b>	<b>2.51</b>	<b>0.86</b>
Tax income during the period recognised in profit or loss	5.85	1.65
<b>Closing balance</b>	<b>8.37</b>	<b>2.51</b>

**Note 7**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Traded Goods	3.92	2.42
<b>Total</b>	<b>3.92</b>	<b>2.42</b>

During the year ended March 31, 2023, INR 0.3 Mn (March 31, 2022: INR NIL) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

**Note 8**

**Trade receivables**

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables - Unsecured, Considered Good	33.02	18.78
Trade receivables - credit impaired	0.06	-
Less: Allowances for expected credit loss	(0.06)	-
<b>Total</b>	<b>33.02</b>	<b>18.78</b>

For details on trade receivables with related parties, refer Note 28 - Related Party Disclosure

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

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.





**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

Trade receivables aging schedule  
 March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables–Unsecured, considered good	2.84	30.18	-	-	-	-	33.02
Undisputed Trade Receivables – credit impaired	0.01	0.05	-	-	-	-	0.06
<b>Total</b>	<b>2.85</b>	<b>30.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33.08</b>

March 31, 2022

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

**Note 9**

**Cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in current accounts	19.20	20.59
<b>Total</b>	<b>19.20</b>	<b>20.59</b>

**Note 10**

**Other financial assets (Current)**

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with original maturity period more than 12 months	-	19.80
Interest accrued on deposit but not due	-	0.42
<b>Total</b>	<b>-</b>	<b>20.22</b>

**Movement in Interest accrued on deposits but not due:**

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	0.42	-
Interest earned during the year	0.34	0.48
Payment received	(0.76)	(0.06)
<b>Closing balance</b>	<b>-</b>	<b>0.42</b>



**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements****Note 11****Other current assets**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Advance against expenses (Unsecured, considered good)	1.53	6.88
Advance given to employees (Unsecured, considered good)	0.38	-
Prepaid Expenses	0.01	-
Balance with statutory / government authorities	13.89	2.73
<b>Total</b>	<b>15.81</b>	<b>9.61</b>

**Note 12****Equity Share Capital****i) Authorised Share Capital**

Particulars	Equity Shares	
	Numbers	Amount
<b>i) Authorised Share Capital</b>		
<b>As at April 1, 2021</b>	<b>1,00,000</b>	<b>1.00</b>
Increase / (decrease) during the year	99,00,000	99.00
<b>As at March 31, 2022</b>	<b>1,00,00,000</b>	<b>100.00</b>
Increase / (decrease) during the year	-	-
<b>As at March 31, 2023</b>	<b>1,00,00,000</b>	<b>100.00</b>

**Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**ii) Issued, subscribed and fully paid up equity capital of INR 10 each issued**

Particulars	Equity shares	
	Numbers	Amount
<b>As at April 1, 2021</b>	<b>1,00,000</b>	<b>1.00</b>
Changes during the year	50,00,000	50.00
<b>As at March 31, 2022</b>	<b>51,00,000</b>	<b>51.00</b>
Changes during the year	-	-
<b>As at March 31, 2023</b>	<b>51,00,000</b>	<b>51.00</b>





**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements****iii) Shares held by holding company (along with nominee shareholders)**

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
FSN E-Commerce Ventures Limited (Holding Company)	51.00	51.00
5,100,000 (March 31, 2022: 5,100,000) equity shares of Rs 10/- each		

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
FSN E-Commerce Ventures Limited (Holding Company)	51,00,000	100.00%	51,00,000	100.00%

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

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

**Note 13****Other equity**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>(i) Retained earnings</b>		
Opening balance	(24.66)	(2.84)
Add: (Loss) during the year	(60.81)	(21.82)
<b>Closing balance (A)</b>	<b>(85.47)</b>	<b>(24.66)</b>
<b>(ii) Other comprehensive income</b>		
<b>Foreign Currency translation reserve</b>		
Opening balance	0.19	-
Add: Other comprehensive income for the year	0.65	0.19
<b>Closing balance (B)</b>	<b>0.84</b>	<b>0.19</b>
<b>(iii) Capital Contribution from Parent</b>		
Opening balance	1.77	0.29
Add : Additions during the year	-	1.48
<b>Closing balance (C)</b>	<b>1.77</b>	<b>1.77</b>
<b>Total (A+B+C)</b>	<b>(82.86)</b>	<b>(22.70)</b>



**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

**Nature and purpose of reserves**

- (i) **Retained earnings:** Retained Earnings are the profits / (losses) that the Company has earned till date, less any dividends or other distributions paid to shareholders.
- (ii) **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.
- (iii) **Capital Contribution from parent**  
 Loan from Holding Company: Fair valuation of loans taken from parent on initial recognition.

