S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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29 Senapati Bapat Marg
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INDEPENDENT AUDITOR'S REPORT

To the Members of Nykaa Fashion Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nykaa Fashion Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2026, 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, 2026, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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



Responsibilities of Management for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

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

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

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- 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, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2026 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) 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:

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

(i) The Company does not have pending litigations– Refer Note 43(B) 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 52(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 52(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

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

(vi) (A) The Company has migrated to a new accounting software from legacy accounting software during the year. Based on our examination which included test checks Company has used various accounting software including new accounting software and legacy 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 (as described in note 51 to the financial statements) –

• In respect of the legacy accounting software, audit trail feature is not enabled at the database level and certain users have access to make direct changes which are not logged at the application layer,

• In respect of new accounting software implemented from January 01, 2026, audit trail is enabled at the application layer; however, certain users have access to make direct changes which are not logged. Further, for the database layer, the SOC report issued by ERP service provider to all its users does not explicitly mention if the audit trail controls were enabled or not at the database layer,



(B) • In respect of one supporting software (which was implemented w.e.f. January 01, 2026) wherein the audit trail (edit log) facility was not enabled throughout the period,

• while for all the other supporting software –

i. audit trail feature was enabled at database layer from October 01, 2025 for all relevant transactions recorded in the software, and
ii. was not enabled accurately for certain transactions at the application layer.

(C) With respect to the third-party operated software applications, the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in these software applications or there were no instances of the audit trail feature being tampered with.

Additionally, the audit trail of prior years have 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: 26048966KNGSPZ9906
Place of Signature: Mumbai
Date: May 19, 2026

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

Re: Nykaa Fashion Limited ("the Company")

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(b) The Company has a programme of physical verification of Property, Plant and Equipment to cover all the items in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to such a 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) There is no immovable property (other than properties where the Company is the lessee and the lease agreement are duly executed in favour of lessee), held by Company and accordingly, the requirement to report on clause 3(i)(c) of the order is not applicable to the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2026.

(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 23 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.

(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 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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, Value added tax and duty of excise are not applicable to the Company.



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

(in Crore)

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.01	AY 2022-23	Income Tax Department
Maharashtra Goods and Service Tax, 2017	GST	2.03	FY 2018-19 FY 2019-20 FY 2021-22	Assistant Commissioner of State Tax
Maharashtra Goods and Service Tax, 2017	GST	1.81	FY 2019-20 FY 2020-21	Deputy Commissioner of State Tax
Karnataka Goods and Services Tax Act, 2017	KGST	0.08	FY2021-22	Deputy Commissioner of State Tax

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

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

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

(c) Term loans were applied for the purposes 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.

S. R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

(xi)	(a)	No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
	(b)	During the year, no report under sub-section (12) of section 143 of the Act, 2013 has been filed by the secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
	(c)	As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
(xii)		The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
(xiii)		Transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order in so far 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 incurred cash losses in the current financial year amounting to Rs. 45.08 crore. In the immediately preceding financial year the Company had not incurred cash losses.



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

(xix) On the basis of the financial ratios disclosed in note 49 to the financial statements, 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. 157.79 crores, 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.

(xx) a & b The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

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

per Govind Ahuja
Partner
Membership Number:048966
UDIN: 26048966KNGSPZ9906
Place of Signature: Mumbai
Date: May 19, 2026

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 Nykaa Fashion Limited ("the Company") as of March 31, 2026 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 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 with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

A Company's internal financial control 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 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, 2026, 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: 26048966KNGSPZ9906
Place of Signature: Mumbai
Date: May 19, 2026

Nykaa Fashion Limited
(Amounts in ₹ crore, unless stated otherwise)

Balance Sheet as at March 31, 2026

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Assets			
Non-current assets			
Property, plant and equipment	4	23.60	24.11
Capital work in progress	4A	5.80	0.59
Intangible assets	5	3.38	5.67
Right of use assets	6	41.14	23.34
Intangible assets under development	7	-	0.84
Financial assets			
Investments	8	0.16	0.16
Other financial assets	9	2.33	2.39
Deferred tax assets (net)	10	72.18	72.18
Non-current tax assets (net)		16.38	5.92
Other non-current asset	11	0.24	0.52
Total non-current assets (A)		**165.21**	**135.72**
Current assets			
Inventories	12	79.39	124.24
Financial assets			
Trade receivables	13	4.90	42.38
Cash and cash equivalents	14	6.46	34.02
Bank balance other than cash and cash equivalents	15	0.13	0.11
Other financial assets	16	59.81	45.28
Other current assets	17	51.26	63.68
Total current assets (B)		**201.95**	**309.71**
Total assets (A+B)		**367.16**	**445.43**
Equity and liabilities			
Equity			
Equity share capital	18	175.01	175.01
Other equity	19	(332.80)	(276.14)
Total equity (A)		**(157.79)**	**(101.13)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	286.37	269.00
Lease liabilities	21	22.49	12.13
Provisions	22	2.99	2.83
Total non-current liabilities (B)		**311.85**	**283.96**
Current liabilities			
Financial liabilities			
Borrowings	23	10.00	99.21
Lease liabilities	24	20.37	13.60
Trade payables	25		
-Total outstanding dues of micro enterprises and small enterprises		6.77	1.68
-Total outstanding dues of creditors other than micro enterprises and small enterprises		30.98	54.53
Other financial liabilities	26	136.22	83.04
Provisions	27	2.86	1.56
Contract liabilities	28	0.39	3.89
Other current liabilities	29	5.51	5.09
Total current liabilities (C)		**213.10**	**262.60**
Total liabilities (B+C)		**524.95**	**546.56**
Total equity and liabilities (A+B+C)		**367.16**	**445.43**

