

**INDEPENDENT AUDITOR'S REPORT**

To the Members of FSN Brands Marketing Private Limited

**Report on the Audit of the Financial Statements .****Opinion**

We have audited the accompanying financial statements of FSN Brands Marketing Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

**Basis for Opinion**

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

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

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

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

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

The director's report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.



## **Responsibilities of Management for the financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the financial statements**

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our



auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2023;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



# S.R. BATLIBOI & ASSOCIATES LLP

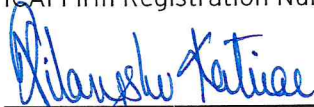
Chartered Accountants

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 43 to the financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.;
- (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 51(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 51(vi) to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above contain any material misstatement.
- (v) No dividend has been declared or paid during the year by the Company.
- (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Nilangshu Katriar

Partner

Membership Number: 058814

UDIN:23058814BGYZOH3733

Mumbai

May 23, 2023



Annexure 1 referred to in paragraph [1] under Report on 'Other Legal and Regulatory Requirements' of our report of even date

Re: FSN Brands Marketing Private Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including situation of Property, Plant and Equipment, except for quantitative and description details, which are pending updation in the records maintained by the company.  
(B) The Company has maintained proper records showing full particulars of intangibles assets reflected in the books.
- (b) The Company has a programme of physical verification of Property, Plant and Equipment to cover all the items in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to such a programme, verification of Property, Plant and Equipment has commenced during the year and is in progress as of reporting date. Hence, we are unable to comment on the discrepancies, if any, that may arise upon such verification.
- (c) According to information and explanations given by the management and based on the examination of the financial statements there is no immovable property held in the name of the Company. In respect of immovable properties that have been taken on lease and disclosed as property, plant, and equipment in the financial statement, based on our examination of the lease agreements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed upon such verification. In our opinion the coverage and the procedure of such verification by the management is appropriate.  
(b) As disclosed in note 24 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the audited / unaudited books of accounts of the Company.  
(a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability



Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
  - (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
  - (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
  - (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
  - (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 (the 'Act') are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (b) There are no dues of goods and services tax , provident fund , employees' state insurance, income tax, sales-tax, service tax, custom duty, excise duty , value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by the secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) In our opinion, the Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the



financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year. In the immediately preceding financial year, the Company had incurred cash losses amounting to Rs.227 million.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 49 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.





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- (xx) The provisions of Section 135 to the Act in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Nilangshu Katriar

Partner

Membership Number: 058814

UDIN: 23058814BGYZOH3733

Mumbai

May 23, 2023



**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE**

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

We have audited the internal financial controls with reference to financial statements of FSN Brands Marketing Private Limited ('the Company') as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements**

A Company's internal financial control over financial reporting with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2)



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provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls with Reference to these Financial Statements**

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

## **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Nilangshu Katriar

Partner

Membership Number: 058814

UDIN: 23058814BGYZOH3733

Mumbai

May 23, 2023



**FSN Brands Marketing Private Limited**

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

**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	4	607.74	410.42
Right of use assets	5	1,693.00	1,498.39
Capital work-in-progress	6	20.22	65.78
Intangible assets	7	5.85	11.80
Intangible assets under development	8	15.11	4.86
<b>Financial assets</b>			
Investments	9	0.00	-
Other non current financial assets	10	258.39	159.17
Deferred tax assets (net)	11	348.14	331.58
Non current tax assets (net)	11	38.56	18.77
Other non current assets	12	67.10	34.97
<b>Total non-current assets (A)</b>		<b>3,054.11</b>	<b>2,535.74</b>
<b>Current assets</b>			
Inventories	13	2,365.36	1,840.70
<b>Financial assets</b>			
Trade receivables	14	235.85	326.44
Cash and cash equivalents	15	26.19	19.64
Bank balance other than cash and cash equivalents	16	5.35	3.75
Other financial assets	17	77.32	95.83
Other current assets	18	425.72	446.75
<b>Total current assets (B)</b>		<b>3,135.79</b>	<b>2,733.11</b>
<b>Total Assets (A+B)</b>		<b>6,189.90</b>	<b>5,268.85</b>



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

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	19	1,020.00	1,020.00
Other equity	20	(915.17)	(816.19)
<b>Total equity (A)</b>		<b>104.83</b>	<b>203.81</b>
<b>Liabilities</b>			
<b>Non-current liabilities:</b>			
Financial liabilities			
Borrowings	21	786.18	1,662.55
Lease liabilities	22	1,317.47	1,296.38
Long-term provisions	23	9.94	10.24
<b>Total non-current liabilities (B)</b>		<b>2,113.59</b>	<b>2,969.17</b>
<b>Current liabilities:</b>			
Financial liabilities			
Borrowings	24	2,077.21	747.03
Lease liabilities	25	516.84	286.49
Trade payables	26		
-Total outstanding dues of Micro enterprise and small enterprises		12.45	26.74
-Total outstanding dues of creditors other than Micro enterprises and		1,097.06	697.93
Other financial liabilities	27	223.51	278.63
Short-term provisions	28	12.85	11.70
Contract liabilities	29	3.96	7.78
Other current liabilities	30	27.60	39.57
<b>Total current liabilities (C)</b>		<b>3,971.48</b>	<b>2,095.87</b>
<b>Total liabilities (B+C)</b>		<b>6,085.07</b>	<b>5,065.04</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>6,189.90</b>	<b>5,268.85</b>
<b>The accompanying notes are an integral part of the Financial Statements</b>			

As per our report of even date  
For S. R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

  
per Nilangshu Katriar  
Partner  
Membership No. 058814




For and on behalf of Board of Directors of  
FSN Brands Marketing Private Limited

**Kingshuk Basu**  
Director  
DIN 09176168

**P Ganesh**  
Director  
DIN 07202923

  
**Pratik Bhujade**  
Company Secretary  
ACS M.No. A38175

  
**Gopal Agiwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 23, 2023

Place: Mumbai  
Date: May 23, 2023



**FSN Brands Marketing Private Limited**

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

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

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	31	8,319.40	6,159.71
Other income	32	60.82	42.07
<b>Total Income</b>		<b>8,380.22</b>	<b>6,201.78</b>
<b>Expenses</b>			
Purchase of traded goods	33	6,109.86	5,277.63
Changes in inventories of traded goods	34	(509.99)	(643.37)
Employee benefits expense	35	831.86	530.10
Finance costs	36	442.05	342.41
Depreciation and amortisation expense	37	643.53	392.81
Other expenses	38	985.96	706.37
<b>Total expenses</b>		<b>8,503.27</b>	<b>6,605.95</b>
<b>(Loss) before tax</b>		<b>(123.05)</b>	<b>(404.17)</b>
<b>Tax expense:</b>			
Current tax	11	-	-
Deferred tax	11	(17.28)	(97.07)
<b>Total tax (credit) / expense</b>		<b>(17.28)</b>	<b>(97.07)</b>
<b>(Loss) after tax</b>		<b>(105.77)</b>	<b>(307.10)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gain / (loss) of defined benefit liability	41	2.88	6.83
Income tax effect on above	11	(0.72)	(1.72)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>2.16</b>	<b>5.11</b>
<b>Total Comprehensive Income for the year</b>		<b>(103.61)</b>	<b>(301.99)</b>
<b>Earnings per share of face value Rs. 10/- each</b>			
Basic	39	(1.04)	(4.32)
Diluted	39	(1.04)	(4.32)
<b>The accompanying notes are an integral part of the Financial Statements</b>			

As per our report of even date

**For S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

*Nilangshu Katriar*  
per Nilangshu Katriar  
Partner  
Membership No. 058814



**For and on behalf of Board of Directors of  
FSN Brands Marketing Private Limited**

*Kingshuk Basu*

**Kingshuk Basu**  
Director  
DIN 09176168

*Pratik Bhujade*  
**Pratik Bhujade**  
Company Secretary  
ACS M.No. A38175

**P Ganesh**  
Director  
DIN 07202923

*Gopal Agiwal*  
**Gopal Agiwal**  
Chief Financial Officer

Place: Mumbai

Date: May 23, 2023

Place: Mumbai

Date: May 23, 2023



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

**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
<b>As at April 1, 2021</b>	20,00,000	20.00
Issue during the year	10,00,00,000	1,000.00
<b>As at March 31, 2022</b>	<b>10,20,00,000</b>	<b>1,020.00</b>
Issue during the year	-	-
<b>As at March 31, 2023</b>	<b>10,20,00,000</b>	<b>1,020.00</b>



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**FSN Brands Marketing Private Limited**

