S.R. Batliboi & Associates LLP
Chartered Accountants

12th Floor, The Ruby
29, Senapati Bapat Marg, Dadar (West)
Mumbai - 400028

V C Shah & Co
Chartered Accountants

205-206 Regent Chambers, 2nd Floor
Jamnalal Bajaj Road,208 Nariman Point
Mumbai - 400021

INDEPENDENT AUDITOR'S REPORT

To the Members of FSN Distribution Limited (erstwhile FSN Distribution Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of FSN Distribution Limited (erstwhile FSN Distribution 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 loss 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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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 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;

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V C SHAH & CO * CHARTERED ACCOUNTANTS *

(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 39 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 48 (v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 48 (vi) to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(v) No dividend has been declared or paid during the year by the Company.

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V. C. SHAH & CO * CHARTERED ACCOUNTANTS

(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 described in Note 45 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

- 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 45 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: 25048966BMNXHM2544
Place of Signature: Mumbai
Date: May 29, 2025

For V C Shah & Co
Chartered Accountants
ICAI Firm Registration Number : 109818W

per Anish N. Shah
Partner
Membership Number:042649
UDIN: 25042649BMHAVN9022
Place of Signature: Mumbai
Date: May 29, 2025

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

Re: FSN Distribution Limited (erstwhile FSN Distribution 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 reflected in the books.

(b) The Company has a programme of physical verification of Property, Plant and Equipment to cover all the items in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to such 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 21 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.

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V C SHAH & CO CHARTERED ACCOUNTANTS

(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.

(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.

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

V. C. SHAH & CO * CHARTERED ACCOUNTANTS *

(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.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, custom duty, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

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

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by the secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) In our opinion, the Company is not a Nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

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

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

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has cash losses amounting to Rs. 1,866.60 million in the current year and amounting to Rs. 1,475.41 million in the immediately preceding financial year respectively.

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

V C SHAH & CO * CHARTERED ACCOUNTANTS

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 46 to the financial statements, the 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 and considering the Company's total liabilities exceeds the total assets by Rs. 3,409.17 million, the Company has obtained the letter of financial support from the Holding Company, nothing has come to our attention, which causes us to believe 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, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) a & 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	For V C Shah & Co
Chartered Accountants	Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004	ICAI Firm Registration Number : 109818W
S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS	V C SHAH & CO CHARTERED ACCOUNTANTS
per Govind Ahuja	**per Anish N. Shah**
Partner	Partner
Membership Number:048966	Membership Number:042649
UDIN: 25048966BMNXHM2544	UDIN: 25042649BMHAVN9022
Place of Signature: Mumbai	Place of Signature: Mumbai
Date: May 29, 2025	Date: May 29, 2025

ANNEXURE '2' TO THE INDEPENDENT AUDITORS' 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 Distribution Limited (erstwhile FSN Distribution 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

C. SHAH & CO CHARTERED ACCOUNTANTS

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

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

per Govind Ahuja
Partner
Membership Number:048966
UDIN: 25048966BMNXHM2544
Place of Signature: Mumbai
Date: May 29, 2025

For V C Shah & Co
Chartered Accountants
ICAI Firm Registration Number :
109818W

V C SHAH & CO CHARTERED ACCOUNTANTS

per Anish N. Shah
Partner
Membership Number:042649
UDIN: 25042649BMHAVN9022
Place of Signature: Mumbai
Date: May 29, 2025

FSN Distribution Limited (formerly known as FSN Distribution Private Limited)
(Amounts in ₹ Millions, 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	-	144.11
Other Intangible assets	5	-	48.85
Right of use assets	6	-	56.42
Intangible assets under development	5A	-	0.32
Financial assets			
Investments	7	0.00*	0.00*
Other financial assets	8	-	3.80
Deferred tax assets (net)	9	59.71	665.43
Non-current tax assets (net)		3.88	2.18
Other non-current assets	10	-	0.38
Total non-current assets (A)		**63.59**	**921.49**
Current assets			
Inventories	11	15.61	493.78
Financial assets			
Trade receivables	12	15.48	123.12
Cash and cash equivalents	13	7.72	1.11
Other financial assets	14	3.10	91.52
Other current assets	15	45.95	503.04
Total current assets (B)		**87.86**	**1,212.57**
Assets held for Sale (C)	47	3,169.64	-
Total assets (A+B+C)		**3,321.09**	**2,134.06**
Equity			
Equity share capital	16	0.10	0.10
Other equity	17	(3,409.17)	(1,954.88)
Total equity (A)		**(3,409.07)**	**(1,954.78)**
Non-current liabilities			
Financial liabilities			
Borrowings	18	-	2,850.00
Lease liabilities	19	-	25.21
Provisions	20	3.46	1.84
Total non-current liabilities (B)		**3.46**	**2,877.05**
Current liabilities			
Financial liabilities			
Borrowings	21	10.40	627.99
Lease liabilities	22	-	37.14
Trade payables	23		
-Total outstanding dues of micro enterprise and small enterprises		1.54	45.19
-Total outstanding dues of creditors other than micro enterprises and small enterprises		3.38	308.33
Other financial liabilities	24	7.48	178.68
Provisions	25	1.00	1.90
Contract liabilities	26	5.30	1.98
Other current liabilities	27	22.98	10.58
Total current liabilities (C)		**52.08**	**1,211.79**
Liabilities directly associated with the assets held for Sale (D)	47	6,674.62	-
Total liabilities (B+C+D)		**6,730.16**	**4,088.84**
Total equity and liabilities (A+B+C+D)		**3,321.09**	**2,134.06**

*Less than ₹ 0.01 million

The accompanying notes form an integral part of the Financial Statements

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

per Anish N. Shah
Partner
Membership No: 042649

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: 29 May, 2025

For and on behalf of Board of Directors of FSN Distribution Limited

P Ganesh
Director
DIN No. 07202923

Place: Mumbai
Date: 29 May, 2025

Vishal Gupta
Director
DIN No. 10048743

Place: Mumbai
Date: 29 May, 2025

SD

FSN Distribution Limited (formerly known as FSN Distribution Private Limited)
(Amounts in ₹ Millions, 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	28	158.87	154.53
Other income	29	0.15	0.07
Total Income		**159.02**	**154.60**
Expenses			
Purchases of traded goods	30	119.48	127.31
Changes in inventories of stock-in-trade	31	18.97	(1.46)
Employee benefits expense	32	13.27	19.37
Finance costs	33	2.58	2.22
Other expenses	34	35.47	67.42
Total expenses		**189.77**	**214.86**
Loss before tax		**(30.75)**	**(60.26)**
Tax (benefit)	9		
Deferred tax		-	(14.96)
Total tax (benefit)		-	**(14.96)**
Loss from Continuing Operation, net of tax		**(30.75)**	**(45.30)**
Loss from Discontinuing Operation, net of tax	47	**(1,420.07)**	**(1,097.01)**
Loss for the year		**(1,450.82)**	**(1,142.31)**
Other comprehensive income			
Continuing Operations:			
Items that will not be reclassified to profit or loss			
Remeasurement (loss) / gain of defined benefit plans	37	(3.04)	1.98
Income tax effect on above	9	-	(0.49)
Other comprehensive (loss) / income from Continuing Operations, net of tax		(3.04)	1.49
Discontinued Operations:			
Items that will not be reclassified to profit or loss			
Remeasurement (loss) / gain of defined benefit plans		(0.57)	(0.57)
Income tax effect on above		0.14	0.14
Other comprehensive (loss) / income from Discontinued Operations, net of tax		**(0.43)**	**(0.43)**
Other comprehensive (loss) / income for the year, net of tax		**(3.47)**	**1.06**
Total comprehensive (loss) for the year		**(1,454.29)**	**(1,141.25)**
Earnings per share of face value ₹ 10/- each			
Continuing Operation:			
Basic	35	(3,075.00)	(4,530.00)
Diluted	35	(3,075.00)	(4,530.00)
Discontinued Operation:			
Basic	35	(1,42,007.00)	(1,09,701.10)
Diluted	35	(1,42,007.00)	(1,09,701.10)
Continuing and Discontinued Operation:			
Basic	35	(1,45,082.00)	(1,14,231.10)
Diluted	35	(1,45,082.00)	(1,14,231.10)
The accompanying notes form an integral part of the Financial Statements			