**Note 14**

**Borrowings (Non Current)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured at amortised cost</b>		
Loan from holding Company	16.91	16.86
<b>Total</b>	<b>16.91</b>	<b>16.86</b>

**A) Terms of loans from holding company**

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

- B) Maximum amount of loan outstanding during the year was Rs. 80.60 Mn (March 31, 2022 – Rs. 19.95 Mn).  
 C) Refer Note 32 for maturity profile of borrowings.

**Note 15**

**Borrowings - Current**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured</b>		
Loan from holding Company	63.13	
<b>Total</b>	<b>63.13</b>	-

**Note 16**

**Trade payables**

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of trade payables other than micro enterprises and small enterprises	16.18	3.58
<b>Total</b>	<b>16.18</b>	<b>3.58</b>

Refer note 28 for payables to related parties.





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

The identification of Micro, Small and Medium Enterprises is based on the Management's knowledge of their status. Based on the information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'. Total outstanding from such suppliers is Rs. Nil as at March, 2023.

**Trade payables ageing schedule**

March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	14.84	1.33	0.01	-	-	16.18
<b>Total</b>	<b>14.84</b>	<b>1.33</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>16.18</b>

March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.09	3.49	-	-	-	3.58
<b>Total</b>	<b>0.09</b>	<b>3.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.58</b>

**Note 17****Other financial liabilities (Current)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Measured at amortised cost</b>		
Employee related liabilities	2.91	1.81
Accrued expenses	11.80	17.60
Creditors for Capital Goods	0.54	-
Payable to market-place vendors	1.01	5.67
Interest accrued but not due	0.43	-
<b>Total</b>	<b>16.69</b>	<b>25.08</b>



**FSN International Private Limited**

(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	-	-
Interest and Finance charge accrued during the year (excluding amortisation impact)	2.66	1.26
Payment of interest and Finance charge during the year	(2.23)	(1.26)
<b>Closing balance</b>	<b>0.43</b>	<b>-</b>

**Note 18****Other current liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	1.63	0.38
<b>Total</b>	<b>1.63</b>	<b>0.38</b>

**Note 19****Revenue from operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Sale of products</b>	<b>38.72</b>	<b>15.69</b>
<b>B. Sale of services</b>		
Income from marketplace services	10.97	8.34
Marketing support revenue	6.30	5.26
<b>C. Other Operating Revenue</b>		
Logistics service income (shipping and delivery charges)	3.40	1.88
Export incentive	0.33	-
<b>Total</b>	<b>59.72</b>	<b>31.17</b>

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Within India	5.15	0.61
Outside India	54.57	30.56
	<b>59.72</b>	<b>31.17</b>

**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.





**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**(B) Contract Balances**

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables	33.02	18.78
Contract Price	59.72	31.17
<b>Revenue from operations</b>	<b>59.72</b>	<b>31.17</b>

**Note 20**

**Other income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income on Fixed deposit	0.34	0.48
<b>Total</b>	<b>0.34</b>	<b>0.48</b>

**Note 21**

**Purchase of traded goods**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases of traded goods	24.36	7.74
<b>Total</b>	<b>24.36</b>	<b>7.74</b>

**Note 22**

**Changes in inventories of traded goods**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Traded goods</b>		
Opening balance	2.42	-
Closing balance	3.92	2.42
<b>Total</b>	<b>(1.50)</b>	<b>(2.42)</b>

**Note 23**

**Employee benefits expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Bonus	35.92	17.50
Staff welfare expenses	0.02	-
<b>Total</b>	<b>35.94</b>	<b>17.50</b>