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

**B. Other Equity:**

Particulars	Reserves & Surplus		Other Comprehensive Income (OCI)	Total
	Capital contribution from Parent	Surplus/(deficit) in statement of profit and loss		
As at April 01, 2021	209.01	(823.70)	(0.06)	(614.75)
(Loss) for the year	-	(307.10)	-	(307.10)
Other comprehensive income	-	-	5.11	5.11
<b>Total comprehensive income</b>	-	<b>(307.10)</b>	<b>5.11</b>	<b>(301.99)</b>
Addition during the year	100.55	-	-	100.55
As at March 31, 2022	309.56	(1,130.80)	5.05	(816.19)
(Loss) for the year	-	(105.77)	-	(105.77)
Other comprehensive income	-	-	2.16	2.16
<b>Total comprehensive income</b>	-	<b>(105.77)</b>	<b>2.16</b>	<b>(103.61)</b>
Addition during the year	4.63	-	-	4.63
As at March 31, 2023	314.19	(1,236.57)	7.21	(915.17)

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S. R. Batliboi &amp; Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

*Nilangshu Katriar*  
per Nilangshu Katriar  
Partner  
Membership No. 058814

For and on behalf of Board of Directors of  
FSN Brands Marketing Private Limited

*Kingshuk Basu*  
Kingshuk Basu  
Director  
DIN 09176168

*Pratik Bhujade*  
Pratik Bhujade  
Company Secretary  
ACS M.No. A38175

*P Ganesh*  
P Ganesh  
Director  
DIN 07202923

*Gopal Agiwal*  
Gopal Agiwal  
Chief Financial Officer

Place: Mumbai  
Date: May 23, 2023Place: Mumbai  
Date: May 23, 2023



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

Statement of Cash Flows for the year ended March 31 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>(123.05)</b>	<b>(404.17)</b>
Adjustments to reconcile (loss) before tax to net cash flows:		
Depreciation of property, plant & equipment	637.58	386.29
Amortisation of intangible assets	5.95	6.52
Interest expense and other finance costs	442.05	342.41
Liabilities no longer required written back	(0.16)	7.24
Share Based expense	4.63	7.08
Provision for gratuity expense	5.30	5.79
Provision for leave compensated expense	2.93	(2.91)
Expected credit loss / credit impaired	10.69	0.07
Interest income	(24.84)	(18.01)
Unrealised (gain) on foreign exchange fluctuations (net)	(1.73)	(8.09)
Gain on termination of lease	(3.18)	-
<b>Operating profit before working capital changes</b>	<b>956.17</b>	<b>322.22</b>
Working capital Adjustments:		
Decrease/(Increase) in trade receivables	79.90	(3.03)
(Increase) in inventories	(524.66)	(646.84)
Decrease/(Increase) in current financial asset	16.99	(65.46)
(Increase) in non-current financial assets	(114.15)	(65.47)
Decrease/(Increase) in other current assets	21.03	(188.11)
Increase/(Decrease) in trade payables	355.07	(252.21)
(Decrease) in provisions	(4.50)	(2.40)
Increase in current financial liabilities	4.03	77.53
(Decrease)/Increase in other current liabilities	(15.79)	25.86
<b>Cash from/(used in) operations</b>	<b>774.09</b>	<b>(797.91)</b>
Payment of taxes (net)	(19.79)	(11.52)
<b>Net cash flows from/ (used in) operating activities (A)</b>	<b>754.30</b>	<b>(809.43)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets	(401.74)	(183.78)
Investment in shares of fellow subsidiary	(0.00)*	-
Interest Received	0.19	1.75
<b>Net cash flows (used in) investing activities (B)</b>	<b>(401.55)</b>	<b>(182.03)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares on exercise of share options	-	1,000.00
Proceeds of borrowing from holding company (net)	(38.06)	(24.56)
Proceeds from/(Repayment of) current borrowings (net)	472.70	508.69
Interest paid on borrowings	(214.11)	(203.77)
Principal payment of lease liabilities	(377.70)	(185.75)
Interest paid on lease liabilities	(189.03)	(131.56)
<b>Net cash flows (used in)/ from financing activities (C)</b>	<b>(346.20)</b>	<b>963.05</b>



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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>6.55</b>	<b>(28.41)</b>
Cash and cash equivalents at the beginning of the year	19.64	48.05
Cash and cash equivalents at the year end	26.19	19.64
<b>Component of cash and cash equivalents</b>		
Cash and cash equivalents (Refer note 15)	26.19	19.64
<b>Total cash and cash equivalents</b>	<b>26.19</b>	<b>19.64</b>

\*Numbers are below million under the rounding off convention adopted by the Company and accordingly not reported.

**Notes:**

1. Non cash transaction relating to investing and financing activities (refer note 17, 27 and 40).
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 flows.

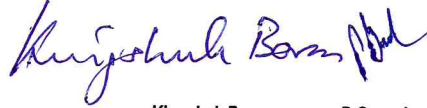
**The accompanying notes are an integral part of the Financial Statements**


As per our report of even date  
For **S. R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004  
  
per Nilangshu Katriar  
Partner  
Membership No. 058814




Place: Mumbai  
Date: May 23, 2023

For and on behalf of Board of Directors of  
FSN Brands Marketing Private Limited



Kingshuk Basu  
Director  
DIN 09176168  
  
Pratik Bhujade  
Company Secretary  
ACS M.No. A38175

P Ganesh  
Director  
DIN 07202923  
  
Gopal Agiwal  
Chief Financial Officer

Place: Mumbai  
Date: May 23, 2023



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

**Notes to Financial Statements**

**1. Corporate Information**

FSN Brands Marketing Private Limited (the 'Company') is a private limited Company incorporated and domiciled in India. The Company is a wholly owned subsidiary of FSN E Commerce Ventures Limited (formerly known as FSN E Commerce Ventures Private Limited). The registered office of the Company is located at A-1,135 Shah and Nahar Industrial Estate, Sitaram Jadhav Marg, Lower Parel, Delisle Road, Mumbai City MH 400013.

The Company is engaged in the business of import, purchase, selling & distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade.

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on May 23, 2023.

**2. Basis of preparation**

**i) Statement of compliance:**

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS"), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III, as amended).

**ii) Historical cost convention:**

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value
- defined benefit plans – plan assets measured at fair value
- share-based payments.

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

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 impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

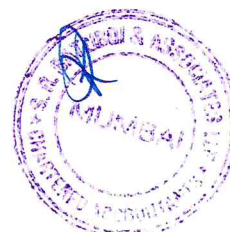
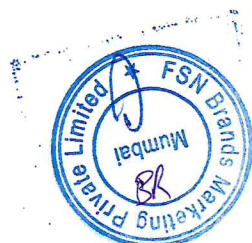
**iv) New and amended standards issued but not effective**

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 12 - Income taxes, Ind AS 8 - Accounting policies, changes in accounting estimates and errors and Ind AS 1 - Presentation of 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 explain 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.



## Notes to Financial Statements

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 Company in the current or future reporting periods and on foreseeable future transactions.

The Company has incurred net loss after tax of Rs. 105.77 Mn during the year ended March 31, 2023 and has net-worth of Rs. 104.83 Mn as at March 31, 2023. The Company has performed an assessment of its financial position as at March 31, 2023 and forecasts of the Company for a period of twelve months from the date of these financial statements (the 'Going Concern Assessment Period' and the 'Foreseeable Future'). In evaluating the forecasts, the Company has taken into consideration both the sufficiency and liquidity to meet obligations as they fall due. Based on cash generated from operations, the existing funding facilities and support from its holding Company (FSN E-Commerce Ventures Limited), the Company is confident that it will have sufficient liquidity to operate and discharge its liabilities as they become due.

### 3. Summary of significant accounting policies:

#### a) Current versus non-current classification

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

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

All other assets are classified as non-current.

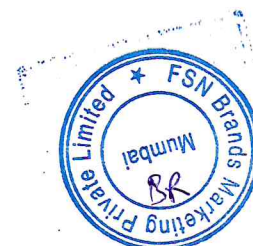
A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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



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

**Notes to Financial Statements**

**b) Property Plant & Equipment**

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation

criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant & Equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance are charged 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.

**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)
Plant and Machinery	8
Computers	3
Furniture & Fixtures	10
Office Equipment	5
Leasehold improvements	Period of primary lease

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimates.

**c) Intangible assets**

Intangible Assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and



**Notes to Financial Statements**

expenditure is reflected in the Statement of Profit and Loss in the period/year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

**Amortization of intangible assets:**

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

Intangible asset	Useful lives (in years)
Business application development (Internally generated)	3
Software	3

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company 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.

**d) Impairment of non-financial assets**

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies 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



**Notes to Financial Statements**

of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the Statement of Profit and Loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**e) Inventory**

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

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

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 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, 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 inventory.

**f) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee:**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i. Right-of-use assets (ROU Asset)**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.



**Notes to Financial Statements**

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of non-financial assets.

**ii. Lease liabilities:**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii. Short term leases and leases of low value assets:**

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**g) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**I. Initial recognition and measurement:**

All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

**Financial Assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company





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

**Notes to Financial Statements**

initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient

are measured at the transaction price as disclosed in section (h(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.