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

per Anish N. Shah
Partner
Membership No: 042649

SD

V C SHAH & CO CHARTERED ACCOUNTANTS

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: 29 May, 2025

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of
FSN Distribution Limited

P Ganesh
Director
DIN No. 07202923

Place: Mumbai
Date: 29 May, 2025

Vishal Gupta
Director
DIN No. 10048743

Place: Mumbai
Date: 29 May, 2025

FSN DISTRIBUTION LIMITED

FSN Distribution Limited (formerly known as FSN Distribution Private Limited)
(Amounts in ₹ Millions, 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		
Loss before tax as per statement of profit and loss		
Continuing Operations	(30.75)	(60.26)
Discontinued Operations	(1,896.97)	(1,473.45)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation of property, plant and equipment and right of use assets	106.58	92.75
Amortisation of intangible assets	19.43	6.76
Interest expense and other finance costs	410.34	225.88
Share based expense	-	2.76
Provision for leave compensated expense	0.47	(1.16)
Provision for gratuity expense	1.01	1.34
Allowance for expected credit loss	(3.23)	9.86
Interest income	(1.35)	(1.35)
Gain on cancellation of lease	-	(0.60)
Operating (loss) before working capital changes	**(1,394.47)**	**(1,197.47)**
Adjustments for changes in working capital:		
(Increase) / Decrease in trade receivables	(41.39)	80.74
(Increase) / Decrease in Inventories	(205.67)	3.61
(Increase) in financial assets	(23.61)	(37.52)
(Increase) in other current assets	(319.99)	(243.16)
Increase / (Decrease) in trade payables	134.99	(34.56)
Increase / (Decrease) in other financial liabilities	38.46	(22.30)
Increase / (Decrease) in other current liabilities	12.40	(1.48)
Increase / (Decrease) in provisions	5.36	(1.75)
Cash used in operations	**(1,793.92)**	**(1,453.89)**
Payment of direct taxes (net of refunds)	(1.54)	(0.67)
Net cash flows used in operating activities (A)	**(1,795.46)**	**(1,454.56)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(89.08)	(44.14)
Net cash flows used in investing activities (B)	**(89.08)**	**(44.14)**
Cash flows from financing activities		
Proceeds from non-current borrowings	247.72	2,600.00
Repayment of non-current borrowings	1,776.46	-
Proceeds / (Repayment) from Current Borrowings (net)	323.68	(839.12)
Interest paid on borrowings	(383.02)	(199.06)
Principal payment of lease liabilities	(60.47)	(52.56)
Interest paid on lease liabilities	(9.64)	(8.50)
Commission paid on financial guarantee	(3.58)	(2.25)
Net cash flows generated from financing activities (C)	**1,891.15**	**1,498.51**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**6.61**	**(0.19)**
Cash and cash equivalents at the beginning of the year	1.11	1.30
Cash and cash equivalents at the end of the year (Refer Note - 13)	**7.72**	**1.11**

Note:
1) Non cash transactions relating to investing and financing activities refer note 24 and note 36.
2) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash flow.

The accompanying notes are an integral part of the Financial Statements
As per our report of even date

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

per Anish N. Shah
Partner
Membership No: 042649

SD

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: 29 May, 2025

For and on behalf of Board of Directors of
FSN Distribution Limited

P Ganesh
Director
DIN No. 07202923

Place: Mumbai
Date: 29 May, 2025

Vishal Gupta
Director
DIN No. 10048743

Place: Mumbai
Date: 29 May, 2025

V C SHAH & CO CHARTERED ACCOUNTANTS

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

FSN DISTRIBUTION LIMITED

FSN Distribution Limited (formerly known as FSN Distribution Private Limited)
(Amounts in ₹ Millions, unless stated otherwise)

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

A. Equity share capital: (refer note 16)

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

Particulars	No. of shares	Amount
As at April 1, 2023	10,000	0.10
Issued during the year	-	-
As at March 31, 2024	10,000	0.10
Issued during the year	-	-
As at March 31, 2025	10,000	0.10

B. Other equity: (refer note 17)

Particulars	Capital contribution from parent	Reserves and surplus	Other Comprehensive Income (OCI)	Total other equity
		Retained Earnings		
As at April 1, 2023	0.30	(816.80)	0.11	(816.39)
(Loss) for the year (Continued Operation)	-	(45.30)	-	(45.30)
(Loss) for the year (Discontinued Operation)	-	(1,097.01)	-	(1,097.01)
Other comprehensive income	-	-	1.06	1.06
Total comprehensive Loss	-	(1,142.31)	1.06	(1,141.25)
Share based payment (refer note 44)	2.76	-	-	2.76
As at March 31, 2024	3.06	(1,959.11)	1.17	(1,954.88)
(Loss) for the year (Continued Operation)	-	(30.75)	-	(30.75)
(Loss) for the year (Discontinued Operation)	-	(1,420.07)	-	(1,420.07)
Other Comprehensive Income	-	-	(3.47)	(3.47)
Total Comprehensive Loss	-	(1,450.82)	(3.47)	(1,454.29)
Share based payment (refer note 44)	16.63	-	-	16.63
Recharge by Holding Company	(16.63)	-	-	(16.63)
As at March 31, 2025	3.06	(3,409.93)	(2.30)	(3,409.17)

The accompanying notes form an integral part of the Financial Statements

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

V C SHAH & CO * CHARTERED ACCOUNTANTS *

SD **per Anish N. Shah**
Partner
Membership No: 042649

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: 29 May, 2025

FSN DISTRIBUTION LIMITED

For and on behalf of Board of Directors of FSN Distribution Limited

P Ganesh
Director
DIN No. 07202923

Place: Mumbai
Date: 29 May, 2025

Vishal Gupta
Director
DIN No. 10048743

Place: Mumbai
Date: 29 May, 2025

1. Corporate Information

FSN Distribution Limited (formerly known as FSN Distribution Private Limited (CIN: U51909MH2021PLC364942), hereinafter referred as the 'Company') for the year ended March 31, 2025. The company is a limited Company incorporated and domiciled in India. The Company is a wholly owned subsidiary of FSN E-Commerce Ventures Limited. The registered office of the Company is located at 104, Vasan Udyog Bhavan Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

The Company is engaged in the business of selling beauty, hygiene and wellness products through its distribution network to the wholesalers and retailers using the online and offline channels of sales.

