S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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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, 2025, 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 material 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, 2025, its profit including other comprehensive loss, 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.

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S.R. Batliboi & Associates LLP, a Limited Liability Partnership with LLP Identity No. AAB-4295
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

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.

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- 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, to the extent applicable, 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 except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);

   (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, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 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, 2025;

(h) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);

(i) 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:

(i) The Company does not have pending litigations - Refer Note 43B 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 54 (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(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;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 54 (vi) to the financial statements, 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; 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) Based on our examination which included test checks, the Company has used various accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software, except as follows (refer Note 50 to the financial statements)

a) Audit trail feature is not enabled at the -

- database level and for modifications to master data fields in respect of the accounting software and

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- in respect of supporting softwares, audit trail feature is not enabled for all the relevant transactions recorded in the software.

b) With respect to third-party operated software applications, in the absence of Service Organisation Controls report on audit trail, as described in Note 50 to the financial statements, we are unable to comment on whether the audit trail feature with respect to third-party operated software applications was enabled and operated throughout the year for all relevant transactions recorded in these software applications or whether there were any instances of the audit trail feature being tampered with.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja
Partner
Membership Number: 048966
UDIN: 25048966BMNXHJ8190
Mumbai
May 13, 2025

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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 quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(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 programme, certain Property, Plant and Equipment were physically verified during the year. According to the information and explanation provided to us, no material discrepancies were noticed on 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, 2025.

(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) Physical verification of inventory has been conducted at reasonable intervals during the year by management. In our opinion, the coverage and procedure of such verification by the management is appropriate. There were no discrepancies of 10% or more noticed, in the aggregate for each class of inventory.

(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 books of accounts of the Company.

(iii) (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.

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(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, duty of customs, 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. The provisions relating to sales-tax, service tax, duty of excise and value added tax are not applicable to the Company.

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(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

(Rs. in crores)

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Delhi Goods and Service Tax, 2017	GST	2.99	FY 2017-18	Assistant Commissioner of State Tax
Uttar Pradesh Goods and Service Tax, 2017	GST	0.34	FY 2018-19 FY 2019-20 FY 2020-21	Deputy Commissioner of state tax
Chandigarh Goods and Service Tax, 2017	GST	1.10	FY 2018-19	Commercial Tax Officer
Odisha Goods and Service Tax, 2017	GST	0.00*	FY 2018-19	Office of the Superintendent
Karnataka Goods and Service Tax, 2017	GST	0.13	FY 2018-19 FY 2019-20	Assistant Commissioner of State Tax
Jammu & Kashmir Goods and Service Tax, 2017	GST	0.01	FY 2019-20	State Taxes officer
West Bengal Goods and Service Tax, 2017	GST	0.01	FY 2019-20	Office of the Special Commissioner of revenue
West Bengal Goods and Service Tax, 2017	GST	0.02	FY 2020-21	Joint Commissioner
Gujarat Goods and Service Tax, 2017	GST	0.01	FY 2020-21	State Tax officer

* Less than 0.01 crores.

(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.

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(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.

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(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 and in the immediately preceding financial year.

(xvii) 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) a & b 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 Govind Ahuja
Partner
Membership Number: 048966
UDIN: 25048966BMNXHJ8190
Mumbai
May 13, 2025

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ANNEXURE '2' 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, 2025 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.

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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) 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, 2025, 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 Govind Ahuja
Partner
Membership Number: 048966
UDIN: 25048966BMNXHJ8190
Mumbai
May 13, 2025

S. R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

FSN Brands Marketing Private Limited
(Amounts in ₹ crore, unless stated otherwise)

Balance Sheet as at March 31, 2025

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current assets			
Property, plant and equipment	4	86.28	69.38
Capital work-in-progress	5	0.35	2.17
Intangible assets	6	0.65	1.50
Right of use assets	7	195.96	148.80
Intangible assets under development	8	0.03	-
Financial assets			
Investments	9	0.00	0.00
Other financial assets	10	37.81	30.00
Deferred tax assets (net)	11	25.36	30.73
Non current tax assets (net)		2.80	5.77
Other non current assets	12	0.72	2.97
Total non-current assets (A)		**349.96**	**291.32**
Current assets			
Inventories	13	452.58	324.14
Financial assets			
Trade receivables	14	28.31	17.74
Cash and cash equivalents	15	4.45	1.81
Bank balance other than cash and cash equivalents	16	0.01	0.26
Other financial assets	17	34.69	22.30
Other current assets	18	67.27	55.07
Total current assets (B)		**587.31**	**421.32**
Total Assets (A+B)		**937.27**	**712.64**
Equity and liabilities			
Equity			
Equity share capital	19	102.00	102.00
Other equity	20	(69.18)	(83.63)
Total equity (A)		**32.82**	**18.37**
Liabilities			
Non-current liabilities:			
Financial liabilities			
Borrowings	21	110.13	94.82
Lease liabilities	22	134.93	104.19
Provisions	23	1.95	0.97
Total non-current liabilities (B)		**247.01**	**199.98**
Current liabilities:			
Financial liabilities			
Borrowings	24	403.05	273.93
Lease liabilities	25	75.73	60.95
Trade payables	26		
-Total outstanding dues of micro enterprise and small enterprises		1.81	5.51
-Total outstanding dues of creditors other than micro enterprises and small enterprises		137.20	127.33
Other financial liabilities	27	33.36	20.51
Provisions	28	1.19	0.97
Contract liabilities	29	1.03	0.76
Other current liabilities	30	4.07	4.33
Total current liabilities (C)		**657.44**	**494.29**
Total liabilities (B+C)		**904.45**	**694.27**
Total equity and liabilities (A+B+C)		**937.27**	**712.64**

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 Govind Ahuja
Partner
Membership No: 048966

S. R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: May 13, 2025

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

Anchit Nayar
Director
DIN 08351358

P Ganesh
Director
DIN 07202923

Vasudevan Iyer
Company Secretary
ACS M.No. A54536

Gopal Agiwal
Chief Financial Officer

FSN Brands Marketing Private Limited

Place: Mumbai
Date: May 13, 2025

Place: Mumbai
Date: May 13, 2025

FSN Brands Marketing Private Limited
(Amounts are in ₹ crore except per share data and unless stated otherwise)

Statement of Profit and Loss for the year ended March 31, 2025

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Income			
Revenue from operations	31	1,257.86	1,002.14
Other income	32	9.76	9.25
Total Income		**1,267.62**	**1,011.39**
Expenses			
Purchase of traded goods	33	946.58	752.65
Changes in inventories of stock-in-trade	34	(127.19)	(86.84)
Employee benefits expense	35	98.98	90.39
Finance costs	36	61.13	48.40
Depreciation and amortisation expense	37	105.90	83.82
Other expenses	38	160.82	111.08
Total expenses		**1,246.22**	**999.50**
Profit before tax		**21.40**	**11.89**
Tax expense:			
Current tax	11	1.02	-
Deferred tax	11	5.51	4.05
Total tax expense		**6.53**	**4.05**
Profit after tax		**14.87**	**7.84**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains of defined benefit plan	41	(0.56)	0.14
Income tax effect on above	11	0.14	(0.03)
Other comprehensive (losses)/income for the year, net of tax		**(0.42)**	**0.11**
Total Comprehensive Income for the year		**14.45**	**7.95**
Earnings per share of face value ₹ 10/- each			
Basic	39	1.46	0.77
Diluted		1.46	0.77

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
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S. R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

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Place: Mumbai
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Date: May 13, 2025

FSN Brands Marketing Private Limited
(Amounts in ₹ crore, unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2025