**II. Subsequent measurement:**

**i. Financial assets**

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

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

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

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

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

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

The Company's financial assets at amortised cost includes trade and other receivables 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.



**Notes to Financial Statements**

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

**Financial Assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

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

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

**ii. Financial Liabilities**

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

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

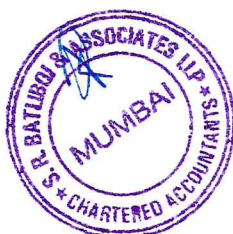
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own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

**Financial liabilities at amortised cost (loans and borrowings)**

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

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

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



**Notes to Financial Statements**

**III. Derecognition**

**Financial Assets**

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

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

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

**Financial Liabilities**

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

**IV. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies simplified expected credit loss (ECL) model for measurement and recognition of impairment 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.

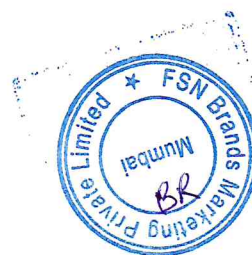
The Company applies general approach for recognition of expected credit losses on all other financial assets

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

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

**V. Offsetting of financial instruments**

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



**Notes to Financial Statements**

**h) Revenue recognition**

**I. Revenue from contracts with customers**

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

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

**i. Sale of products:**

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

Contacts where the Company's obligation is to arrange for the provision of goods and services by another party, the Company 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.

**ii. Rendering of services:**

Income from services are recognised as and when the services are rendered.

**Marketing Support Revenue.**

The Company recognizes marketing income i.e. visibility services provided by the Company to various brands at retail outlets of the Company. 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 Company applies the practical expedient to recognize advertising revenue in the amount to which the Company has a right to invoice upon rendering of services

**Reward points programme**

The Company has a reward points programme which allows customers to accumulate points that can be redeemed against future purchases of products at discounted prices. The reward points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the reward points awarded to



**FSN Brands Marketing Private Limited**  
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**Notes to Financial Statements**

customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the reward points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on an annual basis and any adjustments to the contract liability balance are charged against revenue

**iii. Contract balances:**

**- Contract assets**

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

**- Trade receivables**

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

**- Contract liabilities**

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

**II. Interest income**

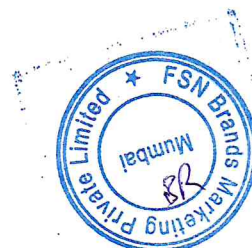
Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. Interest income is included under the head "Other income" in the Statement of Profit and Loss.

**i) Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



**Notes to Financial Statements**

**j) Foreign currency transactions**

**Functional and presentation currency**

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

**(i) Initial recognition**

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

**(ii) Conversion**

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

**(iii) Exchange differences**

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

**k) Share based payments**

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments of FSN E-Commerce Ventures Private Limited (the holding Company). These shares vest equally over a period of 3 – 4 years. The Company does not have an obligation to settle the transaction with its employees. Therefore, the Company accounts for the transaction with its employees as equity settled and recognizes a corresponding increase in equity as contribution from parent.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in contribution by parent in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.



**Notes to Financial Statements**

**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 Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

**ii. Defined Benefit Plans**

**Gratuity**

The Company have an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement,

death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.

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

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

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

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with

a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**Compensated absences**

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



**Notes to 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 Company.

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

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

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

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

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

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

**o) Income taxes**

Tax expense comprises current and deferred tax.

**Current income tax**

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





**FSN Brands Marketing Private Limited**  
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**Notes to Financial Statements**

**Deferred tax**

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

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

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

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

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

Company reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**p) Cash and cash equivalents**

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

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

**q) Contingent Liabilities**

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

**r) Earnings per share**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding



## Notes to Financial Statements

during the period are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

### s) Segment reporting policies

The Company 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.

## 3. Significant accounting judgements, estimates and assumptions

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

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

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

### I. Judgements:

- **Determining the lease term of contracts with renewal and termination options – the Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

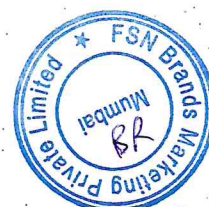
### II. Estimates and assumptions:

#### a. Estimation of useful life of property, plant and equipment and intangible asset

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

#### b. Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these



**Notes to Financial Statements**

models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c. Estimation of defined benefit obligation and compensated absences**

The cost of the defined benefit gratuity plan, compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

**d. Income taxes**

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

**e. Deferred Taxes**

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

**f. Provision**

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

**g. Impairment of financial assets:**

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions and independent valuer's report. The Company

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



**Notes to Financial Statements**

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

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

**i. Leases – Estimating the incremental borrowing rates:**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

**j. Other estimates:**

The share-based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.



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**Notes to Financial Statements**  
**Note 4**

**Property, plant and equipment**

Particulars	Computers & Equipments		Furniture & Fixtures		Office equipments		Plant & Machinery		Leasehold improvements		Total
<b>Cost</b>											
As at April 1, 2021	7.60	263.18	22.59	0.35	163.12	456.84					
Additions	2.71	125.73	21.74	-	58.44	208.62					
Disposals/transfers	-	-	-	-	-	-					
As at March 31, 2022	10.31	388.91	44.33	0.35	221.56	665.46					
Additions	4.93	170.13	14.38	-	144.42	333.86					
Disposals/transfers	-	-	-	-	-	-					
As at March 31, 2023	15.24	559.04	58.71	0.35	365.98	999.32					
<b>Accumulated depreciation</b>											
As at April 1, 2021	4.71	72.72	5.40	0.14	74.95	157.92					
Depreciation charge for the year	1.23	56.52	5.67	0.04	33.66	97.12					
Disposals/adjustments	-	-	-	-	-	-					
As at March 31, 2022	5.94	129.24	11.07	0.18	108.61	255.04					
Depreciation charge for the year	2.60	64.28	6.66	0.04	62.96	136.54					
Disposals/adjustments	-	-	-	-	-	-					
As at March 31, 2023	8.54	193.52	17.73	0.22	171.57	391.58					
<b>Net Book Value</b>											
As at March 31, 2023	6.70	365.52	40.98	0.13	194.41	607.74					
As at March 31, 2022	4.37	259.67	33.26	0.17	112.95	410.42					

**Footnotes:**

1. Movable assets have been pledged to secure borrowings of the Company (Refer Note - 24)



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

**Note 5**

**Right of Use Assets**

Particulars	Right of Use Assets	Total
<b>Cost</b>		
As at April 1, 2021	1,376.25	1,376.25
Additions	959.54	959.54
Disposals/transfers	(111.29)	(111.29)
<b>As at March 31, 2022</b>	<b>2,224.50</b>	<b>2,224.50</b>
Additions	706.89	706.89
Disposals/transfers	(152.56)	(152.56)
<b>As at March 31, 2023</b>	<b>2,778.83</b>	<b>2,778.83</b>
<b>Accumulated depreciation</b>		
As at April 1, 2021	436.95	436.95
Depreciation charge for the year	317.88	317.88
Disposals/adjustments	(28.72)	(28.72)
<b>As at March 31, 2022</b>	<b>726.11</b>	<b>726.11</b>
Depreciation charge for the year	501.04	501.04
Disposals/adjustments	(141.32)	(141.32)
<b>As at March 31, 2023</b>	<b>1,085.83</b>	<b>1,085.83</b>
<b>Net Book Value</b>		
As at March 31, 2023	1,693.00	1,693.00
As at March 31, 2022	1,498.39	1,498.39

**Note 6**

**Capital work-in-progress**

Particulars	Amount
As at April 1, 2021	4.70
Addition	65.78
Capitalisation	(4.70)
<b>As at March 31, 2022</b>	<b>65.78</b>
Addition	288.30
Capitalisation	(333.86)
<b>As at March 31, 2023</b>	<b>20.22</b>

Capital Work-in-progress ageing schedule:

Period in progress	0-1 years	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023	20.22	-	-	-	20.22
As at March 31, 2022	65.78	-	-	-	65.78

Capital work-in-progress comprises of expenses incurred towards development of leasehold improvements.

There are no overdue or cost overrun projects compares to its original plan and no projects which are temporarily suspended, on the above-mentioned reporting dates.