The accompanying notes are an integral part of the Financial Statements

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

Govind Ahuja
Partner
Membership No: 048966
Place: Mumbai
Date: May 19, 2026

For and on behalf of Board of Directors of
Nykaa Fashion Limited

Adwaita Nayar
Managing Director and CEO
DIN : 07931382

P Ganesh
Director
DIN : 07202923

Tanuj Dhingra
Chief Financial Officer

Place: Mumbai
Date: May 19, 2026

Rushi Sathe
Company Secretary
Membership No: A40200

Nykaa Fashion Limited
(Amounts in ₹ crore, except per share data and unless stated otherwise)

Statement of Profit and Loss for the year ended March 31, 2026

Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
Income			
Revenue from operations	30	780.35	638.91
Other income	31	4.10	6.28
Total Income (A)		**784.45**	**645.19**
Expenses			
Purchase of traded goods	32	79.48	199.28
Changes in inventories of traded goods	33	44.83	(83.99)
Employee benefits expense	34	95.96	100.32
Finance costs	35	28.74	32.61
Depreciation and amortisation expense	36	32.42	29.41
Other expenses	37	567.95	481.20
Total expenses (B)		**849.38**	**758.83**
Loss before exceptional items and tax (C=A-B)		**(64.93)**	**(113.64)**
Add: Exceptional items (Net) and gain on sale of Business (D)	38	7.83	99.08
Loss before tax from continuing operations (E=C+D)		**(57.10)**	**(14.56)**
Tax expense of continuing operations:	10		
Current tax		-	-
Deferred tax		-	5.00
Total tax expense (F)		-	**5.00**
Loss after tax from continuing operations (G=E-F)		**(57.10)**	**(19.56)**
Discontinued operations			
Profit from discontinued operations	38	-	0.17
Profit from discontinued operations (H)		-	**0.17**
Loss for the year (I=G+H)		**(57.10)**	**(19.39)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plan	41	0.44	(0.91)
Income tax effect on above	10	-	-
Other Comprehensive Income / (Loss) for the year, net of tax		**0.44**	**(0.91)**
Total Comprehensive Loss for the year		**(56.66)**	**(20.30)**
Earnings per share of face value Rs. 10/- each	39		
From continuing operations			
Basic		(3.26)	(1.12)
Diluted		(3.26)	(1.12)
From discontinued operations			
Basic		-	0.01
Diluted		-	0.01
From continuing and discontinued operations			
Basic		(3.26)	(1.11)
Diluted		(3.26)	(1.11)

The accompanying notes are an integral part of the Financial Statements

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

Govind Ahuja
Partner
Membership No: 048966
Place: Mumbai
Date: May 19, 2026

For and on behalf of Board of Directors of
Nykaa Fashion Limited

Adwaita Nayar
Managing Director and CEO
DIN : 07931382

P Ganesh
Director
DIN : 07202923

Tanuj Dhingra
Chief Financial Officer

Place: Mumbai
Date: May 19, 2026

Rushi Sathe
Company Secretary
Membership No: A40200

Nykaa Fashion Limited
(Amounts in ₹ crore, unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2026