The financial statements for the year ended March 31, 2025 were approved by the Board of Directors and approved for issue on May 14, 2025.

The Company's financial statements are presented in Indian Rupees (₹), which is the functional currency and all values are rounded to the nearest Millions (0'00'000), except when otherwise stated.

2. Material Accounting Policies

2A. Basis of preparation

a) 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 other relevant provisions of the Act.

b) Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for the following:
- certain financial assets and liabilities (including derivative instruments) is measured at fair value
- defined benefit plans
- equity settled ESOP at grant date fair value.

c) New and amended standards adopted by the Company

The Ministry of Corporate Affairs vide notification dated September 28, 2024 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain accounting standards, and are effective from the date of notification. These amendments did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

d) Going Concern

The Company has a deficit of ₹1450.82 million for the year ended March 31, 2025 (March 31, 2024 – deficit of ₹1142.31 million). The company has accumulated losses of ₹3409.93 million as at March 31, 2025 (March 31, 2024: ₹1959.11 million), resulting in erosion of Company's net worth. However, the management of the Company is confident of its ability to continue the objective of the Company for the foreseeable future. The Shareholders/Holding Company have committed to provide financial support to the Company to meet its objectives, capital requirements and settle its liabilities/obligations as they become due, over the next twelve months from the date of said financial statement, accordingly, the said financial statements have been prepared on going concern basis.

2B. Summary of material accounting policies:

a) Non-Current Asset held for sale and discontinued operations

The Company classifies non-current assets and disposal Company as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal Company classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal Company), excluding finance costs and income tax expense.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal Company is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal Company), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal Company to be highly probable when:
- The appropriate level of management is committed to a plan to sell the asset (or disposal Company),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal Company) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale. Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented separately as 'Loss from Discontinuing Operation, net of tax' in the statement of profit and loss.

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

V C SHAH & CO CHARTERED ACCOUNTANTS

FSN DISTRIBUTION LIMITED

Additional disclosures are provided in Note 47. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

b) 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.

c) Property Plant & Equipment

Property, plant & equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the qualifying asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant & equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant & Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on property, plant & equipment:

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

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Computers & Hardware	3
Furniture & Fixtures	3 to 10
Office Equipment	5
Leasehold improvements	Period of primary lease

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

d) Intangible assets

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

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period/year in which the expenditure is incurred.

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

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

Research and development costs

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

V C SHAH & CO CHARTERED ACCOUNTANTS

FSN DISTRIBUTION LIMITED

- 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.

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
Computer Softwares	3

e) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net 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 groups of 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.

For assets, 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.

f) 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 is accounted for as follows:

Stock-in-trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

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

g) 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

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.

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

V C SHAH & CO CHARTERED ACCOUNTANTS

FSN DISTRIBUTION LIMITED

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

ii. Lease liabilities:

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

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

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

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

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

Sub-lease

At the commencement date, the Company recognises assets held under a sub-lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease. In case if the interest rate implicit in the sublease cannot be readily determined, the Company being an intermediate lessor uses the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- fixed payments less any lease incentives payable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties, if any, for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on net investment in the lease.

Net investment in the lease are subject to the derecognition and impairment requirements in Ind AS 109. The Company regularly reviews estimated unguaranteed residual values, if any, used in computing the gross investment in the lease and adjusts the income allocation accordingly.

h) Financial Instruments

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

Initial recognition and measurement:

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

Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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 note 2B(h) 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.

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,

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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.

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

Subsequent measurement:

i. Financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

Financial assets at amortised cost (debt instruments)

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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.

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

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

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

Derecognition

Financial Assets

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

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

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

Financial Liabilities

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

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies simplified expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 115 and do not contain significant financing components.

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

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

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

Reclassification of financial assets

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.

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The following table shows various reclassification and how they are accounted for:

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 on the reclassification date.

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.

i) Revenue recognition:

Revenue from contracts with customers

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

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

Rendering of services:

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

ii. 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.

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- **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.

j) Provisions

A provision is recognized 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.

k) Foreign currency transactions

Functional and presentation currency

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

Foreign currency transactions and balances

a) 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.

b) 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.

c) Exchange differences

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

l) Share Based payment

Certain 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 Limited (the Holding Company). These shares vest equally over a period of 3 – 4 years. The Company does not have an obligation to settle the transaction with its employees. Therefore, the Company accounts for the transaction with its employees as equity settled and recognizes a corresponding increase in equity as contribution from parent. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The share-based payment expenses is recharged to the Company, which is adjusted against capital contribution by holding Company.

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.

m) 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.

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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 recognizes 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 recognized 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 recognized 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.

n) Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The management assessed that cash and cash equivalents, trade receivables, advances, trade payables, bank overdraft and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management selects appropriate valuation techniques using discounted cash flow model when the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

o) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, 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 recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised 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 shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

p) 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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. 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.

r) Segment reporting

The Company is engaged in the business of selling beauty, hygiene and wellness products through its distribution network to the wholesalers and retailers using online and offline channels of sales. 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.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which

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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. 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.

c. Income taxes

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

d. Deferred Taxes

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

e. 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.

f. Impairment of financial assets:

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

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

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

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h. 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).

i. Other estimates:

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

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

Note 4
Property, plant and equipment

Particulars	Computer Equipment	Furniture and Fixtures	Office Equipments	Leasehold Improvements	Total
Gross carrying amount					
As at April 1, 2023	**32.49**	**93.50**	**41.71**	**15.52**	**183.22**
Additions	0.45	7.07	5.64	5.80	18.96
Disposals	-	-	-	-	-
As at March 31, 2024	**32.94**	**100.57**	**47.35**	**21.32**	**202.18**
Additions	7.63	51.37	39.44	31.95	130.39
Disposals	(0.54)	-	(3.34)	-	(3.88)
Held for Sale	(40.03)	(151.94)	(83.45)	(53.27)	(328.69)
As at March 31, 2025	-	-	-	-	-
Accumulated depreciation					
As at April 1, 2023	**7.73**	**5.72**	**3.80**	**1.63**	**18.88**
Depreciation charge for the year	11.24	9.97	9.25	8.73	39.19
Disposals	-	-	-	-	-
As at March 31, 2024	**18.97**	**15.69**	**13.05**	**10.36**	**58.07**
Depreciation charge for the year	12.76	11.59	12.03	8.67	45.05
Disposals	(0.45)	-	(1.04)	-	(1.49)
Held for Sale	(31.28)	(27.28)	(24.04)	(19.03)	(101.63)
As at March 31, 2025	-	-	-	-	-
Net carrying amount					
As at March 31, 2025	-	-	-	-	-
As at March 31, 2024	**13.97**	**84.88**	**34.30**	**10.96**	**144.11**

Notes:

1. Movable assets have been pledged to secure borrowings of the Company (refer note 21)
2. Refer note 39 for capital commitments.
3. Refer note 47 for Assets held for Sale.

Note 5
Other Intangible assets

Particulars	Business Application Development Cost
Gross carrying amount	
As at April 1, 2023	**11.99**
Additions	45.96
Disposals/adjustments	-
As at March 31, 2024	**57.95**
Additions	-
Disposals/adjustments	-
Held for Sale	(57.95)
As at March 31, 2025	-
Accumulated amortisation	
As at April 1, 2023	**2.34**
Amortisation charge for the year	6.76
Disposals/adjustments	-
As at March 31, 2024	**9.10**
Amortisation charge for the year	19.43
Disposals/adjustments	-
Held for Sale	(28.53)
As at March 31, 2025	-
Net carrying amount	
As at March 31, 2025	-
As at March 31, 2024	**48.85**

Refer note 47 for Assets held for Sale.