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

**Notes to Financial Statements**

**Note 7**

**Intangible assets**

Particulars	Business application development cost	Computer Softwares	Total
<b>Cost</b>			
<b>As at April 1, 2021</b>			
Additions	17.36	3.86	21.22
Disposals/transfers	-	0.03	0.03
<b>As at March 31, 2022</b>			
Additions	17.36	3.89	21.25
Disposals/transfers	-	-	-
<b>As at March 31, 2023</b>	<b>17.36</b>	<b>3.89</b>	<b>21.25</b>
<b>Accumulated amortisation</b>			
<b>As at April 1, 2021</b>			
Amortisation charge for the year	0.49	2.44	2.93
Disposals	5.79	0.73	6.52
<b>As at March 31, 2022</b>			
Amortisation charge for the year	6.28	3.17	9.45
Disposals	5.79	0.16	5.95
<b>As at March 31, 2023</b>	<b>12.07</b>	<b>3.33</b>	<b>15.40</b>
<b>Net Book Value</b>			
<b>As at March 31, 2023</b>	<b>5.29</b>	<b>0.56</b>	<b>5.85</b>
<b>As at March 31, 2022</b>	<b>11.08</b>	<b>0.72</b>	<b>11.80</b>

**Note 8**

**Intangible assets under development**

Particulars	Amount
<b>As at April 1, 2021</b>	
Addition	-
Capitalisation	4.86
<b>As at March 31, 2022</b>	
Addition	4.86
Capitalisation	10.25
<b>As at March 31, 2023</b>	
	<b>15.11</b>

Intangible assets under development consists of computer software.

There are no overdue or cost overrun projects compares to its original plan and no projects which are temporarily suspended, on the above-mentioned reporting dates.

**Intangible assets under development ageing schedule:**

Period in progress	0-1 years	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023	10.25	4.86	-	-	15.11
As at March 31, 2022	4.86	-	-	-	4.86



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

**Note 9**

**Non-current investments (Unquoted)**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Investments in fellow subsidiary (Unquoted, fully paid up)</b>		
<b>(A) Investments in Equity Instruments of Subsidiary (at cost)</b>		
Nykaa Foundation		
1 fully paid equity shares of Rs. 10 each (March 31, 2022: Rs Nil)	0.00*	-

\*Numbers are below million under the rounding off convention adopted by the Company and accordingly not reported.

**Note 10**

**Other non-current financial assets**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Security deposits (Unsecured, considered good)	258.39	159.17
<b>Total</b>	<b>258.39</b>	<b>159.17</b>

**Note 11**

**(A) Income tax:**

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

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
<b>Deferred tax:</b>		
In respect of current year	(17.28)	(85.78)
In respect of unrecognised business loss of earlier years	-	(11.29)
<b>Income tax expense/(income) reported in the statement of profit</b>	<b>(17.28)</b>	<b>(97.07)</b>
<b>Deferred tax related to items recognised in OCI during the year:</b>		
Tax expenses / (income) on remeasurements of defined benefit plans	0.72	1.72
<b>Income tax expense charged / (credited) to OCI</b>	<b>0.72</b>	<b>1.72</b>





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

**Notes to Financial Statements**

The reconciliation between the amount computed by applying the statutory income tax rate to the loss before tax and income tax expense / (credit) is summarised below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss) before tax	(123.05)	(404.17)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(30.97)	(101.73)
<b>Tax effect of:</b>		
Interest on borrowings	12.30	12.78
Commission on financial guarantee	0.65	4.69
Tax expense / (credit) pertaining to earlier years	-	(11.29)
Others	0.74	(1.52)
<b>Total Tax</b>	<b>(17.28)</b>	<b>(97.07)</b>
<b>Income tax expenses as per statement of profit and loss</b>		
Current tax expense	-	-
Deferred tax	(17.28)	(97.07)
<b>Tax expense recognized in the statement of profit and loss</b>	<b>(17.28)</b>	<b>(97.07)</b>
<b>Effective tax rate</b>	<b>14.04%</b>	<b>24.02%</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	18.77	7.25
Income tax paid (net)	19.79	11.52
Current income tax expense	-	-
<b>Net income tax asset at the end</b>	<b>38.56</b>	<b>18.77</b>
<b>Income tax assets as per balance sheet</b>	<b>38.56</b>	<b>18.77</b>

(B) Deferred tax:

Deferred tax assets and liabilities are attributable to the following:

(B) Deferred tax:

Particulars	As at March 31, 2023	As at March 31, 2022
Expenses allowable on payment basis	5.74	12.75
Tax losses	210.25	230.43
Provision for expected credit loss	2.88	0.18
Lease related assets and liabilities (net)	59.66	41.60
Depreciation and amortisation (excluding RoU)	47.17	32.33
Others	22.44	14.29
<b>Deferred tax assets #</b>	<b>348.14</b>	<b>331.58</b>

# Refer note-50



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

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	331.58	236.23
Tax income recognised in statement of profit and loss during the year	17.28	97.07
Tax (expense)/income recognised in OCI during the year	(0.72)	(1.72)
Closing balance	348.14	331.58

**Note 12**

**Other non current assets**

Particulars	As at March 31, 2023	As at March 31, 2022
Advance for capital goods	67.10	34.97
<b>Total</b>	<b>67.10</b>	<b>34.97</b>

**Note 13**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Traded goods	2,347.22	1,837.23
Packing material	18.14	3.47
<b>Total</b>	<b>2,365.36</b>	<b>1,840.70</b>

As at March 31, 2023 Rs. 83.62 Mn (March 31, 2022: Rs. 55.25 Mn) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

**Note 14**

**Trade receivables**

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables - Unsecured, considered good	235.85	326.44
Trade receivables - Credit impaired	4.02	0.72
Less: Allowances for expected credit loss (Refer note 46)	(4.02)	(0.72)
<b>Total</b>	<b>235.85</b>	<b>326.44</b>

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

Refer note 42 for receivables from related parties.

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



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

**Notes to Financial Statements**

**Trade receivables Ageing Schedule:**

As at 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	26.75	209.10	-	-	-	-	235.85
Undisputed Trade Receivables – credit impaired	0.05	0.41	1.29	2.11	0.16	-	4.02
<b>Total</b>	<b>26.80</b>	<b>209.51</b>	<b>1.29</b>	<b>2.11</b>	<b>0.16</b>	<b>-</b>	<b>239.87</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	288.64	36.02	1.78	-	-	-	326.44
Undisputed Trade Receivables – which have significant increase in credit risk	0.57	0.07	0.08	-	-	-	0.72
<b>Total</b>	<b>289.21</b>	<b>36.09</b>	<b>1.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327.16</b>

**Note 15**

**Cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in current accounts	26.19	14.27
Cash on hand	-	5.37
<b>Total</b>	<b>26.19</b>	<b>19.64</b>

**Note 16**

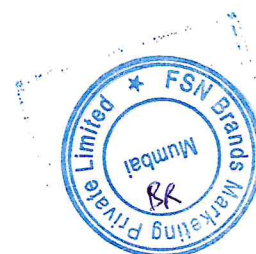
**Bank balance other than cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Margin money deposits with banks (held as liens with banks against guarantees)	5.35	3.75
<b>Total</b>	<b>5.35</b>	<b>3.75</b>

**Note 17**

**Other financial assets (current)**

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits (Unsecured)		
Considered good	35.13	28.28
Credit impaired	7.39	-
Less: Allowances for expected credit loss (Refer note 46)	(7.39)	-
Unbilled receivable	20.79	43.23
Receivable from Cash-on-delivery/Prepaid	21.29	24.29
Interest accrued on deposit but not due	0.11	0.03
<b>Total</b>	<b>77.32</b>	<b>95.83</b>



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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	0.03	0.10
Interest accrued during the year	0.27	1.68
Interest received	(0.19)	(1.75)
<b>Closing balance</b>	<b>0.11</b>	<b>0.03</b>

**Note 18**

**Other current assets**

Particulars	As at March 31, 2023	As at March 31, 2022
Advance to suppliers (Unsecured, considered good)	67.05	95.32
Advance against expenses (Unsecured, considered good)	5.55	86.42
Advance given to employees	-	0.72
Prepaid expenses	10.35	17.39
Balance with statutory/ government authorities	342.77	246.90
<b>Total</b>	<b>425.72</b>	<b>446.75</b>

**Note 19**

**Equity Share Capital**

Particulars	Equity Shares	
	Numbers	Amount
<b>i) Authorised Share Capital</b>		
As at April 1, 2021	20,00,000	20.00
Changes during the year	12,30,00,000	1,230.00
<b>As at March 31, 2022</b>	<b>12,50,00,000</b>	<b>1,250.00</b>
Changes during the year	-	-
<b>As at March 31, 2023</b>	<b>12,50,00,000</b>	<b>1,250.00</b>

**i) Terms/ rights attached to equity shares**

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

During the year ended March 31, 2023, the amount of per share dividend recognised as distribution to equity share-holders was Rs. Nil (March 31, 2022: Rs Nil).