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flows from operating activities		
Loss before tax from continuing operations	**(57.10)**	**(14.56)**
Profit before tax from discontinued operations	**-**	**0.17**
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation of property, plant and equipment and right-of-use assets	27.73	24.84
Amortisation of intangible assets	4.69	4.82
Interest expense and other finance costs	28.75	32.61
Provision for gratuity expense	2.21	0.66
Provision for compensated expense	0.78	0.33
Allowance for expected (reversal) / credit loss	(0.66)	6.26
Bad debts written off	1.43	-
Interest income	(1.19)	(1.77)
Gain on disposal of discontinued operations	-	(99.08)
Gain on cancellation of lease	(0.74)	(0.17)
Net foreign exchange differences (unrealised)	0.14	0.01
Operating profit/ (loss) before working capital changes	**6.05**	**(45.88)**
Working capital adjustments:		
Decrease/ (Increase) in trade receivables	38.52	(23.64)
Decrease/ (Increase) in inventories	44.84	(83.87)
(Increase)/ Decrease in current financial assets	(18.49)	28.57
Decrease/ (Increase) in non-current financial assets	0.06	(0.26)
Decrease in other current assets	12.40	14.53
(Increase) in other non current assets	-	(0.25)
(Decrease)/ Increase in trade payables	(20.16)	16.61
(Decrease) in provisions	(1.09)	(0.02)
Increase in current financial liabilities	53.16	12.34
(Decrease)/Increase in other current liabilities	(3.08)	0.29
Cash flows generated from / (used in) operating acitivites	**112.21**	**(81.58)**
(Payment)/Refund of taxes (net)	(10.45)	11.60
Net cash flows from/ (used in) operating activities (A)	**101.76**	**(69.98)**
Cash flows from investing activities		
Purchases of investments (net)	-	(28.95)
Purchase of property, plant and equipment and other intangible assets (net of capital advances)	(12.62)	(7.10)
Proceeds from sale of property, plant and equipment	0.29	-
Consideration received on account of slump sale {refer note 38(B)}	-	137.14
(Investment in) fixed deposits (net)	(0.01)	(0.11)
Proceeds from fixed deposits	3.97	-
(Investment in) fixed deposits	(0.78)	(3.31)
Interest received	0.85	0.12
Net cash flows (used in)/generated from investing activities (B)	**(8.30)**	**97.79**
Cash flows from financing activities		
Proceeds from non-current borrowings	1,031.56	269.00
Repayment of non-current borrowings	(1,014.19)	(119.53)
Repayment of current borrowings (net)	(89.21)	(97.49)
Interest and other finance cost paid on borrowings	(25.26)	(25.82)
Commission paid on financial guarantee	(0.98)	(1.15)
Principal payment of lease liabilities	(19.65)	(18.01)
Interest paid on lease liabilities	(3.30)	(2.99)
Net cash flows (used in)/ generated from financing activities (C)	**(121.03)**	**4.01**

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NYKAA FASHION LIMITED

Nykaa Fashion Limited
(Amounts in ₹ crore, unless stated otherwise)

Statement of Cash Flows for the year ended March 31, 2026

Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(27.56)**	**31.82**
Cash and cash equivalents at the beginning of the year	34.02	2.20
Cash and cash equivalents at the year end (refer note 14)	**6.46**	**34.02**

Note:

1. Non cash transaction relating to investing and financing activities (refer note 16, 26 and 40)
2. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash flows.

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Registration No: 101049W/E300004

Govind Ahuja
Partner
Membership No: 048966
Place: Mumbai
Date: May 19, 2026

For and on behalf of Board of Directors of
Nykaa Fashion Limited

Adwaita Nayar
Managing Director and CEO
DIN : 07931382

P Ganesh
Director
DIN : 07202923

Tanvi Dhingra
Chief Financial Officer

Place: Mumbai
Date: May 19, 2026

Rushi Sathe
Company Secretary
Membership No: A40200

Nykaa Fashion Limited
(Amounts in ₹ crore, unless stated otherwise)
Notes to Financial Statements as at and for the year ended March 31, 2026
Statement of Changes in equity for the year ended March 31, 2026

A. Equity share capital (refer note 18):

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	No. of shares	Amount
As at April 1, 2024	**17,50,10,000**	**175.01**
Issue during the year	-	-
As at March 31, 2025	**17,50,10,000**	**175.01**
Issue during the year	-	-
As at March 31, 2026	**17,50,10,000**	**175.01**

B. Other Equity (refer note 19):

Particulars	Reserves and Surplus				Capital contribution from parent	Other Comprehensive Income	Total other equity
	Retained Earnings	Capital Reserve	General Reserve	Capital Redemption Reserve			
As at April 01, 2024	**(314.87)**	**31.61**	**4.57**	**0.01**	**22.37**	**0.47**	**(255.84)**
Loss for the year (continuing operations)	(19.56)	-	-	-	-	-	(19.56)
Profit for the year (discontinued operations) {refer note 38 (B)}	0.17	-	-	-	-	-	0.17
Other comprehensive income	-	-	-	-	-	(0.91)	(0.91)
Total comprehensive loss	**(19.39)**	**-**	**-**	**-**	**-**	**(0.91)**	**(20.30)**
Share based payment expenses (refer note 48)	-	-	-	-	2.55	-	2.55
Recharge by Holding Company	-	-	-	-	(2.55)	-	(2.55)
As at March 31, 2025	**(334.26)**	**31.61**	**4.57**	**0.01**	**22.37**	**(0.44)**	**(276.14)**
Loss for the year	(57.10)	-	-	-	-	-	(57.10)
Other comprehensive income	-	-	-	-	-	0.44	0.44
Total comprehensive loss	**(57.10)**	**-**	**-**	**-**	**-**	**0.44**	**(56.66)**
Share based payment expenses (refer note 48)	-	-	-	-	1.09	-	1.09
Recharge by Holding Company	-	-	-	-	(1.09)	-	(1.09)
As at March 31, 2026	**(391.36)**	**31.61**	**4.57**	**0.01**	**22.37**	**-**	**(332.80)**