**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

**Note 24**

**Finance costs**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expenses on inter company loan	3.25	1.26
<b>Total</b>	<b>3.25</b>	<b>1.26</b>

**Note 25**

**Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (refer note 3)	0.08	-
Amortisation of Intangible assets (refer note 4)	0.02	-
<b>Total</b>	<b>0.10</b>	<b>-</b>

**Note 26**

**Other expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Marketing & Advertisement Expense	6.99	3.05
Legal and Professional Fees	19.43	6.56
Web & Technology Expenses	0.92	0.15
Payment Gateway Charges	0.09	0.44
Freight outward	28.14	11.02
Travelling & Conveyance Expenses	2.14	1.97
Commission on sales	0.38	-
Rates & Taxes	-	3.18
Insurance Expenses	0.35	0.04
Rent and Maintenance Expenses	1.89	1.57
Director Sitting Fees	0.10	0.03
Bank charges	0.55	0.39
Auditors remuneration :		
- Audit fees	0.40	0.67
- Taxation Matters	0.10	0.10
Provision for Expected Credit Loss	0.06	-
Foreign exchange loss (net)	0.76	0.05
Miscellaneous Expenses	2.27	1.82
<b>Total</b>	<b>64.57</b>	<b>31.04</b>





**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**Note 27**

**Basic & diluted earnings per share**

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
Nominal value of per equity share	10/-	10/-
Profit after tax (A)	(60.81)	(21.82)
Profit attributable to equity shareholders	(60.81)	(21.82)
Total number of shares outstanding during the year	51,00,000	51,00,000
Weighted average number of equity shares outstanding during the year (B)	51,00,000	35,52,055
<b>Basic earnings per share (A/B)</b>	<b>(11.92)</b>	<b>(6.14)</b>
Weighted average number of diluted equity shares (C)	51,00,000	35,52,055
<b>Diluted earnings per share (A/C)</b>	<b>(11.92)</b>	<b>(6.14)</b>

**Note 28**

**Related party transactions**

**A. Names of the related parties**

Name of entity	Nature of relationship
FSN E-Commerce Ventures Limited	Holding company
FSN Brands Marketing Private Limited	Fellow subsidiary*
Nykaa-KK Beauty Private Limited	Fellow subsidiary*
Nykaa E Retail Private Limited	Fellow subsidiary*
FSN Distribution Private Limited	Fellow subsidiary*
Nykaa Foundation	Fellow subsidiary (w.e.f. June 8, 2022)*

\*Where there are transactions during the current or previous year.

**Directors and Key Management Personnel (KMP)**

Mr Sanjay Nayar	Director
Mr Ses hashayee Sridhara	Director
Mr Shreekant Sawant	Company Secretary (till February 8, 2023)
Mr Vikas Gupta	Director (till March 31, 2023)
Mr. Sachin Parikh	Director (till May 15, 2021)
Mr. Rishi Seth	Director (till March 14, 2022)
Mr Nihir Parikh	Director (appointed w.e.f. October 6, 2022) (till March 31, 2023)
Mr Sujeet Jain	Director (appointed w.e.f. March 30, 2023)



**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**B. Transactions with Related party**

Particulars	Nature of transactions	Transactions during the year ended March 31, 2023	Outstanding balances as on March 31, 2023	Transactions during the year ended March 31, 2022	Outstanding balances as on March 31, 2022
<b>Holding company</b>					
FSN E-Commerce Ventures Limited	Interest Expenses	2.66	-	0.71	-
	Purchases	13.81	(1.21)	5.44	(2.98)
	Reimbursement of Expenses	11.41	-	3.49	-
	Discount income	(1.41)	-	-	-
	Marketing Income	(2.82)	-	-	-
	Notional interest expense	0.59	-	0.55	-
	Commission on Financial Guarantee	0.38	-	-	-
	Other Equity Contribution	-	(1.77)	1.48	(1.77)
	Equity Contribution	-	(51.00)	(50.00)	(51.00)
	Loan taken (net)	63.18	(80.04)	14.31	(16.86)
Nykaa E Retail Private Limited	Listing fees	0.38	-	0.28	-
	Reimbursement of Expenses	0.41	(0.03)	0.43	(0.03)
	Rent Expenses	0.27	-	0.19	-
FSN Brands Marketing Private Limited	Purchases	3.83	-	1.00	(0.46)
	Discount income	(0.62)	-	-	-
	Marketing Income	(1.25)	2.36	-	-
Nykaa KK Beauty Private Limited	Purchases	4.00	-	0.42	(0.03)
	Discount income	(0.38)	-	-	-
	Marketing Income	(0.75)	0.16	-	-
Nykaa Distribution Private Limited	Reimbursement of Expenses	1.56	-	-	-
Nykaa Foundation	Investment#	0.00	0.00	-	-
<b>Key Management Personnel (KMP)</b>					
Mr. Seshashayee Sridhara	Sitting Fees	0.13	-	0.03	-