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flows from operating activities		
Net profit before tax as per Statement of Profit & Loss	**21.40**	**11.89**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant & equipment and right of use assets	105.05	82.99
Amortisation of intangible assets	0.85	0.83
Interest expense and other finance costs	61.13	48.40
Liabilities no longer required written back	-	(0.58)
Share based expense	-	(0.06)
Provision for gratuity expense	0.52	0.51
Provision for compensated expense	0.25	(0.27)
Allowance for expected credit losses	(0.37)	0.42
Interest income	(4.70)	(3.43)
Unrealised loss / (gain) on foreign exchange fluctuations (net)	0.44	(0.03)
Gain on cancellation/ termination of lease	(2.12)	(0.97)
Operating profit before working capital changes	**182.45**	**139.70**
Working capital adjustments:		
(Increase)/Decrease in trade receivables	(10.20)	5.43
(Increase) in inventories	(128.44)	(87.60)
(Increase) in current financial asset	(7.42)	(14.29)
(Increase) in non-current financial assets	(10.86)	(3.20)
(Increase) in other current assets	(12.20)	(12.50)
(Increase) in other Non current assets	(0.13)	-
Increase in trade payables	1.42	19.63
(Decrease) in provisions	(0.14)	(0.44)
Increase/(Decrease) in current financial liabilities	8.48	(0.66)
Increase in other current liabilities	0.01	1.94
Cashflow from operations	**22.97**	**48.01**
Payment of taxes (net of refunds)	1.96	(1.92)
Net cash flows generated from operating activities (A)	**24.93**	**46.09**
Cash flows from Investing activities		
Purchase of property, plant and equipment and other intangible assets	(34.28)	(26.61)
Investment in shares of fellow subsidiary	-	(0.00)*
Interest received	0.02	-
Proceeds of non-current bank deposit	0.29	-
Investment in non-current bank deposit	(3.29)	-
Proceeds from current bank deposit	0.25	-
Net cash flows (used in) investing activities (B)	**(37.01)**	**(26.61)**
Cash flows from Financing activities		
Proceeds of long-term debt from holding Company	10.00	94.82
Repayment of long term debt from holding Company	(183.90)	(86.78)
Proceeds of long term loan from Bank	47.13	-
Proceeds from current borrowings (net)	269.40	70.85
Interest paid on borrowings	(37.59)	(25.43)
Commission on financial guarantee	(2.28)	(0.99)
Principal payment of lease liabilities	(69.01)	(54.99)
Interest paid on lease liabilities	(19.03)	(17.77)
Net cash flows from/(used in) financing activities (C)	**14.72**	**(20.29)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**2.64**	**(0.81)**
Cash and cash equivalents at the beginning of the year	1.81	2.62
Cash and cash equivalents at the year end (Refer note 15)	**4.45**	**1.81**

*Less than ₹ 0.01 crore

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 Govind Ahuja
Partner
Membership No: 048966

Place: Mumbai
Date: May 13, 2025

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

Anchit Nayar
Director
DIN 08351358

P Ganesh
Director
DIN 07202923

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Company Secretary
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Gopal Agiwal
Chief Financial Officer

Place: Mumbai
Date: May 13, 2025

Place: Mumbai
Date: May 13, 2025

S. R. BATLIBOI & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI

FSN Brands Marketing Private Limited

FSN Brands Marketing Private Limited
(All amounts are in ₹ crore, unless stated otherwise)

Statement of Changes in Equity for the year ended March 31, 2025

A. Equity share capital (refer note 19):

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	No. of shares	Amount
As at April 01, 2023	**10,20,00,000**	**102.00**
Issue during the year	-	-
As at March 31, 2024	**10,20,00,000**	**102.00**
Issue during the year	-	-
As at March 31, 2025	**10,20,00,000**	**102.00**

B. Other equity (refer note 20):

Particulars	Reserves & Surplus	Capital contribution from Holding Company	Other comprehensive Income (OCI)	Total
	Retained Earnings			
As at April 01, 2023	**(123.66)**	**31.42**	**0.72**	**(91.52)**
Profit for the year	7.84	-	-	7.84
Other comprehensive income	-	-	0.11	0.11
Total comprehensive income	**7.84**	-	**0.83**	**(83.57)**
Share based payments (refer note 48)	-	(0.06)	-	**(0.06)**
As at March 31, 2024	**(115.82)**	**31.36**	**0.83**	**(83.63)**
Profit for the year	14.87	-	-	14.87
Other comprehensive income	-	-	(0.42)	(0.42)
Total comprehensive income	**14.87**	-	**(0.42)**	**14.45**
Share based payments (refer note 48)	-	0.50	-	**0.50**
Recharge by Holding Company	-	(0.50)	-	**(0.50)**
As at March 31, 2025	**(100.95)**	**31.36**	**0.41**	**(69.18)**

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

S. R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS *

per Govind Ahuja
Partner
Membership No: 048966

Place: Mumbai
Date: May 13, 2025

FSN Brands Marketing Private Limited *

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

Anchit Nayar
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Chief Financial Officer

Place: Mumbai
Date: May 13, 2025

Place: Mumbai
Date: May 13, 2025

FSN Brands Marketing Private Limited
(Amounts in ₹ crore, unless stated otherwise)

Notes to Financial Statements as at and for the year ended March 31, 2025

1 Corporate Information

FSN Brands Marketing Private Limited (hereinafter referred as the 'Company') (CIN-U74120MH2015PTC262096) 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 and distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade.

The financial statements for the year ended March 31, 2025 were approved by the Board of Directors for issue on May 13, 2025.

2 Material Accounting policies

2A Basis of preparation

i) Statement of compliance

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

ii) Historical cost convention

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

a) certain financial assets and liabilities (including derivative instruments) are measured at fair value
b) defined benefit plans
c) equity settled ESOP at grant date fair value

iii) New and amended standards adopted by the Company

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).

iv) New and amended standards issued but not effective

There are no standards that are notified and not yet effective as on the date.

3 Summary of material accounting policies

a) Current versus non-current classification

The Company segregates assets and liabilities into current and non-current categories for presentation in the balance sheet after considering its normal operating cycle and other criteria set out in Ind AS 1, "Presentation of Financial Statements". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current.

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 up to twelve months as its operating cycle.

b) Property plant and equipment

Property, plant and 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 and 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 and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Depreciation on Property, Plant & Equipment

Depreciation is provided using the Straight-Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013.

Estimated useful lives of the assets are as follows:

Property, plant and equipment	Useful lives (in years)
Plant and Machinery	8
Computers and Hardware	3
Furnitures and Fixtures	5 to 10
Office Equipment	5 to 15
Leasehold equipments	Period of primary lease

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FSN Brands Marketing Private Limited ★

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 estimate.

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

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 capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit and Loss in the 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.

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.

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

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 capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit and Loss in the 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.

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.

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
Softwares	3

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
b) Its intention to complete and its ability and intention to use or sell the asset
c) How the asset will generate future economic benefits
d) The availability of resources to complete the asset
e) 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 fair value 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 Company's assets. When the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

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

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.

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MUMBAI
CHARTERED ACCOUNTANTS

FSN Brands Marketing Private Limited

e) Inventories

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.

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 primary lease term

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 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.

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FSN Brands Marketing Private Limited ★

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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.

II) Subsequent measurement

i) Financial assets

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

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

Financial assets at fair value though profit or loss

Financial assets at amortised cost (debt instruments)

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

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

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

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

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

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

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

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

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Financial liabilities at amortised cost (loans and borrowings)

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

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

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

III) Derecognition Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a 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 FVTOCI 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.

VI) Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss the reclassification date.