The accompanying notes are an integral part of the Financial Statements

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

Govind Ahuja
Partner
Membership No: 048966
Place: Mumbai
Date: May 19, 2026

For and on behalf of Board of Directors of
Nykaa Fashion Limited

Adwaita Nayar
Managing Director and CEO
DIN : 07931382

P Ganesh
Director
DIN : 07202923

Tanuj Dhingra
Chief Financial Officer

Place: Mumbai
Date: May 19, 2026

Rushi Sathe
Company Secretary
Membership No: A40200

Nykaa Fashion Limited
Notes to Financial Statements as at and for the year ended March 31, 2026
(Amounts in ₹ crore, unless stated otherwise)

1. Corporate Information

Nykaa Fashion Limited (hereinafter referred as (the 'Company')) (CIN: U18102MH2019PLC320627) is a Public Limited Company incorporated on February 4, 2019 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 runs on marketplace sale or return (SOR) and just-in-time inventory models. It is engaged in the business of selling and distribution of fashion garments and fashion accessories through online channels i.e., its online platforms or websites, other online applications and retail outlets, general trade and modern trade and content creation for Digital media marketing and advertising services on online portal and website.

The financial statements for the year ended March 31, 2026 were approved by the Board of Directors and approved for issue on May 19, 2026.

2. Material accounting policies

2A. Basis of preparation

i. Statement of compliance:

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

ii. Historical cost convention:

The 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.

iii. New and amended standards adopted by the Company:

The Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amended certain accounting standards with effect from the date of notification. These amendments did not have a material impact on the amounts recognised in prior periods and are not expected to have a significant impact on the current or future reporting periods.

iv. New and amended standards issued but not effective

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

v. Going Concern

The Company has a deficit of ₹ 56.66 crore for the year ended March 31, 2026 (March 31, 2025 – deficit of ₹ 20.30 crore). The Company has accumulated losses of ₹ 391.36 crore as at March 31, 2026 (March 31, 2025: ₹ 334.26 crore), resulting in erosion of Company's net worth. However, the management of the Company is confident of its ability to continue the objectives of the Company for the foreseeable future. The Shareholders/Holding Company have committed to providing 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.

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2B. Summary of material accounting policies:

a. Business combination under common control

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonise the accounting policies. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve.

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 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:

Description of asset	Useful lives (in years)
Plant and machinery	8-13
Computers and hardware	3
Furniture and fixtures	10
Vehicles	8
Office Equipment	5
Leasehold Improvements	Period of primary lease

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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.

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

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

Research and development costs

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

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

  Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Amortization of intangible assets:

Intangible assets are amortized using straight line method over the useful lives as under:

Intangible asset	Useful lives (in years)
Trademark	5-15
Website	3
Software	3
Business application development (Internally generated)	3

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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 recognized, 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 CGU (Cash Generating Unit) 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 recognized in the Statement of Profit and Loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

f. 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 includes cost of purchase and other directly attributable costs. 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.

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NYKAA FASHION LIMITED

i. Right-of-use assets (ROU asset):

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

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

Right-of-use assets are depreciated on a straight-line basis over the lease terms.
If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

ii. Lease liabilities:

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

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

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

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

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

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.

S. R. BATLIBOI & ASSOCIATES LLP
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NYKAA FASHION LIMITED

Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (i(I)) Revenue from contracts with customers.

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

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

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

Financial Liabilities

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

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

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

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

Subsequent measurement:

i. Financial assets

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

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

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NYKAA FASHION LIMITED

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.
The Company's financial assets at amortised cost includes trade and other receivables and loans to employees.

Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)
A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

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

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

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

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

ii. Financial liabilities

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

Financial liabilities at amortised cost (loans and borrowings)
Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.
Financial guarantee contracts issued by the 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

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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:

i. **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.

ii. **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.

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

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.

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Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

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.

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The Company primarily engages in marketplace services under which third party sellers sell products on the Company's website to customers as well as sale of products and content creation.

a. 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.

Contracts where the Company's obligation is to arrange for the provision of goods and services by another party, the Company recognises revenue in the amount of the commission to which it expects to be entitled in exchange for arranging for the provision of goods and services.