# Numbers are below one million under the rounding off convention adopted by the company.

Figures in brackets indicates payables

**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 other than those disclosed above.

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





**FSN International Private Limited**  
(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)

**Notes to Consolidated Financial Statements**

**Note 29**

**Fair value measurement hierarchy**

The fair values of financial assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

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

Particulars	Carrying value as of	
	March 31, 2023	March 31, 2022
<b>Financial Assets:</b>		
<b>Amortised cost</b>		
Trade receivables	33.02	18.78
Cash and cash equivalents	19.20	20.59
Other financial assets	0.07	20.29
<b>Total</b>	<b>52.29</b>	<b>59.66</b>
<b>Financial Liabilities:</b>		
<b>Amortised cost</b>		
Borrowings	80.04	16.86
Trade payables	16.18	3.58
Other financial liabilities	16.69	25.08
<b>Total</b>	<b>112.91</b>	<b>45.52</b>

The carrying values of the financial assets and liabilities measured at amortised cost are reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and liabilities have not been disclosed separately.

**Note 30**

**Segment information:**

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



**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

The information based on geographical areas in relation to revenue and non-current assets are as follows:

**(a) Revenue from operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Within India	5.15	0.61
Outside India	54.57	30.56
	<b>59.72</b>	<b>31.17</b>

**(b) Non-current operating assets**

Non-current operating assets of ₹ 2.37 Mn are located outside India. All other non-current operating assets are located in India.

(c) The group has revenue from transactions with three external customers amounting to 10 percent or more of the total revenue.

**Note 31**

**Capital Management**

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

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Gross debt	80.04	16.86
Less: Cash and cash equivalents	(19.20)	(20.59)
<b>Net debt (A)</b>	<b>60.84</b>	<b>(3.73)</b>
Equity	(31.49)	28.30
<b>Total Equity (B)</b>	<b>(31.49)</b>	<b>28.30</b>
<b>Net gearing ratio (A)/(B)</b>	<b>(1.93)</b>	<b>(0.13)</b>





**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

**Note 32**

**Financial Instruments:**

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

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

**Market risk**

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023.

**a) Interest rate risk**

The Group is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Group uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Group 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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2023	+50	(0.32)
	-50	0.32
March 31, 2022	+50	-
	-50	-

**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 Group'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 Group's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Group'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.

Particulars of unhedged foreign currency exposure as at the reporting date (in respective currency):

Particulars	Currency	As at March 31, 2023		As at March 31, 2022	
		Foreign Currency	Rs.	Foreign Currency	Rs.
<b>Payables:</b>					
Trade payables	USD	0.02	1.34	-	-
<b>Advances:</b>					
Advance to vendors against purchases / expense	GBP	0.03	2.88	-	-



**Notes to Consolidated Financial Statements**

**c) Product price risk**

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

**Credit risk**

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

**I. Trade receivables**

The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group's experience of delinquencies and customer disputes have been minimal. Also the Group have a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is cover by the Group. (Refer accounting policy 2(C) for expected credit loss on trade receivable).