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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.

Contracts 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 is 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.

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

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.

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 recognized as a finance cost.

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

J) Foreign currency transactions Functional and presentation currency

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

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.

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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 share-based payment expenses is recharged to the Company, which is adjusted against capital contribution by holding Company.

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.

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.

m) 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.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

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.

n) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

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

Deferred tax

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

- Deferred tax liabilities are recognised for all taxable temporary differences, except
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible 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, except
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

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.

o) 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.

p) 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 and other disclosures in the notes to the financial statements unless the possibility of any outflow in settlement is remote.

q) Earnings per share

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

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

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r) Segment reporting policies

The Company is engaged in the business of import, purchase, selling and distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade. The Company's business activity falls within a single primary business segment, i.e. Beauty. Accordingly, disclosures as required under IND AS 108, Segment Reporting, have not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss. The Company has identified Board of Directors as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on "Business Segments".

4 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 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.

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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 analyzed. 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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(Amounts in ₹ crore, unless stated otherwise)

Notes to Financial Statements as at and for the year ended March 31, 2025

Note 4
Property, plant and equipment

Particulars	Computers & Equipments	Furniture & Fixtures	Office Equipments	Plant & Machinery	Leasehold improvements	Total
Gross Carrying Amount						
As at April 01, 2023	**1.52**	**55.90**	**5.87**	**0.04**	**36.60**	**99.93**
Additions	1.61	13.46	2.64	-	10.45	28.16
Disposals	-	-	-	-	-	-
As at March 31, 2024	**3.13**	**69.36**	**8.51**	**0.04**	**47.05**	**128.09**
Additions	0.23	19.35	7.77	-	16.50	43.85
Disposals	(0.15)	(9.88)	(1.21)	-	(7.41)	(18.65)
As at March 31, 2025	**3.21**	**78.83**	**15.07**	**0.04**	**56.14**	**153.29**
Accumulated depreciation						
As at April 01, 2023	**0.85**	**19.35**	**1.78**	**0.02**	**17.16**	**39.16**
Depreciation charge for the year	0.61	7.90	0.64	0.00*	10.40	19.55
Disposals	-	-	-	-	-	-
As at March 31, 2024	**1.46**	**27.25**	**2.42**	**0.02**	**27.56**	**58.71**
Depreciation charge for the year	0.61	8.72	2.01	0.01	12.80	24.15
Disposals	(0.11)	(9.11)	(0.89)	-	(5.74)	(15.85)
As at March 31, 2025	**1.96**	**26.86**	**3.54**	**0.03**	**34.62**	**67.01**
Net Carrying Amount						
As at March 31, 2025	**1.25**	**51.97**	**11.53**	**0.01**	**21.52**	**86.28**
As at March 31, 2024	**1.67**	**42.11**	**6.09**	**0.02**	**19.49**	**69.38**

*Less than ₹ 0.01 crore

Notes:
1. Movable assets have been pledged to secure borrowings of the Company (Refer Note - 21 and 24)
2. Refer note 43 for capital commitments.

Note 5
Capital work-in-progress

Particulars	Amount
As at April 01, 2023	**2.02**
Addition	18.96
Capitalisation	(18.81)
As at March 31, 2024	**2.17**
Addition	41.89
Capitalisation	(43.70)
As at March 31, 2025	**0.35**

Capital Work-in-progress ageing schedule:

Particulars	Amount lying in capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2025	0.35	-	-	-	0.35
As at March 31, 2024	2.17	-	-	-	2.17

Notes:
1) Capital work-in-progress comprises of expenses incurred towards improvement of leasehold premises.
2) There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended, on the above-mentioned reporting dates.

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 6
Intangible assets

Particulars	Business Application Development cost	Computer Softwares	Total
Gross Carrying Amount			
As at April 01, 2023	1.74	0.38	2.12
Additions	1.75	-	1.75
Disposals	-	-	-
As at March 31, 2024	3.49	0.38	3.87
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2025	3.49	0.38	3.87
Accumulated amortisation			
As at April 01, 2023	1.21	0.33	1.54
Amortisation charge for the year	0.83	0.00*	0.83
Disposals	-	-	-
As at March 31, 2024	2.04	0.33	2.37
Amortisation charge for the year	0.85	0.00*	0.85
Disposals	-	-	-
As at March 31, 2025	2.89	0.33	3.22
Net Carrying Amount			
As at March 31, 2025	0.60	0.05	0.65
As at March 31, 2024	1.45	0.05	1.50

*Less than ₹ 0.01 crore
Refer Note 43 for capital commitments.

Note 7
Right of Use Assets

Particulars	Buidling
Gross Carrying Amount	
As at April 01, 2023	277.88
Additions	47.52
Disposals	(24.84)
As at March 31, 2024	300.56
Additions	138.48
Disposals	(37.17)
As at March 31, 2025	401.87
Accumulated depreciation	
As at April 01, 2023	108.58
Depreciation charge for the year	63.44
Disposals	(20.26)
As at March 31, 2024	151.76
Depreciation charge for the year	80.90
Disposals	(26.75)
As at March 31, 2025	205.91
Net Carrying Amount	
As at March 31, 2025	195.96
As at March 31, 2024	148.80

Note: Disposals include derecognition of ROU asset on cancellation of lease contract.

Note 8
Intangible assets under development ('IAUD')

Particulars	Amount
As at April 01, 2023	1.51
Addition	0.24
Capitalisation	(1.75)
As at March 31, 2024	0.00
Addition	0.03
Capitalisation	-
As at March 31, 2025	0.03

Intangible assets under development (IAUD) ageing schedule :

Period in progress	Amount of IAUD for the period of				
	0-1 years	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2025	0.03	-	-	-	0.03
As at March 31, 2024	-	-	-	-	-

1. Intangible assets under development consists of business application development.
2. 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.

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 9
Non-current investments (unquoted)

Particulars	As at March 31, 2025	As at March 31, 2024
Investments in fellow subsidiary (Unquoted, fully paid up)		
Investments in Equity shares (at cost)		
Nykaa Foundation 1 fully paid equity share of ₹ 10 each (March 31, 2024: 1 share of ₹ 10 each)	0.00*	0.00*
Nykaa Fashion Limited 1 fully paid equity shares of ₹ 10 each (March 31, 2024: 1 share of ₹ 10 each)	0.00*	0.00*
Category-wise investment		
Measured at Cost	0.00*	0.00*
Measured at FVTOCI	-	-
Total Investment	**0.00***	**0.00***
Aggregate amount of unquoted investments	0.00*	0.00*
Aggregate amount of impairment in value of investments	-	-

*Less than ₹ 0.01 crore

Note 10
Other financial assets (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Measured at amortised cost		
Security deposits (unsecured, considered good)	37.81	30.00
Total	37.81	30.00

Note 11
(A) Income tax:

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

(1) Income tax expense reported in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax:		
In respect of current year	1.02	-
In respect of prior year	-	-
Deferred tax:		
In respect of current year	5.51	4.05
Income tax expense reported in the Statement of Profit or Loss	**6.53**	**4.05**

(2) OCI section - Deferred tax related to items recognised in OCI during the year

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Tax benefit /(expense) on remeasurements of defined benefit plans	0.14	(0.03)
Income tax expense credited/ (charged) to OCI	**0.14**	**(0.03)**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2025 and March 31, 2024:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	21.40	11.89
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	5.39	2.99
Tax effect of:		
Intererst on borrowing	0.46	0.88
Others (mainly includes permanent differences)	0.68	0.18
Total Tax	**6.53**	**4.05**
Income tax expenses as per Statement of Profit and Loss		
Current tax expense	1.02	-
Deferred tax expense	5.51	4.05
Tax expense recognized in the Statement of Profit and Loss	**6.53**	**4.05**
Effective tax rate	**30.52%**	**34.09%**