**ii) Issued share capital**

**Equity shares of INR 10 each issued, subscribed and fully paid**

Particulars	Equity shares	
	Numbers	Amount
As at April 1, 2021	20,00,000	20.00
Changes during the year	10,00,00,000	1,000.00
<b>As at March 31, 2022</b>	<b>10,20,00,000</b>	<b>1,020.00</b>
Changes during the year	-	-
<b>As at March 31, 2023</b>	<b>10,20,00,000</b>	<b>1,020.00</b>



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

**Notes to Financial Statements**

iii) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates alongwith nominee shareholders:

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	As at	
	March 31, 2023	March 31, 2022
FSN E-Commerce Ventures Limited (Holding Company)	1,020.00	1,020.00
102,000,000 (March 31, 2022: 2,000,000) 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	10,20,00,000	100.00%	10,20,00,000	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) Neither bonus shares issued nor shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

**Note 20**

**Other equity**

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>(i) Retained earnings</b>		
Opening balance	(1,130.80)	(823.70)
Add: (Loss) during the year	(105.77)	(307.10)
<b>Closing balance (A)</b>	<b>(1,236.57)</b>	<b>(1,130.80)</b>
<b>(ii) Other comprehensive income</b>		
Opening balance	5.05	(0.06)
Add : Additions during the year	2.16	5.11
<b>Closing balance (B)</b>	<b>7.21</b>	<b>5.05</b>
<b>(iii) Capital Contribution from Parent</b>		
Opening balance	309.56	209.01
Add : Additions during the year	4.63	100.55
<b>Closing balance (C)</b>	<b>314.19</b>	<b>309.56</b>
<b>Total (A+B+C)</b>	<b>(915.17)</b>	<b>(816.19)</b>

**Nature and purpose of reserves**

- (i) **Retained earnings:** Retained Earnings are the profits / (losses) that the Company has earned/ incurred till date, less any dividends or other distributions paid to shareholders.
- (ii) **Other Comprehensive Income:** This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.



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

(iii) Contribution from parents consist of:

**Share based payments:** FSN E- Commerce Venture Limited the Holding Company has extended its stock options program to selected employees of its subsidiaries including the Company. The fair value of equity-settled transactions; calculated at the date when the grant is made using an appropriate valuation model and recognised over the period in which the performance and/ or service conditions are fulfilled.

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

**Guarantee from Holding Company:** Fair value of guarantee given by Holding Company for loans taken from banks.

**Note 21**  
**Borrowings (Non Current)**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Unsecured</b>		
Loan from holding Company	786.18	1,662.55
<b>Total</b>	<b>786.18</b>	<b>1,662.55</b>

(i) Term of loans from holding Company

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

The above loan is for a period of 3 years and interest rate being charged is 7% p.a.(March 31, 2022 : 6% p.a.)

(ii) Maximum amount of loan outstanding during the year was Rs. 2,361.33 Mn (March 31, 2022 - Rs. 2,478.89 Mn).

**Note 22**  
**Lease liabilities (Non Current)**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Payable for lease liabilities (Refer note 40)	1,317.47	1,296.38
<b>Total</b>	<b>1,317.47</b>	<b>1,296.38</b>

**Note 23**  
**Long Term Provisions**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Provision for gratuity (Refer note 41)	9.94	10.24
<b>Total</b>	<b>9.94</b>	<b>10.24</b>



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

**Notes to Financial Statements**

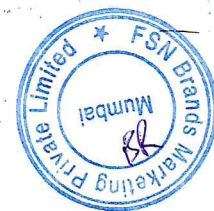
**Note 24**

**Borrowings (Current)**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Secured</b>		
Working capital loan from Banks (Refer note i, ii,iii, iv, v, vi)	301.43	747.03
<b>Unsecured</b>		
Current maturity of loan from holding Company	857.20	
Working capital loan from Banks	293.42	
Loan from holding company (Repayable on demand)	625.16	-
<b>Total</b>	<b>2,077.21</b>	<b>747.03</b>

- (i) Working Capital/Cash Credit Facilities from Bank is secured by hypothecation of book debts, current assets and movable Property, plant and equipment both present and future and corporate guarantee of FSN E-Commerce Ventures Limited.
- (ii) Loan is repayable on demand. Interest payable on working capital loan is MCLR/T-bill /Repo adjusted with the risk spread mutually agreed between the parties.
- (iii) Maximum amount of working capital loan outstanding during the year was Rs. 1,185.48 Mn (March 31, 2022 - Rs. 773.30 Mn).
- (iv) Bank loan contain certain financial covenants & the Company has satisfied all covenants as per the terms of bank loan.
- (v) As at March 31, 2023, the Company had undrawn funded and non-funded borrowing facilities of Rs. 720.54 Mn (March 31, 2022 : 71.50 Mn).
- (vi) Quarterly statements of current assets filed by the Company for FY 2022-23 with banks are in agreement with the audited/unaudited books of accounts.

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

Reconciliation of statement submitted to banks for FY 2021-22

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank, IDFC Bank, Citibank, HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	325.42	449.95	(124.53)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Kotak Bank, IDFC Bank, Citibank	Inventory	1,621.94	1,365.51	256.43	The difference is primarily on account of inventory greater than 9 months included in inventory balance and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Inventory	1,621.94	1,655.97	(34.03)	The difference is primarily on account of inventory greater than 9 months included in inventory balance and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Trade receivables, Advance to	261.04	64.45	196.59	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	IDFC Bank	Suppliers, Other Receivables	261.04	205.01	56.04	
	Kotak Bank, Citibank	Trade receivables, Other Receivables	183.41	155.25	28.16	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Sep-21 <sup>(2)</sup>	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,489.09	1,879.43	(390.33)	The difference is primarily on account of GST input credit and inventory greater than 9 months included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		1,489.09	1,518.33	(29.23)	
	Citi Bank, Kotak Bank	Advances To suppliers	80.54	49.76	30.78	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Dec-21 <sup>(2)</sup>	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,849.39	1,950.00	(100.61)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		1,849.39	1,946.93	(97.54)	
	IDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	423.09	165.03	258.07	The difference is primarily on account of inter-company receivable not included in the quarterly submission to the bank.
Mar-22 <sup>(3)</sup>	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,608.07	1,888.83	(280.76)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Advance to suppliers	95.32	509.02	(413.70)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

<sup>(1)</sup> Kotak Bank, ICICI Bank, HDFC Bank, IDFC Bank, Axis Bank, Citibank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, HDFC Bank Limited, IDFC First Bank, Axis Bank Limited and Citi Bank N.A.,

<sup>(2)</sup> For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.





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

**Notes to Financial Statements**

**Note 25**

**Lease liabilities (Current)**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Payable for lease liabilities (Refer note 40)	516.84	286.49
<b>Total</b>	<b>516.84</b>	<b>286.49</b>

**Note 26**

**Trade payables**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	12.45	26.74
Total outstanding dues of trade payables other than micro enterprises and small enterprises	1,097.06	697.93
<b>Total</b>	<b>1,109.51</b>	<b>724.67</b>

Refer note 42 for payables to related parties.

**Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

The identification of Micro, Small and Medium Enterprises is based on the Management's knowledge of their status. Disclosure is based on the information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'.

Particulars	As at March 31, 2023	As at March 31, 2022
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	12.45	26.74
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.28	0.87
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-



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

**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	0.81	11.64	-	-	-	12.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	115.78	966.33	5.31	9.64	-	1,097.06
<b>Total</b>	<b>116.59</b>	<b>977.97</b>	<b>5.31</b>	<b>9.64</b>	<b>-</b>	<b>1,109.51</b>

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	21.31	4.97	0.43	0.01	0.02	26.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	561.15	128.30	7.36	0.88	0.24	697.93
<b>Total</b>	<b>582.46</b>	<b>133.27</b>	<b>7.79</b>	<b>0.89</b>	<b>0.26</b>	<b>724.67</b>

**Note 27**

**Other financial liabilities (Current)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial Liabilities at amortised cost</b>		
Employee related liabilities	70.36	28.73
Accrued expenses	84.81	122.42
Creditors for capital goods	54.53	125.56
Mark-to-market liability of financial instrument	0.42	-
Interest accrued but not due	13.39	1.92
<b>Total</b>	<b>223.51</b>	<b>278.63</b>

**Movement in Interest accrued but not due and finance charge:**

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	1.92	0.78
Interest and finance charge accrued during the year (Excluding IND AS Impact)	225.58	204.92
Payment of interest and finance charge during the year	(214.11)	(203.78)
<b>Closing balance</b>	<b>13.39</b>	<b>1.92</b>

**Note 28**

**Short Term Provisions**

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer note 41)	2.53	1.34
Provision for Compensated absences	10.32	10.36
<b>Total</b>	<b>12.85</b>	<b>11.70</b>



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

**Notes to Financial Statements**

**Note 29**  
**Contract liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers	3.96	7.78
<b>Total</b>	<b>3.96</b>	<b>7.78</b>

**Note 30**  
**Other current liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	27.60	39.57
<b>Total</b>	<b>27.60</b>	<b>39.57</b>

**Note 31**  
**Revenue from operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	Q4 FY22
<b>A. Sale of products</b>	<b>7,730.60</b>	<b>5,822.31</b>	<b>1,679.22</b>
<b>B. Sale of services</b>			
Marketing support revenue	587.51	334.01	96.98
Income from marketplace services	1.29	3.39	0.79
<b>Total</b>	<b>8,319.40</b>	<b>6,159.71</b>	<b>1,776.99</b>
Within India	8,319.40	6,159.71	
	<b>8,319.40</b>	<b>6,159.71</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 (income for marketplace services), which is a single line of business. The Company also derives revenue by providing advertisement services to its suppliers which is related to sale of product business.