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

Note 5A
Intangible assets under development

Particulars	Business Application Development Cost
As at April 1, 2023	**10.80**
Addition	6.81
Capitalisation	(17.29)
As at March 31, 2024	**0.32**
Addition	5.14
Capitalisation	-
Held for Sale	(5.46)
As at March 31, 2025	-

Intangible assets under development ageing schedule:

Particulars	Amount of the Intangible assets under development for a period of					Total
	Less than 1 year	0-1 years	1-2 years	2-3 years	More than 3 years	
As at March 31, 2025						
Projects in progress	-	-	-	-	-	-
As at March 31, 2024						
Projects in progress	0.32	-	-	-	-	0.32

Notes:
1) Intangible assets under development consists of web portal development.
2) There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above-mentioned reporting dates.
3) Refer note 47 for Assets held for Sale.

Note 6
Right of use assets

Particulars	Buildings
As at April 1, 2023	**143.17**
Additions	11.32
Disposals/adjustments	(15.41)
As at March 31, 2024	**139.08**
Additions	98.08
Disposals/adjustments	-
Held for Sale	(237.16)
As at March 31, 2025	-
Accumulated depreciation	
As at April 1, 2023	**35.91**
Depreciation charge for the year	53.56
Disposals/adjustments	(6.81)
As at March 31, 2024	**82.66**
Depreciation charge for the year	61.53
Disposals/adjustments	-
Held for Sale	(144.19)
As at March 31, 2025	-
Net carrying amount	
As at March 31, 2025	-
As at March 31, 2024	**56.42**

Notes:
1) Disposals include derecognition of ROU assets on cancellation of lease contract.
2) Refer note 47 for Assets held for Sale.

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Note 7
Investments (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Investments in subsidiaries (Unquoted, fully paid up)		
(A) Investments in Equity Instruments of Fellow Subsidiaries (at cost)		
Nykaa foundation		
1 fully paid equity shares of ₹ 10 each (March 31, 2024: ₹ 1 fully paid equity shares of ₹ 10 each)	0.00*	0.00*
Total	**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 million

Note 8
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)	-	3.80
Total	**-**	**3.80**

Refer note 47 for Assets held for Sale

Note 9
Income tax

a) The major components of income tax expense/ (credit) are:
(i) Income Tax benefit recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax		
In respect of current year	(476.90)	(391.40)
Income tax benefit reported in the Statement of Profit and Loss	**(476.90)**	**(391.40)**

Refer note 47 for Assets held for Sale

(ii) (Expense) / benefit recognised in Other Comprehensive Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax		
Remeasurement (loss) / gain of defined benefit plans	0.14	(0.35)
Income tax (expense) / benefit reported in the Other Comprehensive Income	**0.14**	**(0.35)**

Refer note 47 for Assets held for Sale

Reconciliation of tax benefit 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
Loss before tax from Continuing Operations	(30.75)	(60.26)
Loss before tax from Discontinued Operations	(1,896.97)	(1,473.45)
Loss before tax from Continuing Operations and Discontinued Operations	**(1,927.72)**	**(1,533.71)**
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	**(485.21)**	**(386.03)**
Tax effect of:		
Deferred tax not created on current year losses	7.33	-
Others (mainly includes permanent differences)	0.96	(5.37)
Total Tax (benefit)	**(476.92)**	**(391.40)**
Income tax expenses as per Statement of Profit and Loss	-	-
Deferred tax (benefit)	(476.90)	(391.40)
Tax (benefit) recognised in the Statement of Profit and Loss	**(476.90)**	**(391.40)**
Effective tax rate	24.74%	25.52%

Refer note 47 for Assets held for Sale

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Deferred tax relates to the following:

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	2.60	0.94
Tax losses	1,112.52	641.04
Lease Liabilities	25.08	15.70
Depreciation and amortisation on tangible and intangible assets	6.54	3.28
Others	19.14	18.44
Deferred tax assets (A)	**1,165.88**	**679.40**
Depreciation on Right of use assets	23.41	13.97
Deferred tax liabilities (B)	**23.41**	**13.97**
Held for Sale (C)	**1,082.76**	-
Deferred tax assets (net) (A-B-C)	**59.71**	**665.43**

Refer note 47 for Assets held for Sale

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance (A)	**665.43**	**274.38**
Tax benefit during the year recognised in Statement of Profit and Loss (B)	476.90	391.40
Tax benefit/(expense) during the year recognised in Other Comprehensive Income (C)	0.14	(0.35)
Held for Sale (D)	1,082.76	-
Closing balance (A+B+C-D)	**59.71**	**665.43**

Refer note 47 for Assets held for Sale

During the year ended March 31, 2025, the Company reassessed recognition of deferred tax assets on carry forward losses and unabsorbed depreciation. The Company recognised net deferred tax assets in respect of carry forward losses, unabsorbed depreciation and other temporary differences of ₹ 59.71 million as at March 31, 2025 (As at March 31, 2024 ₹ 665.43 million). Company also has net deferred tax assets of Rs 1082.76 million in discontinued operations. In assessing the realisability of its deferred tax assets, the management has considered business projection for forseeable future period and believes that such projections are realiable and represent convincing evidence which provides reasonable certanity that sufficient taxable profit will be available against which the carry forward losses and unabsorbed depreciation can be utilised.
The Company reassessed recognition of deferred tax assets on carry forward losses and unabsorbed depreciation. The Company has not created deferred tax assets in respect of unabsorbed depreciation and other temporary differences for the year ended March 31, 2025.
The Company has tax losses of ₹ 35.13 million (31 March 2024: Nil) that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose and these losses will expire in March 2033. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group

Note 10
Other non-current assets

Particulars	As at March 31, 2025	As at March 31, 2024
Capital advance	-	0.38
Total	-	**0.38**

Refer note 47 for Assets held for Sale

Note 11
Inventories (valued at lower of cost or net realisable value)

Particulars	As at March 31, 2025	As at March 31, 2024
Stock-in-trade	15.61	481.81
Packing material	-	11.97
Total	**15.61**	**493.78**

Refer note 47 for Assets held for Sale
As at March 31, 2025, ₹ 48.61 million (including ₹ 47.41 million disclosed as held for Sale) (March 31, 2024: ₹ 51.86 million) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

Inventory includes goods in transit as follows:
Stock-in-trade - As at March 31, 2025: 82.49 million (including ₹ 77.58 million disclosed as held for Sale) (March 31, 2024: 0.57 million)

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Note 12
Trade receivables (Unsecured)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables - considered good	15.48	123.12
Trade receivables- credit impaired	8.82	20.99
Gross trade receivables	**24.30**	**144.11**
Less: Allowances for expected credit loss (refer note 42)	(8.82)	(20.99)
Total	**15.48**	**123.12**

Gross trade receivables ageing schedule:
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 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	-	15.46	0.02	-	-	-	15.48
Undisputed trade receivables – credit impaired	-	-	2.73	2.12	3.97	-	8.82
Total	-	15.46	2.75	2.12	3.97	-	24.30