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(B) Deferred tax:

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets arising on account of		
Expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	0.79	0.49
Brought forward losses	-	10.96
Allowance for expected credit losses	0.11	0.39
Lease related liabilities	53.02	41.57
Timing difference between book depreciation and depreciation as per the Income-tax Act, 1961	9.72	9.81
Others	10.24	4.96
Deferred tax liability arising on account of		
Depreciation on Right of use assets	(48.52)	(37.45)
Deferred tax assets (net)	**25.36**	**30.73**

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	**30.73**	**34.81**
Tax (expense) recognised in Statement of Profit and Loss for the year	(5.51)	(4.05)
Tax benefit / (expense) recognised in OCI for the year	0.14	(0.03)
Closing balance	**25.36**	**30.73**

Note 12

Other non current assets

Particulars	As at March 31, 2025	As at March 31, 2024
Advance for capital goods	0.58	2.97
Balance with statutory / government authorities	0.14	-
Total	**0.72**	**2.97**

Note 13

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

Particulars	As at March 31, 2025	As at March 31, 2024
Stock in trade *	448.75	321.56
Packing material	3.83	2.58
Total	**452.58**	**324.14**
Provision for inventories taking into account various factors, including obsolescence of material, unserviceable items and ageing of material	28.27	19.52

* The inventories include goods in transit : As at March 31, 2025 ₹ 49.16 crore (March 31, 2024 : ₹ 27.18 crore)

Note 14

Trade receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables - unsecured, considered good	28.31	17.74
Trade receivables - credit impaired	0.43	0.48
Gross Trade receivable	**28.74**	**18.22**
Less: allowances for expected credit loss (Refer note 46)	(0.43)	(0.48)
Total	**28.31**	**17.74**

Trade receivable ageing schedule (gross)
As at March 31, 2025

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 year	2-3 year	More than 3 year	
Undisputed Trade Receivables –unsecured, considered good	13.37	14.94	-	-	-	-	28.31
Undisputed Trade Receivables – credit impaired	-	-	0.01	0.19	0.13	0.10	0.43
Total	**13.37**	**14.94**	**0.01**	**0.19**	**0.13**	**0.10**	**28.74**

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Notes to Financial Statements as at and for the year ended March 31, 2025

As at March 31, 2024

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 year	2-3 year	More than 3 year	
Undisputed Trade Receivables – unsecured, considered good	11.28	6.46	0.00*	0.00*	0.00*	-	17.74
Undisputed Trade Receivables – credit impaired	-	0.01	0.24	0.13	0.10	0.00*	0.48
Total	**11.28**	**6.47**	**0.24**	**0.13**	**0.10**	**0.00***	**18.22**

Notes:

For details of trade receivable with related party refer note 42 related party disclosures.

*Less than ₹ 0.01 crore

Note 15

Cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balances with banks in current accounts	4.45	1.81
Total	**4.45**	**1.81**

Note 16

Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Margin money deposits with banks	-	0.26
Deposits with original maturity for more than three months but less than twelve months	0.01	-
Total	**0.01**	**0.26**

Note 17

Other financial assets (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Measured at amortised cost		
Security deposits (unsecured)		
Considered good	20.43	10.45
Credit impaired	0.76	1.08
Less: Allowances for expected credit loss (Refer note 46)	(0.76)	(1.08)
Unbilled receivable	4.71	7.66
Receivable from cash collection vendors	3.95	3.87
Current maturity of deposits with Banks with original maturity period more than 12 months*	3.29	0.29
Interest accrued on deposit but not due	0.12	0.01
Other receivables	2.19	-
Measured at FVTPL		
Mark-to-market derivative instrument	-	0.02
Total	**34.69**	**22.30**

*Includes lien amounting ₹ 1.30 crore (March 31, 2024: ₹ 0.1 crore)

Movement in Interest accrued on deposits but not due:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	**0.01**	**0.01**
Interest income	0.13	0.03
Interest received	(0.02)	(0.03)
Closing balance	**0.12**	**0.01**

Note 18

Other current assets

Particulars	As at March 31, 2025	As at March 31, 2024
Advance to suppliers (unsecured, considered good)	5.50	8.67
Prepaid expenses	2.80	1.67
Balance with statutory / government authorities	58.97	44.73
Total	**67.27**	**55.07**

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Note 19
Equity Share Capital
i) Authorised Share Capital

Particulars	Equity Shares	
	Numbers	Amount
As at April 01, 2023 (face value ₹ 10 each)	**12,50,00,000**	**125.00**
Changes during the year	-	-
As at March 31, 2024 (face value ₹ 10 each)	**12,50,00,000**	**125.00**
Changes during the year	-	-
As at March 31, 2025 (face value ₹ 10 each)	**12,50,00,000**	**125.00**

i) Terms/ rights attached to equity shares
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

ii) Issued, subscribed and fully paid-up share capital

Particulars	Equity shares	
	Numbers	Amount
As at April 01, 2023 (face value of ₹ 10 each)	**10,20,00,000**	**102.00**
Changes during the year	-	-
As at March 31, 2024 (face value of ₹ 10 each)	**10,20,00,000**	**102.00**
Changes during the year	-	-
As at March 31, 2025 (face value of ₹ 10 each)	**10,20,00,000**	**102.00**

iii) Shares held by holding/ ultimate holding Company along with nominee shareholder:
Out of equity shares issued by the Company, shares held by its Holding Company along with nominee shareholder are as below:

Particulars	As at March 31, 2025	As at March 31, 2024
FSN E-Commerce Ventures Limited (Holding Company) 10,20,00,000 (March 31, 2024: 10,20,00,000) equity shares of ₹ 10/- each	102.00	102.00

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

Name of the shareholder	As at March 31, 2025		As at March 31, 2024	
	No. of shares	% holding	No. of shares	% holding
FSN E-Commerce Ventures Limited	10,20,00,000*	100%	10,20,00,000*	100%

* includes Nominee shares of FSN E-Commerce Ventures Limited held by promoters

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) Shares issued for consideration other than cash
No shares have been issued for consideration other than cash during the period of five years immediately preceding the reporting date.

vi) Promoter shareholding

Name of the shareholder	As at March 31, 2025		As at March 31, 2024		% Change during the year
	No. of shares	% holding	No. of shares	% holding	
FSN E-Commerce Ventures Limited	10,19,99,985	100.00%	10,19,99,985	100%	100.00%
Falguni Nayar*	10	0.00%	10	0.00%	0.00%
Sanjay Nayar*	1	0.00%	1	0.00%	0.00%
Adwaita Nayar*	1	0.00%	1	0.00%	0.00%
Anchit Nayar*	1	0.00%	1	0.00%	0.00%
Anubhav Gupta*	1	0.00%	1	0.00%	0.00%
Sahira Mann*	1	0.00%	1	0.00%	0.00%

* The above mentioned persons are nominee shareholders on behalf of FSN E-Commerce Ventures Limited.

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 20
Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Retained earnings		
Opening balance	(115.82)	(123.66)
Add: Profit during the year	14.87	7.84
Closing balance (A)	**(100.95)**	**(115.82)**
(ii) Capital Contribution from Holding Company		
Opening balance	31.36	31.42
Add : Additons/(Deletions) during the year	0.50	(0.06)
Less : Recharge by Holding Company	(0.50)	-
Closing balance (B)	**31.36**	**31.36**
(iii) Other comprehensive income		
Opening balance	0.83	0.72
Add: (Deletions)/Additions during the year	(0.42)	0.11
Closing balance (C)	**0.41**	**0.83**
Total (A+B+C)	**(69.18)**	**(83.63)**

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.