*[This space has been intentionally left blank]*



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

**(B) Contract Balances**

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables	235.85	326.44
Contract Liabilities	3.96	7.78
Contract Price	8,315.58	6,160.52
Revenue recognized in the current year from contract liability:		
Advance from Customer	7.78	6.97
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(3.96)	(7.78)
<b>Revenue from operations</b>	<b>8,319.40</b>	<b>6,159.71</b>

**Note 32**

**Other income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income on:		
Security deposit	24.57	16.33
Fixed deposit	0.27	1.68
Income Tax Refund	0.55	-
Liabilities no longer required written back	0.16	7.24
Foreign exchange gain (Net)	12.83	8.09
Gain on termination of lease	3.18	-
Miscellaneous income	19.26	8.73
<b>Total</b>	<b>60.82</b>	<b>42.07</b>

**Note 33**

**Purchase of traded goods**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases of traded goods	6,109.86	5,277.63
<b>Total</b>	<b>6,109.86</b>	<b>5,277.63</b>

**Note 34**

**Changes in inventories of traded goods**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	1,837.23	1,193.86
Closing balance	2,347.22	1,837.23
<b>Total</b>	<b>(509.99)</b>	<b>(643.37)</b>



**FSN Brands Marketing Private Limited**

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

**Notes to Financial Statements****Note 35****Employee benefits expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Bonus	790.48	503.09
Contribution to provident fund (Refer note 41)	18.74	12.59
Gratuity expenses (Refer note 41)	5.30	5.79
Compensated expenses	2.93	(2.91)
Share based expenses (Refer note 48)	4.63	7.08
Staff welfare expenses	9.78	4.46
<b>Total</b>	<b>831.86</b>	<b>530.10</b>

**Note 36****Finance costs**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest Expenses:</b>		
on borrowings	69.10	50.59
on lease liabilities	189.07	118.84
on inter company loan	170.74	150.11
Other interest charges	0.28	0.87
Commission on financial guarantee	7.95	18.65
Other finance charge	4.91	3.35
<b>Total</b>	<b>442.05</b>	<b>342.41</b>

Interest on lease liabilities include the impact of rent waiver of Rs. Nil (March 31,2022: Rs.12.72 Mn)

**Note 37****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 4)	136.54	97.13
Depreciation of Right-of-use assets (Refer note 5)	501.04	289.16
Amortisation of Intangible assets (Refer note 7)	5.95	6.52
<b>Total</b>	<b>643.53</b>	<b>392.81</b>

Depreciation on ROU assets include impact of rent waiver of Rs. Nil (March 31,2022: Rs 28.72 Mn)



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

**Note 38**

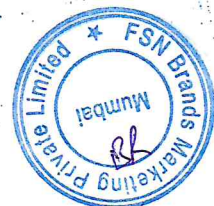
**Other expenses**

<b>Particulars</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Marketing & Advertisement Expense	219.92	179.45
Consumption of Packing Materials	45.67	46.39
Legal and Professional Fees	23.15	16.19
Web & Technology Expenses	34.92	11.83
Outsourced warehouse manpower cost	46.75	38.33
Brand Usages Fees	44.25	26.44
Payment Gateway Charges	2.65	0.32
Freight outward	83.34	72.23
Selling Expenses	50.62	38.40
Recruitment Expenses	38.49	14.59
Travelling & Conveyance Expenses	53.48	30.99
Allowance for expected credit loss	10.69	0.07
Printing & Stationery	2.66	1.81
Commission on sales	7.41	13.17
Rates & Taxes	7.86	30.44
Insurance Expenses	9.27	5.24
Rent and Maintenance Expenses	133.60	86.44
Collection charges	25.97	14.18
Repairs & Maintenance	5.08	4.42
Security Expenses	8.86	6.15
Director Sitting Fees	0.25	0.25
House Keeping Charges	27.05	13.96
Electricity Charges	67.26	30.25
Bank charges	1.28	1.36
Auditors remuneration :		
- Audit fees	3.50	1.83
- Taxation Matters	-	0.25
Miscellaneous expenses	31.98	21.39
<b>Total</b>	<b>985.96</b>	<b>706.37</b>

**Note 39**

**Basic & diluted earnings per share**

<b>Particulars</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Nominal value of per equity share	10/-	10/-
Profit after tax (A)	(105.77)	(307.10)
Profit attributable to equity shareholders	(105.77)	(307.10)
Total number of shares outstanding during the year	10,20,00,000	10,20,00,000
Weighted average number of equity shares outstanding during the year (B)	10,20,00,000	7,10,41,096
<b>Basic earnings per share (A/B)</b>	<b>(1.04)</b>	<b>(4.32)</b>
Weighted average number of diluted equity shares (C)	10,20,00,000	7,10,41,096
<b>Diluted earnings per share (A/C)</b>	<b>(1.04)</b>	<b>(4.32)</b>



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

**Notes to Financial Statements**

**Note 40**  
**Leases**

**The Company as lessee**

The Company has lease contracts for premises obtained for offices, stores and warehouses. Leases of premises generally have lease terms between 1.5 to 9 years.

Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening balance</b>	1,582.87	973.89
Addition	643.52	912.10
Accretion of interest	189.07	131.56
Deletion due to closure	(14.42)	(75.93)
Rent waiver	-	(41.44)
Payments	(566.73)	(317.31)
<b>Closing balance</b>	<b>1,834.31</b>	<b>1,582.87</b>
Current	516.84	286.49
Non-current	1,317.47	1,296.38
	<b>1,834.31</b>	<b>1,582.87</b>

The effective interest rate for lease liabilities as at March 31, 2023 ranges between 9.4% to 11.5% (March 31, 2022: 9.5%). The maturity analysis of lease liabilities is disclosed in note 46.

The following amounts are recognized in the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expenses of right of use assets	501.04	289.16
Interest expenses on lease liabilities	189.07	118.84
Variable and short term lease payments*	133.60	86.44
<b>Total amount recognised in statement of profit and loss</b>	<b>823.71</b>	<b>494.44</b>

\* Includes maintenance charges

**Note 41**

**I) Defined Contribution Plan**

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to Rs 18.74 Mn (March 31, 2022: Rs 12.59 Mn) and the same has been recognised as an expense in the Statement of Profit and Loss.

**II) Defined Benefit Plans**

The Company operates a defined benefit gratuity plan for its employees. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.



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

A. The following tables set out the amounts recognised in the Company's financial statements.

i. Amount recognised in the Balance Sheet.

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Amount to be recognised in balance sheet</b>		
Present value of defined benefit obligation	12.47	11.58
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	12.47	11.58
<b>Net liability recognised in balance sheet</b>	<b>12.47</b>	<b>11.58</b>
Non current liability	9.94	10.24
Current liability	2.53	1.34
<b>Net liability recognised in balance sheet</b>	<b>12.47</b>	<b>11.58</b>

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Reconciliation of Defined Benefit Obligation</b>		
Opening defined benefit obligation	11.58	12.62
Current service cost	4.65	5.14
Past service cost	-	(0.08)
Interest cost	0.65	0.73
Actuarial (Gain)/Loss in obligation due to changes in financial assumptions	(0.39)	0.32
Actuarial (Gain)/Loss in obligation due to changes in demographic assumptions	(1.25)	(1.73)
Actuarial (Gain)/Loss in obligation due to changes in experience adjustments	(1.24)	(5.42)
Benefit paid	(1.53)	-
<b>Closing defined benefit obligation</b>	<b>12.47</b>	<b>11.58</b>

iii. Amount recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	4.65	5.14
Past service cost	-	(0.08)
Interest expenses	0.65	0.73
<b>Amount recognised in Statement of Profit and Loss</b>	<b>5.30</b>	<b>5.79</b>
Actuarial (Gain)/Loss in obligation due to changes in financial assumptions	(0.39)	0.32
Actuarial (Gain)/Loss in obligation due to changes in demographic assumptions	(1.25)	(1.73)
Actuarial (Gain)/Loss in obligation due to changes in experience adjustments	(1.24)	(5.42)
<b>Amount recognised in Other Comprehensive Income (OCI)</b>	<b>(2.88)</b>	<b>(6.83)</b>

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	7.20%	5.95%
Future salary increases*	8.00% until year 1 inclusive, then 6.50%	8.00% until year 1 inclusive, then 6.50%
Withdrawal rates	28%-39%	20.64%- 30.54%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

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





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

**Notes to Financial Statements**

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

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

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Within the next 12 months (next annual reporting period)	2.53	1.34
Between 2 and 5 years	9.43	7.63
Between 6 and 9 years	3.36	4.04
10 & Above following years	1.26	2.99
<b>Total expected payments</b>	<b>16.58</b>	<b>16.00</b>

The weighted average duration of the defined benefit plan obligation at the end of reporting period is 3.54 years (March 31, 2022: 4.86 years).