*Less than ₹ 0.01 million

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 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	1.83	117.96	3.33	-	-	-	123.12
Undisputed trade receivables – credit impaired	-	-	12.03	6.18	2.78	-	20.99
Total	1.83	117.96	15.36	6.18	2.78	-	144.11

Notes:
1) For details of trade receivables with related party, refer note 38.
2) Refer note 47 for Assets held for Sale

Note 13
Cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balance with banks in current accounts	7.72	1.11
Total	**7.72**	**1.11**

Note 14
Other financial assets (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Measured at amortised cost		
Security Deposits (Unsecured, Considered good)	-	7.48
Receivable from payment gateway / cash collection vendors	-	31.20
Unbilled receivables	3.10	52.84
Total	**3.10**	**91.52**

Refer note 47 for Assets held for Sale

Note 15
Other assets (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance to suppliers (Unsecured, Considered good)	1.82	16.08
Balance with statutory / government authorities	44.13	485.42
Prepaid expenses	-	1.54
Total	**45.95**	**503.04**

Refer note 47 for Assets held for Sale

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Note 16
Equity share capital

i) Authorised share capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	No of Shares	Amount	No of Shares	Amount
Equity shares of ₹ 10 each	1,50,000	1.50	1,50,000	1.50

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	No of Shares	Amount	No of Shares	Amount
Equity shares of ₹ 10 each	10,000	0.10	10,000	0.10

Notes:

(a) 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. 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 dividend as when the Company declares and pays dividend after obtaining shareholders approval.

During the year ended March 31, 2025, the amount of per share dividend recognised as distribution to equity shareholders was ₹ Nil (March 31, 2024: ₹ Nil).

(b) Shares held by holding company and its nominees

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

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 (held jointly with Nominees), holding Company	10,000	100.00%	10,000	100.00%

(c) 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 (held jointly with Nominees), holding Company	10,000	100.00%	10,000	100.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares. Neither bonus shares issued nor shares issued for consideration other than cash for the period of five years immediately preceding the reporting date.

(d) Shares issued for consideration other than cash

The Company has not issued any share for consideration other than cash during the period of five years immediately preceding the reporting date.

(e) Promoter Shareholding

Name of 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	9,994	100%	9,994	100%	0%
Falguni Nayar*	1	0%	1	0%	0%
Sanjay Nayar*	1	0%	1	0%	0%
Adwaita Nayar*	1	0%	1	0%	0%
Anchit Nayar*	1	0%	1	0%	0%
Anubhav Gupta*	1	0%	1	0%	0%
Sahira Mann*	1	0%	1	0%	0%

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

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Note 17
Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Retained earnings		
Opening balance	(1,959.11)	(816.80)
Add: (Loss) during the year	(1,450.82)	(1,142.31)
Closing balance (A)	**(3,409.93)**	**(1,959.11)**
(ii) Other comprehensive income		
Opening balance	1.17	0.11
Add: Additions during the year	(3.47)	1.06
Closing balance (B)	**(2.30)**	**1.17**
(iii) Capital Contribution from Holding Company		
Opening balance	3.06	0.30
Add : Additions during the year	5.91	2.76
Less: Recharge by Holding Company	(5.91)	-
Closing balance (C)	**3.06**	**3.06**
Total (A+B+C)	**(3,409.17)**	**(1,954.88)**

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) **Capital Contribution from holding company consist of:**

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

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Note 18
Borrowings (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured at amortised cost		
Loan from Holding Company	-	2,850.00
Total	**-**	**2,850.00**

Refer note 47 for Assets held for Sale

Term of loans
(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. The Interest rate being charged is 9.00% p.a. (March 31, 2024- 9.50% p.a.)
(ii) Refer note 42 for maturity profile of above loans.
(iii) For details of borrowings with related party, refer note 38.

Note 19
Lease Liabilities (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Payable for lease liabilities (refer note 36)	-	25.21
Total	**-**	**25.21**

Refer note 47 for Assets held for Sale

Note 20
Provisions (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (refer note 37)	3.46	1.84
Total	**3.46**	**1.84**

Refer note 47 for Assets held for Sale

Note 21
Borrowings (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Working capital loan from Banks (Refer notes i to v)	8.72	144.73
Unsecured		
Working capital loan from Banks (Refer notes ii to iv)	1.68	140.95
Loan from Holding Company (FSN E-Commerce Ventures Limited) (refer note vi)	-	342.31
Total	**10.40**	**627.99**

Refer note 47 for Assets held for Sale

Notes:
(i) Working capital / cash credit facilities from Bank is secured by hypothecation of book debts, current assets and movable Property, Plant and Equipment both present and future and corporate guarantee of FSN E-Commerce Ventures Limited.
(ii) Loans are payable on demand. Interest payable on working capital loan ranging from 8.6% - 8.7% p.a..
(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 ₹ 280.75 million (March 31, 2024: ₹ 14.3 million)
(v) Quarterly statements of current assets filed by the Company with banks are in agreement with the books of account.
(vi) The above loan carries an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread. The Interest rate being charged is 7.00 % p.a. (March 31, 2024- 7.50% p.a.)
(vii) For details of borrowings with related party, refer note 38.

Note 22
Lease liabilities (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Payable for lease liabilities (refer note 36)	-	37.14
Total	**-**	**37.14**

Refer note 47 for Assets held for Sale

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Note 23
Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro enterprise and small enterprises	1.54	45.19
Total outstanding dues of trade payables other than micro enterprise and small enterprises	3.38	308.33
Total	4.92	353.52

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

Particulars	As at March 31, 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.	1.54	45.28
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.	1.54	1.21
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Trade payables aging schedule
As at March 31, 2025

Particulars	Current but not due	Outstanding for following periods from due date of transaction				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprise and small enterprises	1.54	-	-	-	-	1.54
Total outstanding dues of creditors other than micro enterprise and small enterprises	0.07	3.31	-	-	-	3.38
Total	1.61	3.31	-	-	-	4.92

As at March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of transaction				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprise and small enterprises	36.69	8.50	-	-	-	45.19
Total outstanding dues of creditors other than micro enterprise and small enterprises	176.77	114.54	17.02	-	-	308.33
Total	213.46	123.04	17.02	-	-	353.52

(i) For details of trade payables with related party, refer note 38.
(ii) Trade payables are non interest bearing.
(iii) Refer note 47 for Assets held for Sale.

Note 24
Other financial liabilities (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Measured at amortised cost		
Employee related liabilities	1.43	28.27
Accrued expenses	6.04	124.89
Interest accrued but not due on borrowings	0.01	25.52
Total	7.48	178.68

(i) For details of payables with related party, refer note 38.
(ii) Refer note 47 for Assets held for Sale.