(iii) Contribution from Holding Company consists of:

Share based payments: FSN E-Commerce Ventures Limited, (Holding Company) has extended its stock options program to selected employees of 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 recognized over the period in which the performance and/or service conditions are fulfilled with corresponding increase in equity as contribution from Parent. The share-based payment expenses is recharged to the Company, which is adjusted against capital contribution by holding Company.

Loan from Holding Company: Fair valuation of loans taken from Holding Company.
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 March 31, 2025	As at March 31, 2024
Secured		
Term loan from Banks (Refer below note 1 and 3)	47.22	-
Less: Unamortised upfront fees	(0.09)	-
	47.13	-
Unsecured		
Loan from holding Company (Refer below note 2,3 and 4)	-	94.82
Loan from fellow subsidiary (Refer below note 2,3 and 4)	63.00	-
Total	**110.13**	**94.82**

Notes:

(1) Term of loans from Bank

(i) The above loan carries an interest rate ranging from 9.2% to 9.6% pa.

(ii) The above loan is for a period of 3 years and interest rate being charged is 9.2% to 9.3% p.a.(March 31, 2024 : Nil.)

(iii) As at March 31, 2025, ₹ 64.76 crore (March 31, 2024: Nil) of the total outstanding borrowings were secured by a first pari passu charge on current assets and movable fixed assets (both present and future) and Corporate guarantee given by the holding Company.

(iv) Term Loan (including current maturities) amounting to ₹ 30 crore is repayable in 9 equal quarterly repayments, the next installment is due on July 8, 2025.

(v) Term Loan (including current maturities) amounting to ₹ 35 crore is repayable in 9 equal quarterly repayments, the next installment is due on October 11, 2025.

(2) Term of loans from Holding Company and its fellow subsidiaries

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

(ii) The above loan is for a period of 3 years and interest rate being charged is 9.0% p.a.(March 31, 2024 : 7% to 9.5% p.a.)

(3) Refer note 46 for maturity profile of above loans.

(4) Refer note 42 for Related party transactions.

Note 22
Lease liabilities (Non Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Payable for lease liabilities (Refer note 40)	134.93	104.19
Total	**134.93**	**104.19**

Note 23
Provisions (Non Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (Refer note 41)	1.95	0.97
Total	**1.95**	**0.97**

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 24
Borrowings (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Working capital loan from banks (Refer below note i to v)	155.09	98.17
Current maturity of term loan from bank (Refer below note 21)	17.78	-
Less: Unamortised upfront fees	(0.15)	-
Net Current maturity of term loan from bank	**17.63**	-
Unsecured		
Current maturity of loan from holding company (refer note vi and vii)	-	81.08
Working capital loan from banks (Refer below note i to v)	20.79	28.66
Loan from holding company (refer below note vi and vii)	15.51	66.02
Loan from fellow subsidiary (refer below note vi and vii)	194.03	-
Total	**403.05**	**273.93**

Notes:

(i) Working Capital/Cash Credit Facilities from banks are 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 ranging from 8.5% to 8.7%.

(iii) Bank loan contains certain financial covenants and there have been no breaches in the financial covenants of any interest-bearing borrowings

(iv) As at March 31, 2025, the Company had undrawn funded and non-funded borrowing facilities of ₹ 40 crore (March 31, 2024 : ₹4.99 crore).

(v) Quarterly statements of current assets filed by the Company with banks are in agreement with the books of account.

vi) The loan from holding company and fellow subsidiary carries an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread and is repayable on demand. The Interest rate being charged is 6% to 7.5 % p.a. (March 31, 2024- 7% to 7.5% p.a.)

(vii) Refer note 42 for related party transactions.

Note 25
Lease liabilities (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Payable for lease liabilities (Refer note 40)	75.73	60.95
Total	**75.73**	**60.95**

Note 26
Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro enterprises and small enterprises	1.81	5.51
Total outstanding dues of trade payables other than micro enterprises and small enterprises	137.20	127.33
Total	**139.01**	**132.84**

Trade payables aging schedule
As at March 31, 2025

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	1.00	-	-	-	1.81
Total outstanding dues of creditors other than micro enterprises and small enterprises	47.43	88.82	0.26	0.37	0.32	137.20
Total	**48.24**	**89.82**	**0.26**	**0.37**	**0.32**	**139.01**

As at March 31, 2024

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	4.58	0.93	-	-	-	5.51
Total outstanding dues of creditors other than micro enterprises and small enterprises	110.33	14.02	2.24	0.53	0.21	127.33
Total	**114.91**	**14.95**	**2.24**	**0.53**	**0.21**	**132.84**

Note :

1) Refer note 42 related party disclosures for trade payables to related parties.

2) Trade payables are non interest bearing.

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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'.

MSMED disclosures:

Particulars	As at March 31, 2025	As at March 31, 2024
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	1.81	5.51
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	0.02	0.02
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	-	-

Note 27
Other financial liabilities (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Measured at amortised cost		
Employee related liabilities	4.27	4.58
Accrued expenses[1]	18.13	10.27
Creditors for capital goods	8.08	3.65
Interest accrued but not due on borrowings	2.41	2.01
Measured at FVTPL		
Mark-to-market liability of financial instrument	0.47	-
Total	**33.36**	**20.51**

[1] Includes related party balances - Refer note 42 related party disclosures.

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	2.01	1.34
Interest and finance charge accrued during the year (excluding amortisation impact)	37.98	26.10
Payment of interest and finance charge during the year	(37.59)	(25.43)
Closing balance	**2.40**	**2.01**

Note 28
Provisions (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Gratuity (Refer note 41)	0.40	0.43
Provision for Compensated absences	0.79	0.54
Total	**1.19**	**0.97**

Note 29
Contract liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Advance from customers	1.03	0.76
Total	**1.03**	**0.76**

Note 30
Other current liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	4.07	4.33
Total	**4.07**	**4.33**

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FSN Brands Marketing Private Limited *

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Notes to Financial Statements for the year ended March 31, 2025

Note 31

Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Sale of products	1,149.64	927.36
B. Sale of services		
Marketing support revenue	108.22	74.68
Income from marketplace services	0.00*	0.10
Total	**1,257.86**	1,002.14
Within India	1,257.86	1,002.14
Outside India	-	-
	1,257.86	**1,002.14**

(A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products through retail stores and from marketing support services provided to various brands 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.