**Movement in allowances for expected credit loss:**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Opening balance	-	-
Provision made during the year	0.06	-
Provision written off during the year	-	-
<b>Closing balance</b>	<b>0.06</b>	-

**II. Other Financial instruments and cash deposits**

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

**Liquidity risk**

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





**FSN International Private Limited**  
**(All amounts are in Rs. millions (Mn), except per share data and unless stated otherwise)**

**Notes to Consolidated Financial Statements**

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
<b>As at March 31, 2023</b>					
Borrowings	80.04	63.13	16.91	-	80.04
Trade payables	28.93	28.93	-	-	28.93
Other financial liabilities	5.96	5.96	-	-	5.96
<b>Total</b>	<b>114.93</b>	<b>98.02</b>	<b>16.91</b>	<b>-</b>	<b>114.93</b>
<b>As at March 31, 2022</b>					
Borrowings	16.86	-	16.86	-	16.86
Trade payables	16.53	16.53	-	-	16.53
Other financial liabilities	10.46	10.46	-	-	10.46
<b>Total</b>	<b>43.85</b>	<b>26.99</b>	<b>16.86</b>	<b>-</b>	<b>43.85</b>

**Note 33**

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

Name of the entity	Principal place of operation / country of incorporation	% of shareholding as at March 31, 2023	March 31, 2023							
			Net Assets ('NA'), i.e. total assets minus total liabilities		Share in profit of loss ('P&L')		Share in other comprehensive income ('OCI')		Share in total comprehensive income ('TCI')	
			Amount	As a % of consolidated NA	Amount	As a % of consolidated P&L	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI
<b>Parent</b>										
FSN International Private Limited	India	100%	25.63	-81.39%	(18.86)	31.02%	-	-	(18.86)	31.35%
<b>Subsidiaries</b>										
FSN Global FZE	Dubai	100%	(19.21)	60.99%	(21.75)	35.76%	0.02	-2.85%	(21.73)	36.11%
Nykaa International UK Limited	UK	100%	(18.28)	58.06%	(20.94)	34.43%	(0.48)	73.39%	(21.41)	35.59%
Nessa International Holdings Limited	Dubai	55%	0.82	-2.60%	-	0.00%	-	0.00%	-	0.00%
Minority Interest in subsidiaries			0.37	-1.17%	-	-	-	0.00%	-	0.00%
Adjustments on consolidation			(20.82)	66.11%	0.73	-1.20%	1.11	-170.31%	1.84	-3.06%
<b>TOTAL</b>			<b>(31.49)</b>	<b>100%</b>	<b>(60.81)</b>	<b>100%</b>	<b>0.65</b>	<b>-100%</b>	<b>(60.16)</b>	<b>100%</b>

**Note 34**

**Share Subscription Agreement**

On October 6, 2022 the Company had entered into share subscription agreement with Apparel Group, UAE and formed an entity Nessa International Holdings Limited in Abu Dhabi Global Market and has acquired 55% stake for Rs. 0.46 Mn (USD 5,500) on March 2, 2023.



**Notes to Consolidated Financial Statements**

**Note 35**

During the year ended March 31, 2023, the Group reassessed recognition of deferred tax assets on carry forward losses. The Group recognised net deferred tax assets in respect of carry forward losses of Rs. 8.37 Mn as at March 31, 2023 (March 31, 2022: Rs. 2.51 Mn). In assessing the realisability of its deferred tax assets, the management of these entities has considered business projection for foreseeable future period and believes that such projections are reliable and represent convincing evidence which provides reasonable certainty that sufficient taxable profit will be available against which the carry forward losses and unabsorbed depreciation can be utilised.

**Note 36**


**Other Statutory Information**

- i. The Group does not have any transactions with companies struck off.
- ii. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- iii. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iv. The Group did not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- v. 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;
- vi. No funds 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;

**Note 37**

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


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

  
**A. N. Shah**  
Partner  
Membership No: 042649

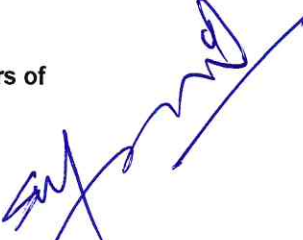
Date: May 19, 2023



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

  
**Sanjay Nayar**  
Director  
DIN 00002615

Date: May 19, 2023

  
**Sujeet Jain**  
Director  
DIN 03440936

Date: May 19, 2023