Movement in Interest accrued but not due on borrowings and finance charge:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance (A)	25.52	9.45
Interest cost on borrowings and finance charge accrued during the year (B)	397.12	215.13
Payment of interest and finance charge during the year (C)	383.02	199.06
Held for Sale (D)	39.62	-
Closing balance (A+B-C-D)	-	25.52

Refer note 47 for Assets held for Sale

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

V C SHAH & CO * CHARTERED ACCOUNTANTS

FSN DISTRIBUTION LIMITED

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

Note 25
Provisions (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (refer note 37)	0.72	0.03
Provision for compensated absences	0.28	1.87
Total	**1.00**	**1.90**

Refer note 47 for Assets held for Sale

Note 26
Contract Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Advance from customers	5.30	1.98
Total	**5.30**	**1.98**

Refer note 47 for Assets held for Sale

Note 27
Other current liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	22.98	10.58
Total	**22.98**	**10.58**

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

Note 28
Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Sale of products	**138.58**	**136.88**
B. Sale of service		
Banner advertisement income	20.29	17.65
Total	**158.87**	**154.53**
Within India	158.87	154.53
Outside India	-	-
Total	**158.87**	**154.53**

Refer note 47 for Assets held for Sale

(A) Disaggregation of revenue from contracts with customers
The Company derives its major revenue from sale of products. The Company also derives revenue by providing advertisement services to its suppliers which is related to sale of products business.

(B) Contract balances

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables (refer note 12)	15.48	59.05
Contract liabilities (refer note 26)	5.30	1.13

Refer note 47 for Assets held for Sale

(C) Reconciling between the contract price and revenue from contracts with customers

Particulars	As at March 31, 2025	As at March 31, 2024
Contract price	**163.04**	**155.17**
Revenue recognised in the year from:		
Revenue recognized in the current year from contract liability:		
Advance from Customers (refer note 26)	1.13	0.49
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customers (refer note 26)	(5.30)	(1.13)
Revenue from operations	**158.87**	**154.53**

Refer note 47 for Assets held for Sale

Note 29
Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on Income Tax Refund	0.15	0.07
Total	**0.15**	**0.07**

Refer note 47 for Assets held for Sale

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

Note 30
Purchase of traded goods

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Purchases of traded goods	119.48	127.31
Total	**119.48**	**127.31**

Refer note 47 for Assets held for Sale

Note 31
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 (A)	34.58	33.12
Closing balance (B)	15.61	34.58
Total (A-B)	**18.97**	**(1.46)**

Refer note 47 for Assets held for Sale

Note 32
Employee benefits expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, Wages and Bonus	13.98	19.72
Contribution to provident and other funds	0.33	0.24
Gratuity expenses (refer note 37)	0.04	0.89
Compensated expenses	(1.26)	(1.68)
Staff welfare expenses	0.18	0.20
Total	**13.27**	**19.37**

Refer note 47 for Assets held for Sale

Note 33
Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expenses on:		
Borrowings	2.01	1.64
Commission on Financial Guarantee	0.31	0.20
Other interest cost	0.23	0.34
Other finance charge	0.03	0.04
Total	**2.58**	**2.22**

Refer note 47 for Assets held for Sale

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

Note 34
Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Marketing and advertisement expenses	0.11	0.24
Business development executive expenses	11.03	20.41
Legal and professional fees	0.12	0.31
Web and technology expenses	0.03	0.30
Outsourced warehouse manpower cost	1.53	1.51
Freight expenses	3.04	3.60
Recruitment expenses	0.12	0.08
Packing material expenses	1.51	1.69
Travelling and conveyance expenses	0.91	1.08
Allowance for expected credit loss	(7.06)	6.74
Communication expenses	0.11	0.02
Rates and taxes	0.47	0.59
Insurance expenses	0.06	0.13
Rent and maintenance expenses	0.67	0.63
Brand usage fee	1.46	1.44
Repairs and maintenance - others	0.09	0.01
Security expenses	0.22	0.03
Electricity charges	0.06	0.12
Selling expenses	20.65	28.15
Auditor's remuneration :		
- Audit fees	0.20	0.20
- Taxation matters	0.01	0.01
- Out of pocket expenses	0.01	0.00*
Miscellaneous expenses	0.12	0.13
Total	**35.47**	**67.42**

Refer note 47 for Assets held for Sale

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FSN Distribution Limited (formerly known as FSN Distribution Private Limited)
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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 35
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/-
Continuing Operation		
(Loss) after tax attributable to equity shareholders (A)	**(30.75)**	**(45.30)**
Total number of shares outstanding during the year (nos.)	10,000	10,000
Weighted average number of equity shares outstanding during the year (B) (nos.)	10,000	10,000
Weighted average number of diluted equity shares (C)	10,000	10,000
Basic earnings per share (A/B)	**(3,075.00)**	**(4,530.00)**
Diluted earnings per share (A/C)	**(3,075.00)**	**(4,530.00)**
Discontinued Operation		
(Loss) after tax attributable to equity shareholders (A)	**(1,420.07)**	**(1,097.01)**
Total number of shares outstanding during the year (nos.)	10,000	10,000
Weighted average number of equity shares outstanding during the year (B) (nos.)	10,000	10,000
Weighted average number of diluted equity shares (C)	10,000	10,000
Basic earnings per share (A/B)	**(1,42,007.00)**	**(1,09,701.10)**
Diluted earnings per share (A/C)	**(1,42,007.00)**	**(1,09,701.10)**
Continuing and Discontinued Operation		
(Loss) after tax attributable to equity shareholders (A)	**(1,450.82)**	**(1,142.31)**
Total number of shares outstanding during the year (nos.)	10,000	10,000
Weighted average number of equity shares outstanding during the year (B) (nos.)	10,000	10,000
Weighted average number of diluted equity shares (C)	10,000	10,000
Basic earnings per share (A/B)	**(1,45,082.00)**	**(1,14,231.10)**
Diluted earnings per share (A/C)	**(1,45,082.00)**	**(1,14,231.10)**

Note 36
Leases

The Company as lessee:
The Company has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 1.5 to 5 years.
The Company's obligations under its leases are secured by the lessor's title to the leased assets.
The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.
Refer note 6 for carrying value of right of use assets.

Set out below are the carrying value of lease liabilities and the movement during the year:

Particulars	As at 31 March 2025	As at 31 March 2024
Opening balance	**62.35**	**113.50**
Addition	94.99	10.61
Accretion of interest	9.64	8.50
Deletion due to closure	-	(9.20)
Payments	(67.33)	(61.06)
Held for Sale	(99.65)	-
Closing balance	**-**	**62.35**
Current	-	37.14
Non-current	-	25.21

Refer note 47 for Assets held for Sale

The effective interest rate for lease liabilities as at March 31, 2025 ranges between 10.09% to 10.65% (March 31, 2024: 10.5% to 10.65%)
The maturity analysis of lease liabilities are disclosed in note 42.

The following are the amounts recognised 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	61.53	53.56
Interest expenses on lease liabilities	9.64	8.50
Short term leases payments*	53.05	69.48
Total amount recognised in Statement of Profit and Loss	**124.22**	**131.54**

*includes maintenance charges
Refer note 47 for Assets held for Sale

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

Note 37
Defined Benefit Plan and Other Long Term Employee Benefits

I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 10.78 million (March 31, 2024: ₹ 3.58 million) and the same has been recognized 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.