(B) Contract Balances

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables (refer note 14)	28.31	17.74
Contract liabilities (refer note 29)	1.03	0.76

(C) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Contract Price	**1,258.13**	**1,002.51**
Revenue recognised in the period from:		
Revenue recognized in the current year from contract liability:		
Advance from Customer (refer note 29)	0.76	0.40
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer (refer note 29)	(1.03)	(0.76)
Revenue from operations	**1,257.86**	**1,002.14**

Note 32

Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Interest Income on:		
Security deposit at amortised cost	4.57	3.43
Fixed deposit at amortised cost	0.13	0.03
Interest income on Tax refund	0.35	-
(b) Others		
Liabilities no longer required written back	-	0.58
Foreign exchange gain (net)	1.76	1.51
Gain on cancellation/ termination of lease	2.12	0.97
Miscellaneous income	0.83	2.73
Total	**9.76**	**9.25**

Note 33

Purchase of traded goods

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Purchases of traded goods	946.58	752.65
Total	**946.58**	**752.65**

Note 34

Changes in inventories of stock-in-trade

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Stock in trade		
Opening balance	321.56	234.72
Closing balance	448.75	321.56
Total	**(127.19)**	**(86.84)**

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Notes to Financial Statements for the year ended March 31, 2025

Note 35
Employee benefits expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus	93.24	86.54
Contribution to provident fund (Refer note 41)	2.97	2.20
Gratuity expenses (Refer note 41)	0.52	0.51
Compensated expenses	0.25	(0.27)
Share based payment (Refer note 48)	0.50	(0.06)
Staff welfare expenses	1.50	1.47
Total	**98.98**	**90.39**

Note 36
Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest Expenses:		
Borrowings	16.17	8.92
Lease liabilities (Refer note 40)	19.03	17.78
Inter company loan	23.08	20.35
Other interest charges	0.02	0.02
Commission on financial guarantee	2.28	0.99
Other finance charge	0.55	0.34
Total	**61.13**	**48.40**

Note 37
Depreciation and amortisation expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of property, plant and equipment (Refer note 4)	24.15	19.55
Depreciation of Right-of-use assets (Refer note 7)	80.90	63.44
Amortisation of Intangible assets (Refer note 6)	0.85	0.83
Total	**105.90**	**83.82**

Note 38
Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Marketing & advertisement expense	44.62	28.75
Consumption of packing materials	4.23	3.51
Legal and professional fees	2.17	1.18
Web & technology expenses	4.54	3.48
Outsourced warehouse manpower cost	6.03	4.75
Brand usages fees	7.28	5.52
Payment gateway charges	4.24	0.13
Freight outward	8.01	7.23
Selling expenses	6.68	2.74
Recruitment expenses	1.32	1.07
Travelling & conveyance expenses	4.89	2.92
Allowance for expected credit loss	(0.37)	0.42
Printing & stationery	0.37	0.53
Commission on sales	4.65	3.35
Rates & taxes	2.06	0.01
Insurance expenses	0.90	0.70
Rent and maintenance expenses	28.29	17.96
Collection charges	-	3.99
Repairs & maintenance	6.98	2.34
Security expenses	0.70	0.53
Director sitting fees and commission	0.12	0.12
House keeping charges	3.32	2.46
Electricity charges	12.37	9.89
Bank charges	0.20	0.06
Auditors remuneration :		
- Audit fees	0.42	0.37
- Other Matters	0.01	-
- Out of pocket expenses	0.08	-
Miscellaneous expenses	6.71	7.07
Total	**160.82**	**111.08**

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 39
Basic & diluted earnings per share

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Nominal value of per equity share	10/-	10/-
Profit after tax (A)	14.87	7.84
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	10,20,00,000
Basic earnings per share (A/B)	**1.46**	**0.77**
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	-	-
Weighted average number of diluted equity shares (D = B+C)	10,20,00,000	10,20,00,000
Diluted earnings per share (A/D)	**1.46**	**0.77**

Note 40
Leases
The Company as lessee
The Company has lease contracts for premises obtained for offices, warehouse, stores etc. Leases of premises generally have lease terms between 1.5 to 10 years.
The Company's obligations under its leases are secured by the lessor's title to the leased assets.
The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the carrying amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	**165.14**	**183.43**
Addition	127.07	42.96
Accretion of interest	19.03	17.78
Deletion due to closure	(12.54)	(6.27)
Payments	(88.04)	(72.76)
Closing balance	**210.66**	**165.14**
Current	75.73	60.95
Non-current	134.93	104.19
Total	**210.66**	**165.14**

The effective interest rate for lease liabilities as at March 31, 2025 ranges between 9.4% to 11.5% (March 31, 2024: 9.4% to 11.5%)
The maturity analysis of lease liability is disclosed in note 46
The following are the amounts recognized in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation expenses of right of use assets	80.90	63.44
Interest expenses on lease liabilities	19.03	17.78
Variable and short term lease payments*	28.29	17.96
Total amount recognised in statement of profit and loss	**128.22**	**99.18**

* Includes common area maintenance charges

Note 41
Defined Benefit Plan and Other long term Employee Benefit Plan:

I) Defined Contribution Plan
During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 2.97 crore (March 31, 2024: ₹2.20 crore) 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.

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Notes to Financial Statements as at and for the year ended March 31, 2025

A. The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2025 and March 31, 2024:

i. Amount recognised in the Balance Sheet

Particulars	As at March 31, 2025	As at March 31, 2024
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	2.35	1.40
Less: Fair value of plan assets	-	-
Funded status – deficit	2.35	1.40
Net liability recognised in balance sheet	**2.35**	**1.40**
Non current liability	1.95	0.97
Current liability	0.40	0.43
Net liability recognised in balance sheet	**2.35**	**1.40**

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	**1.40**	**1.25**
Current service cost	0.44	0.43
Interest cost	0.08	0.08
Actuarial Loss in obligation due to changes in financial assumptions	0.04	0.02
Actuarial Loss/(Gain) in obligation due to changes in demographic assumptions	0.21	(0.01)
Actuarial Loss/(Gain) in obligation due to changes in experience adjustments	0.31	(0.15)
Benefit paid	(0.37)	(0.22)
Liabilities assumed / (settled) *	0.24	-
Closing defined benefit obligation	**2.35**	**1.40**

* settled on account of inter group transfer

Net defined benefit liability/ (asset) reconciliation

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening net defined benefit liability	1.40	1.25
Defined benefit cost included in P&L	0.52	0.51
Total re-measurements included in OCI	0.56	(0.14)
Employer direct benefit payments	(0.37)	(0.22)
Liabilities assumed / (settled)	0.24	-
Closing net defined benefit liability	**2.35**	**1.40**

iii. Amount for the yearended March 31,2025 and March 31, 2024 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	0.44	0.43
Interest expenses	0.08	0.08
Amount recognised in Statement of Profit and Loss	**0.52**	**0.51**
Actuarial Loss in obligation due to changes in financial assumptions	0.04	0.02
Actuarial Loss/(Gain) in obligation due to changes in demographic assumptions	0.21	(0.01)
Actuarial Loss/(Gain) in obligation due to changes in experience adjustments	0.31	(0.15)
Amount recognised in Other Comprehensive Income (OCI)	**0.56**	**(0.14)**

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Notes to Financial Statements as at and for the year ended March 31, 2025

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate	6.65%	7.10%
Future salary increases	7.00%	7.00%
Withdrawal rates	22% for managers and above 30% for frontline staff	37% for managers and above 38% for frontline staff
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 on March 31, 2025 for the estimated terms of the obligations.
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

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 March 31, 2025	As at March 31, 2024
Within the next 12 months (next annual reporting period)	0.40	0.43
Between 2 and 5 years	1.65	1.01
Between 6 and 9 years	0.74	0.26
10 & Above following years	0.41	0.06
Total expected payments	**3.20**	**1.76**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4.15 years (March 31, 2024: 2.93 years).