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

b. Rendering of services:

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

Income from marketplace service-
The Company's B2B marketplace service generates revenue primarily from transaction fee paid by vendors in marketplace. Revenue related to transaction fees and any related fulfilment fees earned from these arrangements are recognised when the services are rendered, which generally happens at the time underlying sales has been concluded.

Marketing support revenue-
The Company recognises marketing income i.e., visibility services provided by the Company to various brands at its platform. 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.

The Company also provides the content creation services to its customers. Revenue from content creation services, including production of digital content, campaigns, influencer content and related marketing deliverables, is recognized when the promised services or deliverables are transferred to the customer.

Logistics services-
Revenue from logistics services provided to marketplace sellers is recognized when the performance obligation is satisfied and control of the service is transferred to the customer ie. upon successful completion of delivery or fulfillment activities as specified in the contractual arrangement.

c. 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 and is classified as unbilled receivable.

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Trade receivables

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

Contract liabilities

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

j. Interest income:

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

k. Provisions

A provision is recognised when the 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.

l. Foreign currency transactions

Functional and presentation currency
Items included in the financial statements of the Company 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 company's functional and presentation currency.
Foreign currency transactions and balances

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

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

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

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m. Share based payments

Employees (including senior executives) 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 – 5 years. The Company does not have an obligation to settle the transaction with its employees. Therefore, the Company accounts for the transaction with its employees as equity settled and recognizes a corresponding increase in equity as contribution from parent. The share-based payment expenses is recharged to the Company, which is adjusted against capital contribution by holding Company.
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, 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 benefit expense. The cumulative expense recognized 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 recognized as at the beginning and end of that period and is recognized 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.

n. Employee benefits

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

i. Defined Contribution Plans

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

ii. Defined Benefit Plans

a) Gratuity
The Company have an obligation towards gratuity, a defined benefit plan covering eligible employees (including off roll employees). The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.
Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period/year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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b) 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 utilisation/encashment. The liability is provided based on the number of days of recognised leave at each balance sheet date on the basis of an independent actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least 12 months after the reporting date, regardless of when the actual settlement.

o. 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.

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.

p. Income taxes

Tax expense comprises current and deferred tax.

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i. 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.

ii. Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
  Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity). The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

q. Cash and cash equivalents

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

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

r. Contingent Liabilities

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

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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.

s. 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.

3. Significant accounting judgements, estimates and assumptions

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

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

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

I. Judgements:

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

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

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.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Company included the renewal period as part of the lease term for leases of property with shorter non-cancellable period (i.e., 3 to 5 years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on business if a replacement alternate property is not readily available. The renewal periods for leases of property with longer non-cancellable periods (i.e., 6 to 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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II. Estimates and assumptions:

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

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

b. Fair Value measurement of financial instruments

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

c. Estimation of defined benefit obligation and compensated absences

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

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

d. Income taxes

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

e. Deferred Taxes

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

f. Provision

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

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g. Impairment of financial assets:

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

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

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

i. Leases – Estimating the incremental borrowing rates:

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

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

j. Other estimates:

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

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Note 4
Property, plant and equipment

Particulars	Computer equipment	Furniture and fixtures	Office equipments	Plant and machinery	Leasehold improvements	Total
Gross carrying amount						
As at April 1, 2024	**3.63**	**21.23**	**7.37**	**0.11**	**6.47**	**38.81**
Additions	0.15	2.51	0.97	0.04	0.99	4.66
Disposals	(0.01)	(0.92)	(0.09)	-	(0.72)	(1.74)
As at March 31, 2025	**3.77**	**22.82**	**8.25**	**0.15**	**6.74**	**41.73**
Additions	1.08	2.63	1.24	0.27	1.71	6.93
Disposals	(0.09)	(1.78)	(0.18)	(0.05)	(0.96)	(3.06)
As at March 31, 2026	**4.76**	**23.67**	**9.31**	**0.37**	**7.49**	**45.60**
Accumulated depreciation						
As at April 1, 2024	**2.70**	**3.87**	**2.30**	**0.05**	**3.70**	**12.62**
Depreciation charge for the year	0.62	2.72	1.50	0.01	1.89	6.74
Disposals	(0.01)	(0.92)	(0.09)	-	(0.72)	(1.74)
As at March 31, 2025	**3.31**	**5.67**	**3.71**	**0.06**	**4.87**	**17.62**
Depreciation charge for the year	0.41	3.67	1.52	0.01	1.54	7.15
Disposals	(0.09)	(1.71)	(0.15)	(0.05)	(0.77)	(2.77)
As at March 31, 2026	**3.63**	**7.64**	**5.08**	**0.02**	**5.65**	**22.00**
Net Carrying Amount						
As at March 31, 2026	**1.13**	**16.03**	**4.23**	**0.35**	**1.84**	**23.60**
As at March 31, 2025	**0.46**	**17.15**	**4.54**	**0.09**	**1.87**	**24.11**