**D. Sensitivity analysis**

The sensitivity analysis of significant actuarial assumption as-of-end of reporting period is shown below:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Discount rate (-/+ 1%)</b>		
Decrease by 100 basis points	0.46	0.59
Increase by 100 basis points	(0.43)	(0.54)
<b>Future salary increase (-/+ 1%)</b>		
Decrease by 100 basis points	(0.43)	(0.54)
Increase by 100 basis points	0.45	0.57

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

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

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



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

**Note 42**

**Related party transactions**

**A. Names of the related parties**

Relationship	Name of entity
Holding company	FSN E-Commerce Ventures Limited
	Nykaa E-Retail Private Limited
	Nykaa-KK Beauty Private Limited
	Nykaa Fashion Private Limited
	FSN Distribution Private limited
	Nykaa Foundation w.e.f.June 8,2022
	FSN International Private Limited
Fellow subsidiary*	Dot & Key Wellness Private Limited
	Mr. Gopal Agiwal # – Chief Financial Officer w.e.f August 4,2022
	Mr. P Ganesh – Director w.e.f March 30,2023
	Mr. Kingshuk Basu – Director
	Mr. Surendra Mehta – Director upto March 27,2023
	Mr.Pranab Barua – Director
	Mrs. Alpana Parida – Director
	Mrs. Falguni Nayar – Director (till July 22, 2021)
	Mrs. Rashmi Mehta – Director (till May 17, 2021)
	Mr. Shreekant Sawant – Company Secretary (till September 24, 2021)
	Mr. Tarun Pathria – CEO (from August 21, 2021 till February 19, 2022)
	Mr. Anchit Nayar – Director
	Mr. Pratik Bhujade # – Company Secretary w.e.f. September 25, 2021
Directors and Key Management Personnel (KMP)	

\* Where transactions have occurred during the current year or previous year

# There are no transactions during the current year



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

**Notes to Financial Statements**

**B. Transactions with Related**

Particulars	Nature of transactions	Transactions during FY 2022-23	Balance as at March 31, 2023	Transactions during FY 2021-22	Balance as at March 31, 2022
<b>Holding company</b>					
	Interest expenses	121.86	-	99.32	-
	Rent expenses	20.38	-	18.58	-
	Marketing income	(204.22)	-	(136.41)	-
	Loan taken (net)	605.99	(2,268.54)	78.40	(1,662.55)
	Discount income	(100.30)	-	(58.52)	-
	Purchases	459.86	(34.84)	326.64	(23.78)
	Sales	-	-	-	-
	Brand Usage Charges	44.25	-	26.58	-
FSN E-Commerce Ventures Ltd	Reimbursement of Expenses	203.01	-	95.70	-
	Rent Income	-	-	-	-
	Lease liability	-	(55.39)	-	(62.80)
	Notional interest expenses - Lease	5.87	-	6.51	-
	Commission on Financial guarantee	5.37	-	18.65	-
	Commission on Financial guarantee - Notional	2.58	-	-	-
	Notional interest Expenses- Loan	48.88	-	50.79	-
	Share based payment expenses	4.67	-	7.16	-
	Other equity contribution	(4.63)	(314.19)	(100.74)	(309.75)
	Equity Contribution	-	(1,020.00)	(1,000.00)	(1,020.00)
<b>Fellow subsidiary</b>					
	Sales	(3,384.93)	296.46	(3,325.75)	279.10
	Discount income	(46.71)	-	(23.71)	-
	Discount expenses	269.96	-	179.25	-
	Marketing expense	151.63	-	110.17	-
	Marketing income	(307.16)	-	(176.36)	-
	Commission Expenses (Hyper Local)	8.17	-	12.76	-
Nykaa E-Retail Private Limited	Commission income (Endless Aisle)	(1.29)	-	(3.39)	-
	Purchases	578.51	-	334.44	-
	Lease Liability	-	(6.50)	-	(10.80)
	Notional Interest Expenses - Lease	1.02	-	1.50	-
	Reimbursement of Expenses	16.44	-	23.25	-
	Purchase fo Fixed Asset	0.24	-	-	-
	Rent Expenses	6.47	-	5.81	-
<b>Fellow subsidiary</b>					
Nykaa-KK Beauty Private Limited	Purchases	162.33	(82.23)	75.08	1.74
	Marketing income	(29.34)	-	(7.87)	-
	Discount income	(16.10)	-	(15.30)	-
	Reimbursement of Expenses	-	-	(0.04)	-
<b>Fellow subsidiary</b>					
FSN International Private Limited	Sales	(3.83)	(2.36)	(1.00)	0.46
	Marketing expense	1.25	-	-	-
	Discount expenses	0.62	-	-	-
<b>Fellow subsidiary</b>					
FSN Distribution Private Limited	Marketing expense	16.17	-	-	-
	Discount expenses	6.86	-	-	-
	Reimbursement of Expenses	(12.17)	(118.85)	-	-
	Sales	(197.23)	-	-	-
<b>Fellow subsidiary</b>					
Nykaa Fashion Private Limited	Sales	0.23	-	-	-
	Reimbursement of Expenses	-	-	0.15	-
<b>Fellow subsidiary</b>					
Dot and Key Wellness Private Limited	Purchases	0.71	-	0.53	(0.31)
	Discount Income	(0.02)	0.03	(0.01)	-
<b>Fellow subsidiary</b>					
Nykaa Foundation	Investment*	0.00	-	-	-
<b>Directors and Key Management Personnel (KMP)</b>					
Mr Pranab Barua	Sitting fees	0.13	-	0.13	-
Ms. Alpana Parida Shah	Sitting fees	0.13	-	0.13	-
Mr. Kingshuk Basu	Remuneration & reimbursements	26.15	-	40.21	-
Mr. Pratik Bhujade	Remuneration	-	-	0.65	-
Mr.Anchit Nayar	Remuneration <sup>(1)</sup>	-	-	4.68	-

Figures in brackets indicates payables and income

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

<sup>(1)</sup> Remuneration includes amounts towards ESOP basis exercise of options during the year.



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**Terms and conditions of transactions with related parties**

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

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

Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

**Note 43**

**Commitments and contingent liabilities**

**A. Commitments**

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. 65.09 Mn as at March 31, 2023 (March 31, 2022 – Rs. 58.32 Mn)
- The company does not have any contingent liabilities.

**Note 44**

**Segment information**

The Company has identified Board of Directors and Company CEO as it's Chief Operating Decision Maker (CODM) who reviews and allocates resources based on Omni business and Omni channel strategy, which in terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

The Company operates in a single geographical environment i.e.in India.

No single external customer (other than related party) contributed 10% or more to Company's revenue.

**Note 45**

**Financial Instruments**

The fair values of assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values: The carrying values of financial assets i.e. cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, other financial assets and of financial liabilities i.e. trade and other payables, working capital loan borrowing and other financial liabilities are reasonable approximation of their fair values due to the short maturities of these instruments. The Company does not have material financial assets and financial liabilities carried at fair value through profit and loss ('FVTPL') and fair value through other comprehensive income. There are no material financial assets and liabilities that are required to be disclosed in level 1 and level 2.



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**Notes to Financial Statements**

**Fair value of financial assets and financial liabilities**

Particulars	Carrying value as of	
	March 31, 2023	March 31, 2022
<b>Financial Assets:</b>		
<b>Amortised cost</b>		
Trade receivables	235.85	326.44
Cash and cash equivalents	26.19	19.64
Bank balance other than cash and cash equivalents	5.35	3.75
Other financial assets	335.71	255.01
	<b>603.10</b>	<b>604.84</b>
<b>Financial Liabilities:</b>		
<b>Amortised cost</b>		
Borrowings	2,863.39	2,409.58
Lease liabilities	1,834.31	1,582.87
Trade payables	1,109.51	724.68
Other financial liabilities	223.09	278.63
FVTPL - MTM	0.42	-
	<b>6,030.72</b>	<b>4,995.76</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.

**Valuation methodology:**

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

The Company enters into derivative financial instruments such as forward contracts with various counterparties. The fair value of such derivatives instruments are determined using forward exchange rates, currency basis spreads between respective currencies, etc.

**Note 46**

**Financial Risk Management Objectives and Policies:**

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

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

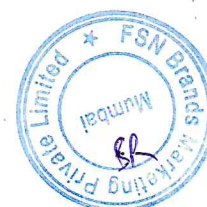
**Market risk**

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022.