D. Sensitivity analysis

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

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate (-/+ 1%)		
Decrease by 100 basis points	0.09	0.04
Increase by 100 basis points	(0.10)	(0.04)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(0.09)	(0.04)
Increase by 100 basis points	0.10	0.04

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

These plans typically expose the Company to actuarial risks such as: interest risk, longevity risk and salary risk.
(a) Interest risk - A decrease in the discount rate will increase the plan liability.
(b) Longevity risk – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
(c) Salary risk – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 42
Related party transactions
A. Names of the related parties

Relationship	Name of entity
Holding company	FSN E-Commerce Ventures Limited
Fellow subsidiary*	Nykaa-KK Beauty Private Limited FSN International Limited (formerly known as FSN International Private Limited) Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited) FSN Distribution limited (formerly known as FSN Distribution Private limited) Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited) Dot & Key Wellness Limited (formerly known as Dot & Key Wellness Private Limited) Nykaa Foundation
Directors and Key Management Personnel (KMP)	Mrs. Falguni Nayar[#] -- Director (w.e.f June 21, 2024) Mr. Anchit Nayar[#] -- Director Mr. P Ganesh[#] -- Director Mr.Pranab Barua -- Director Mrs. Alpana Parida[#] -- Independent Director (till November 3, 2023) Mr.Seshashayee Sridhara -- Director (w.e.f November 3,2023) Mr. Kingshuk Basu[#] -- Director (till June16, 2023) Mr. Shailendra Singh[#] -- Manager (w.e.f November 3, 2023) Mr. Gopal Agiwal[#] -- Chief Financial Officer Mr. Harsh Gala[#] -- Company Secretary (till November 3, 2024) Mr. Vasudevan Iyer[#] -- Company Secretary (w.e.f February 4, 2025) Mr. Pratik Bhujade[#] -- Company Secretary (till July 31, 2023)

* Name of the related parties where the transactions have occurred
[#] There are no transactions during the current year

B. Transactions with Related Parties

Particulars	Nature of transactions	Transactions during FY 2024-25	Balance as at March 31, 2025	Transactions during FY 2023-24	Balance as at March 31, 2024
Holding company					
FSN E-Commerce Ventures Limited	Purchases (net of discounts)	53.76	(0.86)	58.47	-
	Interest expenses	11.66	(0.13)	16.84	-
	Rent expenses	2.45	-	2.17	-
	Marketing income	(26.67)	-	(22.28)	-
	Net Loan repaid/(taken)	226.41	(15.51)	11.55	(243.73)
	Discount income	-	-	(15.58)	1.32
	Brand Usage Charges	7.28	-	5.52	-
	Reimbursement of Expenses	12.17	-	25.02	-
	Lease liability	-	-	-	(3.67)
	Notional interest expenses - Lease	-	-	0.44	-
	Commission on Financial guarantee	2.28	-	0.99	-
	Notional interest Expenses- Loan	1.81	-	3.51	-
	Share based payment expenses	0.50	-	(0.06)	-
	Other equity contribution	-	(31.36)	(0.06)	31.36
	Equity Contribution	-	(102.00)	-	(102.00)
	Investment in Nykaa Fashion	-	-	0.00*	-
Fellow Subsidiaries					
Nykaa-KK Beauty Private Limited	Purchases (net of discounts)	29.99	-	25.74	(0.04)
	Marketing income	(5.65)	0.51	(3.76)	-
	Discount income	-	-	(3.27)	-
	Reimbursement/ (Recovery) of Expenses	-	-	(0.01)	-
FSN International Limited (formerly known as FSN International Private Limited)	Sales (net of discounts)	(0.24)	0.06	(0.24)	-
	Marketing expense	-	-	0.04	(0.05)
	Reimbursement of Expenses	0.00*	-	0.00*	-
	Discount expenses	-	-	0.02	-
Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited)	Sales (net of discounts)	(446.12)	-	(421.37)	9.70
	Purchases (net of discounts)	34.30	(7.81)	78.29	-
	Discount income	-	-	(7.54)	-
	Discount expenses	-	-	37.71	-
	Marketing expense	30.61	-	10.72	-
	Marketing income	(38.22)	-	(25.85)	-
	Commission Expenses (Hyper Local)	0.82	-	0.69	-
	Commission income (Endless Aisle)	(0.07)	-	(0.10)	-
	Lease Liability	-	-	-	(0.21)
	Notional Interest Expenses - Lease	-	-	0.05	-
	Reimbursement of Expenses	3.08	-	1.82	-
	Purchase of Property plant and equipment	0.05	-	-	-
	Rent Expenses	0.64	-	0.65	-
	Net Loan repaid/(taken)	(257.03)	(257.03)	-	-
	Interest on loan	9.61	(1.65)	-	-
FSN Distribution limited (formerly known as FSN Distribution Private Limited)	Purchases (net of discounts)	0.16	-	-	-
	Sales (net of discounts)	(4.50)	-	(5.01)	-
	Marketing expense	0.89	(0.23)	0.40	(0.02)
	Discount expenses	-	-	0.40	-
	(Recovery)/Reimbursement of Expenses	(0.48)	-	(0.05)	-
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	Purchase of Property plant and equipment	0.01	-	-	-
	(Recovery)/Reimbursement of Expenses	(0.07)	0.01	(0.06)	0.06
	Investment*	-	0.00*	-	-
Dot & Key Wellness Limited (formerly known as Dot & Key Wellness Private Limited)	Purchases (net of discounts)	12.69	(1.33)	1.55	(0.29)
	Marketing Income	(2.31)	0.40	-	-
Nykaa Foundation	Investment*	-	0.00*	-	-

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Directors and Key Management Personnel (KMP)

Particulars	Nature of transactions	Transactions during FY 2024-25	Balance as at March 31, 2025	Transactions during FY 2023-24	Balance as at March 31, 2024
Mr Pranab Barua	Sitting fees	0.01	-	0.01	-
	Commission	0.05	(0.05)	0.10	-
Mrs. Alpana Parida Shah	Sitting fees	-	-	0.01	-
Mr. Seshashayee Sridhara	Sitting fees	0.01	-	0.00*	-
	Commission	0.05	(0.05)	-	
Mr. Kingshuk Basu	Remuneration & Reimbursements	-	-	0.66	-

Figures in brackets indicates payables and income

*Less than ₹ 0.01 crore

Terms and conditions of transactions with related parties

i) 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.

ii) 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 contract remaining to be executed on capital account and not provided for (net of advances) - ₹ 2.39 crore as at March 31, 2025 (March 31, 2024 : ₹1.51 crore).

B. Contingent Liabilities

The Company does not have any contingent liabilities.

Particulars	As at March 31, 2025	As at March 31, 2024
i) Claims against the Company, not acknowledged as debts		
Disputed Indirect tax matters (including interest up to the date of demand, if any) [refer note (i) below]	1.03	-
Total	**1.03**	-

Notes:

(i) The GST adjudicating authority has passed an order for FY 2018-19 & FY 19-20 with demand amounting to ₹ 1.03 crore including penalty on account of short payment of GST liability and wrong availment of ITC as per Tran-1. The management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements.

Note 44

Segment information

The Company is engaged in the business of import, purchase, selling and distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade. The Company's business activity falls within a single primary business segment, i.e. Beauty. Accordingly, disclosures as required under IND AS 108, Operating Segments, have not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.The Company has identified Board of Directors as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on "Business Segments".

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

(ii) No single external customer (other than related party, refer note 42) contributed 10% or more to Company's revenue.

(iii) All non current assets of the Company are located in India

Note 45

Fair value of financial asstes and financial liabilities

Below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those the Company capitalises costs for projects with carrying amounts that are reasonable approximations of fair values.

Particulars	Level	Carrying value as of	
		March 31, 2025	March 31, 2024
Financial Assets:			
Amortised cost			
Trade receivables		28.31	17.74
Cash and cash equivalents		4.45	1.81
Bank balance other than cash and cash equivalents		0.01	0.26
Other financial assets		72.50	52.28
FVTPL			
Derivative Financial assets [1]	2	-	0.02
		105.27	**72.11**
Financial Liabilities:			
Amortised cost			
Borrowings		513.18	368.75
Lease liabilities		210.66	165.14
Trade payables		139.01	132.83
Other financial liabilities		32.89	20.51
FVTPL			
Derivative Financial Liabilities	2	0.47	-
		896.21	**687.23**

[1] Included in other current financial assets/liabilities.