Notes:
1) Movable assets have been pledged to secure borrowings of the Company (refer note 23).
2) Refer note 43 for capital commitments.
3) Refer note 50 for restatement.
4)Title deeds of immovable properties not held in the name of the Company:

Relevant line item in balance sheet	Description of item in property	WDV as on March 31, 2026	Title deeds in the name of	Weather title deeds holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date*	Reason for not being held in the name of the Company
Right of use	Leasehold Buidings	0.80	Illuminar Media Limited (formerly known as Illuminar Media Private Limited)	No	April 01, 2024	Assets acquired pursuant to merger (Refer note-50)

*Appointed date of Merger Scheme (Refer note 50)

Note 4A
Capital work-in-progress
Disclosure for movement in CWIP:

Particulars	Amount
As at April 1, 2024	-
Addition	0.59
Capitalisation	-
As at March 31, 2025	**0.59**
Addition	5.80
Capitalisation	(0.59)
As at March 31, 2026	**5.80**

CWIP ageing schedule

Particulars	Amount lying in capital work-in-progress for a period of					Total
	Less than 1 year	1-2 years	1-2 years	2-3 years	More than 3 years	
As at March 31, 2026						
Projects in progress	5.80	-	-	-	-	**5.80**
As at March 31, 2025						
Projects in progress	0.59					**0.59**

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

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Notes to Financial Statements as at and for the year ended March 31, 2026
(Amounts in ₹ crore, unless stated otherwise)

Note 5
Other Intangible Assets

Particulars	Webportal development	Software	Goodwill	Business application development cost	Trademark	Total
Gross carrying amount						
As at April 1, 2024	0.07	0.58	0.54	16.46	4.95	22.60
Additions	-	-	-	0.08	-	0.08
Discontinued operations (note 50)	-	-	(0.54)	-	(4.95)	(5.49)
Disposals	-	-	-	-	-	-
As at March 31, 2025	0.07	0.58	-	16.54	-	17.19
Additions	-	-	-	2.40	-	2.40
Discontinued operations (note 50)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2026	0.07	0.58	-	18.94	-	19.59
Accumulated amortisation						
As at April 1, 2024	0.07	0.43	0.04	6.45	2.97	9.96
Amortisation charge for the year	-	0.15	-	4.42	0.25	4.82
Discontinued operations (note 50)	-	-	(0.04)	-	(3.22)	(3.26)
Disposals	-	-	-	-	-	-
As at March 31, 2025	0.07	0.58	-	10.87	-	11.52
Amortisation charge for the year	-	-	-	4.69	-	4.69
Accumulated amortisation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2026	0.07	0.58	-	15.56	-	16.21
Net carrying amount						
As at March 31, 2026	-	-	-	3.38	-	3.38
As at March 31, 2025	-	-	-	5.67	-	5.67

Notes:
1) Refer note 50 for restatement.

Note 6

Right of use assets	
Particulars	**Building**
Gross carrying amount	
As at April 1, 2024	**60.77**
Additions	13.52
Disposals	(4.54)
As at March 31, 2025	**69.75**
Additions	43.73
Disposals	(29.83)
As at March 31, 2026	**83.65**
Accumulated depreciation	
As at April 1, 2024	**31.47**
Depreciation charge for the year	18.10
Disposals	(3.16)
As at March 31, 2025	**46.41**
Depreciation charge for the year	20.58
Disposals	(24.48)
As at March 31, 2026	**42.51**
Net carrying amount	
As at March 31, 2026	**41.14**
As at March 31, 2025	**23.34**

Notes:
1) Disposals include derecognition of ROU asset on cancellation/expiry of lease contract.
2) Assets acquired pursuant to merger.(Refer note-50)
3) Refer note 50 for restatement.

Note 7

Intangible assets under development (IAUD)	
Particulars	**Amount**
As at April 1, 2024	**0.08**
Addition	0.84
Capitalisation	(0.08)
As at March 31, 2025	**0.84**
Addition	1.58
Capitalisation	(2.42)
As at March 31, 2026	-

IAUD ageing schedule:

Particulars	Amount lying in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3	
As at March 31, 2026	-	-	-	-	-
As at March 31, 2025	0.84	-	-	-	0.84

Notes:
1) Intangible assets under development include cost for development of business application.
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.