**a) Interest rate risk**

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate



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

<b>Particulars</b>	<b>Increase / decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>March 31, 2023</b>	+50	(14.32)
	-50	14.32
<b>March 31, 2022</b>	+50	(3.74)
	-50	3.74

**b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables and advances paid to vendors. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies. When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

The year end foreign currency forward contracts and unhedged foreign currency exposure are given below:

- a) Derivative (forward contracts) outstanding as at the reporting date (in respective currency):

**Amount in Millions as at March 31, 2023:**

<b>Particulars of transactions</b>	<b>Currency</b>	<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
		<b>Foreign currency</b>	<b>Equivalent Rs*</b>	<b>Foreign currency</b>	<b>Equivalent Rs*</b>
Forward contracts to Purchases USD - Trade Payable	USD	1.44	119.07	1.01	76.76
Forward contracts to Purchases Euro - Trade Payable	EURO	0.09	7.89	0.30	25.62

\*Represents conversion at hedged rate.

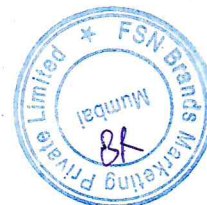
- b) Particulars of unhedged foreign currency exposure as at the reporting date (in respective currency):

<b>Particulars</b>	<b>Currency</b>	<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
		<b>Foreign currency</b>	<b>Equivalent Rs*</b>	<b>Foreign currency</b>	<b>Equivalent Rs*</b>
<b>Payables:</b>					
Trade payables	USD	0.12	9.57	0.01	0.79
<b>Advances:</b>					
Advance to vendors against purchases / expense	USD	0.28	22.96	0.21	15.76
	EURO	-	-	0.01	1.22
	CNY	0.06	0.68	0.14	1.69

Since the business of the Company does not involve material foreign currency transactions, its exposure to foreign currency changes is not material.

**c) Product price risk**

In a potentially inflationary economy, the Company expects periodical price increases across its product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/ sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the customers. This helps the Company to



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protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

**Credit risk**

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

**a) Trade receivables and Security Deposits**

The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company's experience of delinquencies and customer disputes have been minimal. Also, the Company has a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is covered by the Company. (Refer accounting policy 3(g)(iv) for expected credit loss on trade receivable).

The Company also carries credit risk on lease deposits with landlords for properties taken on leases, for which agreements are signed and property possessions are taken for operations. The risk relating to refunds after vacating the premises is managed through successful negotiations or appropriate legal actions, where necessary.

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

<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Opening balance	0.72	0.65
Provision made during the year	10.69	0.07
<b>Closing balance</b>	<b>11.41</b>	<b>0.72</b>

**b) Other financial instruments and cash deposits**

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

**Liquidity risk**

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



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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
<b>As at March 31, 2023</b>					
Borrowings	2,863.39	2,087.78	828.84	-	2,916.62
Trade payables	1,109.51	1,109.51	-	-	1,109.51
Lease liabilities	1,834.31	676.55	1,355.75	211.57	2,243.87
Other financial liabilities	223.51	223.51	-	-	223.51
<b>Total</b>	<b>6,030.72</b>	<b>4,097.35</b>	<b>2,184.59</b>	<b>211.57</b>	<b>6,493.51</b>
<b>As at March 31, 2022</b>					
Borrowings	2,409.58	766.20	1,696.61	-	2,462.81
Trade payables	724.68	724.68	-	-	724.68
Lease liabilities	1,582.87	433.70	1,235.65	375.90	2,045.25
Other financial liabilities	278.63	278.63	-	-	278.63
<b>Total</b>	<b>4,995.76</b>	<b>2,203.21</b>	<b>2,932.26</b>	<b>375.90</b>	<b>5,511.37</b>

**Note 47**

**Capital management:**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, adjust its capital structure.

**Capital management**

Particulars	As at March 31, 2023	As at March 31, 2022
Gross debt	2,863.39	2,409.58
Less: Cash and cash equivalents	(26.19)	(19.64)
<b>Net debt (A)</b>	<b>2,837.20</b>	<b>2,389.94</b>
Equity	104.83	203.81
<b>Total Equity (B)</b>	<b>104.83</b>	<b>203.81</b>
<b>Net gearing ratio (A)/(B)</b>	<b>27.06</b>	<b>11.73</b>

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

**Note 48**

**Employee Share Based Payment:**

Under the Employees Stock Option Scheme – 2012 ("2012 Scheme") and 2017 ("2017 Scheme"), the stock options of the holding Company were granted to certain employees of the Company. In most cases, the exercise price of the share options is equal to the market price of the underlying shares on the date of grant. Vesting





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period of options are 3 to 4 years and options are vested equally over the vesting period. Vested options are exercisable as per the terms of the option plan, provided the employee is in employment of the Company on the date of the vesting of the stock options and should not be serving his notice period. The fair value of the share options is estimated at the grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of Rs 4.63 Mn (March 31, 2022: Rs 7.08 Mn) arising from equity settled share based payment transactions for employee services received during the year.

As at the end of the financial year, details and movements of the outstanding options are as follows:

<b>Options granted under ESOS 2017</b>	
	<b>March 31, 2022**</b>
Options outstanding at the beginning of the period	22,24,800
Options granted during the period	4,80,000
Options forfeited during the period	(54,000)
Options expired/lapsed during the period	-
Options exercised during the period	(13,10,400)
<b>Options outstanding at the end of the period</b>	<b>13,40,400</b>
<i>For options outstanding at the end of the period:</i>	
Exercise price range	Rs. 99 - 1,794
Weighted average remaining contractual life (in years)	4.92

**Fair value of options granted**

The fair value of each option is estimated on the date of grant based on the following assumptions:

	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.96 - 2.11	2.81 - 2.90	3.35 - 3.47	4.35 - 4.47
Risk free interest rate (%)	6.2% to 6.9%	6.60% to 7.10%	6.70% to 7.20%	6.90% to 7.30%
Volatility (%)	45% to 50%	45% to 50%	45%	45%
Market price on date of grant	139.10-227.48			
Fair Value	41.38 - 69.86	52.71 - 89.70	57.01 to 91.77	65.64 - 105.26

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on annualised standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of time. The Company has determined the market price on grant date based on latest equity valuation report available with the Company preceding the grant date.

The weighted average share price at the date of exercise of options exercised during the year was Rs. 188 (March 31, 2022: Rs. 153). The movement of options & the fair value assumptions have been restated to give effect of the bonus shares allotted by the Company vide Board's approval dated October 03, 2022, in proportion of 5:1, i.e., 5 (five) bonus equity shares of Re 1 each for every 1 (one) fully paid-up equity share held as on the record date.



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**Note 49**

**Ratio Analysis and its elements**

SN.	Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	Reason for changes more than 25%
1	Current ratio	Current assets	Current liabilities	0.79	1.30	-39%	Decrease on account of increase in short term borrowings during the year.
2	Debt equity ratio	Long term debt	Shareholder's equity	7.50	8.16	-8%	
3	Debt service coverage ratio	Net profit after taxes + Non-cash operating expenses+ finance cost	Interest & Lease Payments + Principal Repayments	1.28	0.79	62%	Increase on account of lower loss, higher non cash operating expense and finance cost
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	-68.54%	157.11%	-226%	Decrease is on account of increase in average shareholder's equity due to equity infusion in previous year
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	2.66	3.05	-13%	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	29.59	18.96	56%	Increase is on account of increased credit sales during the year and reduced trade receivables
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	6.66	6.20	7%	
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	-9.96	9.67	-203%	Change is on account of increase in net sales coupled with negative working capital on account of increased borrowings
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	-1.27%	-4.99%	3.71%	
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	10.82%	-2.38%	13.20%	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	5.93%	44.81%	-39%	Decrease is on account of higher average investments in the previous year pursuant to temporary deposits of funds received from equity shareholders. This amount was neither in opening nor in closing and hence not captured in average investments.

**Note 50**

During the year ended March 31, 2023, the Company reassessed recognition of deferred tax assets on carry forward losses and unabsorbed depreciation. The Company recognised net deferred tax assets in respect of carry forward losses, unabsorbed depreciation and other temporary differences of Rs. 348.14 Mn as at March 31, 2023 (March 31, 2022: Rs. 331.58 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 51**

**Other Statutory Information**

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



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**Notes to Financial Statements**

- iv. The Company did not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- v. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(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 Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vi. No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note 52**

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

As per our report of even date

**For S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

*Nilangshu Katriar*

per Nilangshu Katriar  
Partner

Membership No: 058814



**For and on behalf of Board of Directors of  
FSN Brands Marketing Private Limited**

*Kingshuk Basu*

**Kingshuk Basu**  
Director  
DIN No 09176168

*Pratik Bhujade*  
**Pratik Bhujade**  
Company Secretary  
ACS M.No. A38175

**P Ganesh**  
Director  
DIN No.: 07202923

*Gopal Agiwal*  
**Gopal Agiwal**  
Chief Financial Officer

Place: Mumbai

Date: 23/05/2023

Place: Mumbai

Date: 23/05/2023