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

The valuation techniques used to determine the fair values of financial assets and financial liabilities classified as level 2 include use of quoted market prices or dealer quotes for similar instruments and generally accepted pricing models based on a discounted cash flow analysis using rates currently available for debt on similar terms, credit risk and remaining maturities. 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 principal financial liabilities comprise borrowings from banks, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance, trade and other receivables that derive directly from its operations.

The Company's 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 manage each of these risks, which are summarised below:

(A) 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, 2025 and March 31, 2024.

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Notes to Financial Statements as at and for the year ended March 31, 2025

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

Particulars	Increase / Decrease in basis points	Effect on profit before tax
March 31, 2025	+50	(2.57)
	-50	2.57
March 31, 2024	+50	(1.84)
	-50	1.84

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) Derivatives (forward contracts) outstanding as at the reporting date (in respective currency):

Particulars of transactions	Currency	As at March 31, 2025		As at March 31, 2024	
		Foreign currency	Equivalent ₹*	Foreign currency	Equivalent ₹*
Forward contracts to Purchases - Trade Payable	USD	0.30	25.94	0.15	12.42
Forward contracts to Purchases - Trade Payable	SGD	-	-	0.00*	0.04
Forward contracts to Purchases - Trade Payable	EURO	0.01	0.51	0.01	1.27

*Represents conversion at hedged rate
*Less than ₹ 0.01 crore

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

Particulars	Currency	As at March 31, 2025		As at March 31, 2024	
		Foreign currency	Equivalent ₹*	Foreign currency	Equivalent ₹*
Payables:					
Trade payables	USD	-	-	0.03	2.84
	SGD	-	-	0.00*	0.00*
	EURO	0.00*	0.02		
Advances:					
	USD	-	-	-	-
Advance to vendors against purchases / expense	EURO	-	-	-	-
	CNY	-	-	-	-

*Less than ₹ 0.01 crore

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

(B) 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 and security deposits).

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(h) 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. Trade receivable are non-interest bearing and are generally on payment terms of 0-90 days.

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Notes to Financial Statements as at and for the year ended March 31, 2025

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	1.56	1.14
Provision (reversed)/created during the year	(0.37)	0.42
Closing balance	**1.19**	**1.56**

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 The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

(c) Liquidity risk

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

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2025					
Borrowings	513.18	403.05	110.13	-	513.18
Trade payables	139.01	139.01	-	-	139.01
Lease liabilities	210.66	92.83	144.98	12.53	250.34
Other financial liabilities	33.36	33.36	-	-	33.36
Total	**896.21**	**668.25**	**255.11**	**12.53**	**935.89**
As at March 31, 2024					
Borrowings	368.75	273.93	96.63	-	370.56
Trade payables	132.83	132.83	-	-	132.83
Lease liabilities	165.14	74.38	107.92	12.99	195.29
Other financial liabilities	20.51	20.51	-	-	20.51
Total	**687.23**	**501.65**	**204.55**	**12.99**	**719.19**

Note 47

Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, 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 Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt includes interest bearing borrowings less cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Gross debt	513.18	368.75
Less: Cash and cash equivalents	(4.45)	(1.81)
Net debt (A)	**508.73**	**366.94**
Equity	32.82	18.37
Total Equity (B)	**32.82**	**18.37**
Net gearing ratio (A)/(B)	**15.50**	**19.98**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2025 and March 31, 2024.

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Note 48

Share based payments

(A) Employee stock options- equity settled

Under the Employees Stock Option Scheme – 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 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/(reversed) an expense of ₹0.5 crore (March 31, 2024: ₹(0.06) crore) arising from equity settled share based payment transactions for employee services received during the year.

As at the end of the given period, details and movements of the outstanding options are as follows:

Options granted under ESOS 2017

Particulars	March 31, 2025	March 31, 2024
Options outstanding at the beginning of the period	2,96,300	7,26,600
Transfer/Adjustment	7,83,050	-
Options granted during the period	1,95,000	1,70,000
Options forfeited during the period	(2,91,880)	(4,65,450)
Options expired/lapsed during the period	(900)	(1,950)
Options exercised during the period	(4,11,550)	(1,32,900)
Options outstanding at the end of the period	**5,70,020**	**2,96,300**

For options outstanding at the end of the period:		
Exercise price range	₹ 33.66 - 226.33	₹ 33.66 - 226.33
Weighted average remaining contractual life (in years)	4.88	4.91

(B)Fair value of options granted

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

Particulars	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.99-2.00	2.73-2.79	3.45-3.48	4.13-4.14
Risk free interest rate (%)	6.39% to 6.94%	6.37% to 6.94%	6.37% to 6.95%	6.37% to 6.95%
Volatility (%)	35% - 40%	40% - 45%	45%	40% - 45%
Market price on date of grant	174.55 - 176.9			
Fair Value	46.62-50.72	60.21-64.78	72.4-73.05	73.54-80.05

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 the average of last 15 days closing price of shares on BSE index, as on the grant date.

The weighted average share price at the date of exercise of options exercised during the year was ₹ 175.38 (March, 2024 ₹ 151)

(C) Expenses arising from share-based payment transaction

The total expenses arising from share-based payment transactions recognised were as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	0.50	(0.06)

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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 49
Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2025	March 31, 2024	% Change	Remarks
1	Current ratio	Current assets	Current liabilities	0.89	0.85	4.81%	
2	Debt equity ratio	Long term debt	Shareholder's equity	3.36	5.16	(34.98%)	Decrease on account of profits during the year
3	Debt service coverage ratio	Earning for debt service = Net profit after taxes + Non-cash operating expenses+ finance cost	Debt service = Interest & Lease Payments + Principal Repayments	0.59	1.42	(58.43%)	Decrease on account of repayments during the year
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	58.10%	54.36%	3.74%	
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	2.11	2.38	(11.16%)	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	54.63	48.50	12.64%	
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	6.96	6.17	12.78%	
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	(17.94)	(13.73)	30.60%	Increase on account of sales during the year
9	Net profit ratio	Net Profit/ (Loss) for the year	Net sales = Total sales - sales return	1.18%	0.78%	0.40%	
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	15.13%	15.64%	(0.50%)	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	6.80%	7.29%	(0.48%)	

Note 50
Audit trail

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled at the database level and master fields as it relates to accounting software used for maintaining general ledger.

Further, the Company uses certain other peripheral applications that support the recording of Revenue, Inventory and Purchase (hereinafter referred to as 'supporting softwares'), wherein the audit trail (edit log) facility was not enabled throughout the year for all relevant transactions recorded in the software.

The Company uses a third-party operated software for processing payroll. Management has obtained the report of Service Organisation Controls (SOC) auditors engaged by such third party for the period April 01, 2024 to December 31, 2024 which mention that the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

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FSN Brands Marketing Private Limited

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FSN Brands Marketing Private Limited
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Notes to Financial Statements as at and for the year ended March 31, 2025
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.
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.
vii. There are no proceedings initiated or pending against the Company under Benami Property held under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
viii. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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

S. R. BATLIBOI & ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

per Govind Ahuja
Partner
Membership No: 048966

Place: Mumbai
Date: May 13, 2025

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

Anchit Nayar
Director
DIN 08351358

P Ganesh
Director
DIN 07202923

Vasudevan Iyer
Company Secretary
ACS M.No. A54536

Gopal Agiwal
Chief Financial Officer

FSN Brands Marketing Private Limited

Place: Mumbai
Date: May 13, 2025

Place: Mumbai
Date: May 13, 2025