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

i. Amount recognised in the Balance Sheet

Particulars	As at March 31, 2025	As at March 31, 2024
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	10.63	1.87
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	10.63	1.87
Net liability recognised in balance sheet	**10.63**	**1.87**
Non current	9.49	1.84
Current	1.14	0.03
Held for Sale	(6.45)	-
Net liability recognised in balance sheet	**4.18**	**1.87**

Refer note 47 for Assets held for Sale

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	1.87	1.97
Current service cost	1.02	1.20
Interest cost	0.13	0.14
Actuarial Loss in obligation for year ended due to changes in financial assumptions	0.20	0.05
Actuarial Loss / (Gain) in obligation for year ended due to changes in demographic assumptions	1.37	(0.11)
Actuarial Loss / (Gain) in obligation for year ended due to changes in experience adjustments	2.04	(1.34)
Benefit paid	-	(0.04)
Liability assumed / (settled)	4.00	-
Held for Sale	(6.45)	-
Closing defined benefit obligations	**4.18**	**1.87**

Refer note 47 for Assets held for Sale

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	1.02	1.20
Interest expenses	0.13	0.14
Amount recognised in Statement of Profit and Loss	**1.15**	**1.34**
Actuarial Loss in obligation for year ended due to changes in financial assumptions	0.20	0.05
Actuarial Loss / (Gain) in obligation for year ended due to changes in demographic assumptions	1.37	(0.11)
Actuarial Loss / (Gain) in obligation for year ended due to changes in experience adjustments	2.04	(1.34)
Amount recognised in Other Comprehensive Income (OCI)	**3.61**	**(1.40)**

Refer note 47 for Assets held for Sale

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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 at the Balance Sheet date for the estimated terms of the obligations.
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

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)	1.14	0.03
Between 2 and 5 years	8.23	1.73
Between 6 and 9 years	3.52	0.68
10 & Above following years	1.77	0.16
Total expected payments	**14.66**	**2.60**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4.30 years (March 31, 2024: 4.30 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	0.48	0.09
Increase by 100 basis points	(0.45)	(0.07)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(0.39)	(0.07)
Increase by 100 basis points	0.40	0.09

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 38
Related party transactions

A. Names of the related parties
Names of related parties

Relationship	Name of entity
Holding company*	FSN E-Commerce Ventures Limited
Fellow subsidiary*	FSN Brands Marketing Private Limited Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited) Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited) Dot & Key Wellness Limited (formerly known as Dot & Key Wellness Private Limited)
Directors and Key Management Personnel (KMP) #	Sanjay Nayar -- Director # P Ganesh -- Director # Vishal Gupta -- Director Surender Mehta -- Director # Preeti Gupta -- Director w.e.f. September 27, 2024 #

*where transactions have occurred during current or previous year.
no transactions occurred during the current or previous year

B. Transactions with Related party

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	Interest expenses	278.29	(25.10)	195.25	(61.52)
	Purchases (net of discounts)	54.42	-	30.39	-
	Discount income	-	-	(4.21)	-
	Marketing income	(8.55)	-	(8.41)	-
	Brand usage fee	52.71	-	36.74	-
	Commission- Financial Guarantee	3.58	-	2.25	-
	Rent Expense	3.74	-	-	-
	Reimbursement of expenses	101.30	(29.45)	128.66	-
	Share based payment expense	16.63	-	2.76	-
	Equity Share Capital	-	(0.10)	-	-
	Equity contribution	-	(3.06)	-	(2.76)
	Loan taken (net)	640.11	(3,832.42)	1,705.11	(3,192.31)
Fellow Subsidiary					
FSN Brands Marketing Private Limited	Purchases (net of discounts)	45.00	-	50.09	-
	Sales	(1.57)	-	-	-
	Discount income	-	2.26	(3.98)	0.16
	Marketing income	(8.86)	-	(3.96)	-
	Reimbursement of expenses	4.78	-	0.48	-
Fellow Subsidiary					
Nykaa E Retail Limited (formerly known as Nykaa E Retail Private Limited)	Interest expenses	95.19	(14.10)	-	-
	Rent expense	32.13	-	27.56	(28.24)
	Sales	(4.90)	-	(19.01)	-
	Marketing income	-	-	(0.16)	-
	Purchase of intangible asset	-	-	28.68	-
	Reimbursement of expenses	39.43	(22.96)	18.79	-
	Purchase of Fixed Assets	0.16	-	-	-
	Sale of Fixed Assets	(0.27)	-	-	-
	Loan taken (net)	1,874.18	(1,874.18)	-	-
Fellow Subsidiary					
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	Rent Income	(5.04)	9.26	(2.52)	3.33
Fellow Subsidiary					
Nykaa Foundation	Investment	-	0.00*	-	0.00*
Fellow Subsidiary					
Dot & Key Wellness Limited (formerly known as Dot & Key Wellness Private Limited)	Purchases (net of discounts)	105.00	(1.80)	46.02	-
	Discount Income	-	-	(5.07)	-
	Marketing income	(32.09)	-	(9.50)	14.39
Key Management Personnel					
Mr. Vishal Gupta	Remuneration^	51.77	-	-	-

Figures in brackets indicates payables and income
*Less than ₹ 0.01 million
^Remuneration includes amount of perquisites towards ESOP based on exercise of options.

Terms and conditions of transactions with related parties
The transaction with 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.
Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

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

Note 39
Commitments and contingent liabilities

Commitments
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - ₹ Nil as at 31 March 2025 (March 31, 2024, Nil).

Contingent liabilities (not provided for)
The Company does not have any contingent liabilities.

Note 40
Segment information:

The Company is engaged in the business of selling beauty, hygiene and wellness products through its distribution network to the wholesalers and retailers using online and offline channels of sales. 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 above mentioned "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 38) contributed 10% or more to Company's revenue.
(iii) All non current assts of the Company are located in India.

Note 41
Financial Instruments by Category and Fair Value Hierarchy

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.

Fair value of Financial Assets and Financial Liabilities

Particulars	Carrying value March 31, 2025	Carrying value March 31, 2024
Financial Assets:		
Amortised cost		
Trade receivables	15.48	123.12
Cash and cash equivalents	7.72	1.11
Other financial assets	3.10	95.32
	26.30	**219.55**
Financial Liabilities:		
Amortised cost		
Borrowings	10.40	3,477.99
Lease Liabilities	-	62.35
Trade payables	4.92	353.52
Other financial liabilities	7.48	178.68
	22.80	**4,072.54**

Refer Note 47 for Assets held for Sale

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

Note 42
Financial Risk Management Objectives and Policies

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

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

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.

i) Interest rate risk
The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Interest Rate Risk

Particulars	Increase / decrease	Effect on profit before tax
March 31, 2025	+50	(29.13)
	-50	29.13
March 31, 2024	+50	(17.39)
	-50	17.39

ii) Foreign currency risk
The Company does not have any foreign currency risk exposure as on March 31, 2025. (March 31, 2024- Nil)

iii) 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).

i) Trade receivables
The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company's experience of delinquencies and customer disputes have been minimal. Also, the Company has a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is covered by the company. (Refer accounting policy 2C(g)(i) for expected credit loss on trade receivable).
Trade receivables are non- interest bearing and are generally on terms of 30 to 90 days.

Movement in allowances for expencted credit loss:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	20.99	11.13
Provision made during the year	(7.77)	9.86
Closing balance	13.22	20.99

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ii) Security deposit

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

iii) 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 summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Carrying value #	Less than 1 year#	1 to 5 years	> 5 years	Total
As at March 31, 2025					
Borrowings	10.40	10.40	-	-	10.40
Trade payables	4.92	4.92	-	-	4.92
Other financial liabilities	7.48	7.48	-	-	7.48
Total	**22.80**	**22.80**	**-**	**-**	**22.80**

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2024					
Borrowings	3,477.99	627.99	2,850.00	-	3,477.99
Trade payables	353.52	353.52	-	-	353.52
Other financial liabilities	178.68	178.68	-	-	178.68
Lease liabilities	62.36	45.12	22.17	-	67.29
Total	**4,072.55**	**1,205.31**	**2,872.17**	**-**	**4,077.48**

Excluding the liabilities to be transferred to Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited) pursuant to the demerger of eB2B business with Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited) (Refer note 47).