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Notes to Financial Statements as at and for the year ended March 31, 2026
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Note 8
Non-current investments (unquoted)

Particulars	As at March 31, 2026	As at March 31, 2025
Investment in fellow subsidiary (unquoted, fully paid up)		
(A) Investments in equity instruments of fellow subsidiary (at cost)		
Nykaa Foundation		
1 fully paid equity shares of Rs. 10 each (March 31, 2025: 1 fully paid equity share of Rs.10 each)	0.00*	0.00*
	0.16	0.16
(B) Other non-tradeable investments (at FVTPL)	**0.16**	**0.16**
Total	0.16	0.16
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments		

*Less than 0.01 crore

Note 9
Other financial assets (non-current)

Particulars	As at March 31, 2026	As at March 31, 2025
Measured at amortised cost		
Security deposits	2.33	2.36
Deposits with banks having original maturity of more than twelve months	0.00*	0.03
Total	**2.33**	**2.39**

*Less than 0.01 crore

Note 10
(A) Income tax
a) Expense recognised in Statement of Profit and Loss relating to continuing operations :

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax	-	-
Deferred tax	-	5.00
Income tax expense reported in the Statement of Profit and Loss relating to continuing operations	**-**	**5.00**

b) Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's domestic tax rate for 31 March 2026 and 31 March 2025:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Loss before tax from continuing and discontinuing operations	(57.10)	(14.39)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(14.37)	(3.62)
Tax effect of:		
Interest on borrowings	-	0.73
Tax asset not recognised on losses	14.37	7.01
Others	-	0.88
Total Tax	**-**	**5.00**
Income tax expenses as per Statement of Profit and Loss		
Current tax expense	-	-
Deferred tax expense	-	5.00
Tax expense recognised in the Statement of Profit and Loss	**-**	**5.00**
Effective tax rate	**0.00%**	**(34.74%)**

(c) Reconciliation of average effective tax rate and applicable tax rate for March 31, 2026 and March 31, 2025:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Loss before tax from continuing and discontinuing operations	(57.10)	(14.39)
Applicable tax rate	25.17%	25.17%
Tax effect of:		
Interest on borrowings	0.00%	(5.10%)
Tax asset not recognised on losses	(25.17%)	(48.70%)
Others	0.00%	(6.11%)
Total Tax	**0.00%**	**(34.74%)**
Current tax expense	0.00%	0.00%
Deferred tax expense	0.00%	(34.74%)
Effective tax rate	**0.00%**	**(34.74%)**

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NYKAA FASHION LIMITED

(B) Deferred tax:

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax assets arising on account of		
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	0.64	0.64
Allowance for expected credit losses	0.06	0.06
Tax losses	70.09	70.09
Lease related liabilities	12.09	12.09
Others	0.63	0.63
Deferred tax assets (A)	**83.51**	**83.51**
Deferred tax liabilities arising on account of		
Timing difference between book depreciation and depreciation as per the Income-tax Act, 1961	0.11	0.11
Lease related assets	11.22	11.22
Deferred tax liabilities (B)	11.33	11.33
Deferred tax assets (net) (C=A-B)	**72.18**	**72.18**

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	72.18	77.18
Tax expense recognised in Statement of Profit and Loss during the year	-	(5.00)
Closing balance	**72.18**	**72.18**

Notes:
1) Refer Note 50 for restatement.

Note 11
Other non-current assets

Particulars	As at March 31, 2026	As at March 31, 2025
Balance with statutory / government authorities	0.24	0.24
Advance for capital goods	-	0.28
Total	**0.24**	**0.52**

Note 12
Inventories (valued at lower of cost or net realisable value)

Particulars	As at March 31, 2026	As at March 31, 2025
Stock-in-trade*	79.39	124.24
Total	**79.39**	**124.24**
Provision taking into account various factors, including obsolescence of material, unserviceable items and aging of material	33.11	24.29

*Inventory includes goods in transit:
Stock-in-trade - As at March 31, 2026: ₹ 2.26 Crore (March 31, 2025: ₹ 3.77 Crore)

Note 13
Trade receivables

Particulars	As at March 31, 2026	As at March 31, 2025
Trade Receivables - considered good	4.90	42.38
Trade Receivables - credit impaired	0.03	1.01
Gross Trade receivables	**4.93**	**43.39**
Less: Allowances for credit loss (refer note 46)	(0.03)	(1.01)
Total	**4.90**	**42.38**

Gross trade receivable ageing:
As at March 31, 2026 :

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	2.13	2.77	-	-	-	-	4.90
Undisputed trade receivables – credit impaired	-	0.03	-	-	-	-	0.03
Total	**2.13**	**2.80**	**-**	**-**	**-**	**-**	**4.93**

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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	26.48	15.90	-	-	-	-	42.38
Undisputed trade receivables – credit impaired	-	-	-	-	0.80	0.21	1.01
Total	**26.48**	**15.90**	**-**	**-**	**0.80**	**0.21**	**43.39**

Notes:
1) Refer note 42 for receivables from related parties.
2) Refer note 50 for restatement.