Note 43

Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.
The 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	5,825.85	3,477.99
Less: Cash and cash equivalents	(7.72)	(1.11)
Net debt (A)	**5,818.13**	**3,476.88**
Equity	(3,409.07)	(1,954.78)
Preference share capital	-	-
Total Equity (B)	**(3,409.07)**	**(1,954.78)**
Net gearing ratio (A)/(B)	**(1.71)**	**(1.78)**

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

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Note 44
Share based payments

Under the Employees Stock Option Scheme – 2017 ("2017 Scheme) and RSU, 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 an expense of ₹ 16.63 million (March 31, 2024: 2.76 million) 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

	As at March 31, 2025	As at March 31, 2024
Options outstanding at the beginning of the year	2,38,600	10,800
Transfer during the year	6,37,100	-
Options granted during the year	1,05,000	2,35,000
Options forfeited during the year	-	(5,820)
Options expired/lapsed during the year	-	(1,380)
Options exercised during the year	(60,350)	-
Options outstanding at the end of the year	**9,20,350**	**2,38,600**
For options outstanding at the end of the year:		
Exercise price range	₹ 33.36 - 226.33	₹ 141.41 - 168.21
Weighted average remaining contractual life (in years)	4.52	6.35

Options granted under RSU

	As at March 31, 2025
Options outstanding at the beginning of the year	-
Transfer during the year	1,00,000
Options granted during the year	-
Options forfeited during the year	-
Options expired/lapsed during the year	-
Options exercised during the year	(25,000)
Options outstanding at the end of the year	**75,000**
For options outstanding at the end of the year:	
Exercise price range	1
Weighted average remaining contractual life (in years)	5.47

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

	ESOS 2017			
Particulars	**Tranche I**	**Tranche II**	**Tranche III**	**Tranche IV**
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.99	2.73	3.45	4.13
Risk free interest rate (%)	6.94%	6.94%	6.95%	6.95%
Volatility (%)	40.00%	45.00%	45.00%	45.00%
Market price on date of grant	176.50			
Fair Value	50.72	64.78	73.05	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 expected life. TheCompany 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 the year was ₹ 167.39 (March, 2024 ₹ 151)

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Stock based compensation expense determined under fair value method recognised in Statement of Profit and Loss	16.63	2.76

Note 45
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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Notes to Financial Statements as at and for the year ended March 31, 2025

Note 46
Ratios

SN.	Ratio	Numerator	Denominator	FY 24-25	FY 23-24	% change	Reasons for more than 25%
1	Current ratio	Current assets	Current liabilities	1.00	1.00	0%	
2	Debt equity ratio	Long term debt	Shareholder's equity	(1.43)	(1.46)	-2%	
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ Finance cost	Debt service = Interest & Lease Payments + Principal Repayments	1.99	3.09	-36%	Decrease due to increase in debt service
4	Return on equity ratio	Net Loss for the year	Average Shareholder's Equity	54.1%	82.4%	-28%	Decrease due to increase in average shareholder equity
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	7.67	6.52	18%	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	35.72	1.00	3472%	Increase due to increase in net credit sales
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	11.34	8.71	30%	Increase due to increase in net credit purchases
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	917.72	4,622.62	-80%	Decrease due to decrease in net working capital
9	Net profit ratio	Net Loss for the year	Net sales = Total sales - sales return	-27.9%	-32%	4%	
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	-63.7%	-89%	25%	Increase due to increase in Capital Employed

Note 47
(I) Demerger of eB2B business from FSN Distribution Limited to Nykaa E-Retail Limited:

On May 09 ,2025, the Hon'ble National Company Law Tribunal, Mumbai Bench has sanctioned the scheme of arrangement between the Company and Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited) ("NYER)", inter alia, providing for demerger of the eB2B business (demerged undertaking) of the Company with NYER ("Scheme"). The Appointed Date for the Scheme is opening business hours of April 01, 2024 and the Company has filed the scheme with Registrar of Companies on May 13, 2025.
Accordingly the Statement of Profit & Loss, Assets and Liabilities of the demerged undertaking represents discontinued operations and has been accounted for in accordance with the stipulations of Ind AS 105 - Non-current assets held for Sale and discontinued operations.

(II) Loss from Discontinued Operations for the year:

Particulars	FY 24-25	FY 23-24
Revenue from Operation	5,035.42	3,451.11
Other Income	1.25	1.88
Total Income	**5,036.67**	**3,452.99**
Expenses		
Purchases of traded goods	4,656.09	3,101.52
Changes in inventories of stock-in-trade	(216.01)	1.47
Employee benefits expense	477.20	342.69
Finance costs	407.76	223.66
Depreciation and amortisation expense	126.01	99.51
Other expenses	1,482.59	1,157.59
Total Expense	**6,933.64**	**4,926.44**
Loss before tax	**(1,896.97)**	**(1,473.45)**
Tax Expense (Refer Note 9)	476.90	376.44
Loss from Discontinued Operations (Net of Tax)	**(1,420.07)**	**(1,097.01)**

(III) Cash flows from Discontinued Operations

Particulars	FY 24-25	FY 23-24
Net Cash Flow from Operating Activities	(1,803.81)	(1,485.78)
Net Cash Flow from Investing Activities	(89.08)	(44.14)
Net Cash Flow from Financing Activities	1,892.88	1,529.92

(IV) Assets and Liabilities disclosed as held for Sale:

Particulars	As at March 31, 2025
Assets	
Property, plant and equipment	227.06
Intangible assets	29.42
Right of use assets	92.97
Intangible assets under development	5.46
Other financial assets	116.77
Deferred tax assets (net)	1,082.75
Inventories	683.84
Trade receivables	152.26
Other assets	779.11
Assets held for Sale	**3,169.64**
Liabilities	
Borrowings	5,815.45
Lease liabilities	99.65
Provisions	9.73
Trade payables	483.58
Other financial liabilities	265.05
Contract liabilities	1.16
Liabilities directly associated with assets held for Sale	**6,674.62**
Net Liability directly associated with disposal group	**3,504.98**

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V C SHAH & CO CHARTERED ACCOUNTANTS

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Note 48
Other Statutory Information

i) The Company does not have any transactions with companies struck off.
ii) The Company does not have any charge 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 there under.
viii) The Company has not been declared wilful defaulter by any Bank, Financial Institution or government or any government authority.

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

V C SHAH & CO ★ CHARTERED ACCOUNTANTS ★

per Anish N. Shah
Partner
Membership No: 042649

SD

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: 29 May, 2025

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

FSN DISTRIBUTION LIMITED ★

For and on behalf of Board of Directors of
FSN Distribution Limited

P Ganesh	**Vishal Gupta**
Director	Director
DIN No. 07202923	DIN No. 10048743
Place: Mumbai	Place: Mumbai
Date: 29 May, 2025	Date: 29 May, 2025