Note 14
Cash and cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with banks in current accounts	6.45	3.93
Deposits with original maturity of less than three months with banks	-	30.09
Cash on Hand	0.01	-
Total	**6.46**	**34.02**

Note 15
Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits with original maturity for more than three months but less than twelve months	0.13	0.11
Total	**0.13**	**0.11**

Note 16
Other financial assets (current)

Particulars	As at March 31, 2026	As at March 31, 2025
Measured at amortised cost		
Receivable from payment gateway/cash collection vendors	18.50	18.17
Unbilled receivable	35.44	21.02
Interest accrued but not due on deposit	0.00*	0.26
Current maturities of deposits with banks having original maturity of more than twelve months	0.78	3.97
Security deposits	3.09	1.83
Other receivables	2.00	-
Measured at FVTPL		
Mark-to-market asset	0.00*	0.03
Total	**59.81**	**45.28**

* less than ₹ 0.01 crore
#includes lien amounting to ₹ 0.20 Crore (March 31, 2025: ₹ 0.20 Crore)

Movement in interest accrued on deposit but not due

Particulars	As at March 31, 2025	As at March 31, 2025
Opening balance	0.26	0.04
Interest accrued during the year	0.59	0.34
Receipt of interest during the year	(0.85)	(0.12)
Closing Balance	**0.00**	**0.26**

Note 17
Other current assets

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to suppliers	5.57	5.26
Balance with statutory / government authorities	43.80	57.15
Prepaid expenses	1.89	1.27
Total	**51.26**	**63.68**

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Note 18

Equity share capital

i) Authorised share capital (face value of Rs. 10 each)

Particulars	Equity shares	
	Numbers	Amount
As at April 1, 2024	20,00,00,000	200.00
Increase during the year	-	-
As at March 31, 2025	20,00,00,000	200.00
Increase during the year	-	-
As at March 31, 2026	20,00,00,000	200.00

ii) Issued share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	Equity shares	
	Numbers	Amount
As at April 1, 2024	17,50,10,000	175.01
Issue during the year	-	-
As at March 31, 2025	17,50,10,000	175.01
Issue during the year	-	-
As at March 31, 2026	17,50,10,000	175.01

Notes:

(a) Terms/rights attached to equity shares

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

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

Particulars	As at March 31, 2026		As at March 31, 2025	
Name of the shareholder	No. of shares	% holding	No. of shares	% holding
FSN E-Commerce Ventures Limited (including nominee share)	17,50,10,000	100.00%	17,50,10,000	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.

(c) Shares held by Holding Company (along with nominee shareholder):

Out of equity shares issued by the Company, shares held by its Holding Company (including nominee shareholders) is as below :

Particulars	As at March 31, 2026	As at March 31, 2025
FSN E-Commerce Ventures Limited (Holding Company) 17,50,10,000 (March 31, 2025: 17,50,10,000) equity shares of Rs. 10/- each	175.01	175.01

(d) Share issued for consideration other than cash (along with nominee shareholder):

Neither bonus shares issued nor shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

(e) Details of promoters shareholding

Name of the shareholder	As at March 31, 2026		As at March 31, 2025		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
FSN E-Commerce Ventures Limited	17,50,09,993	100.00%	17,50,09,993	100.00%	0.00%
FSN Brands Marketing Private Limited	1	0.00%	1	0.00%	0.00%
Adwaita Nayar*	1	0.00%	1	0.00%	0.00%
Sanjay Nayar*	1	0.00%	1	0.00%	0.00%
Falguni Nayar*	1	0.00%	1	0.00%	0.00%
Anchit Nayar*	1	0.00%	1	0.00%	0.00%
Anubhav Gupta*	1	0.00%	1	0.00%	0.00%
Sahira Mann*	1	0.00%	1	0.00%	0.00%

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

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Notes to Financial Statements as at and for the year ended March 31, 2026

(Amounts in ₹ crore, unless stated otherwise)

Note 19

Other equity

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Retained earnings		
Opening balance	(334.26)	(314.87)
Add: (Loss) during year	(57.10)	(19.39)
Closing balance (A)	**(391.36)**	**(334.26)**
(ii) Other comprehensive income		
Opening balance	(0.44)	0.47
Add: (Loss)/Gain during year	0.44	(0.91)
Closing balance (B)	**-**	**(0.44)**
(iii) Capital contribution from Holding Company		
Opening balance	22.37	22.37
Add : Additions during year	1.09	2.55
Less: Recharge by Holding Company	(1.09)	(2.55)
Closing balance (C)	**22.37**	**22.37**
(iv) Capital Reserve (refer note 50)		
Opening balance	31.61	31.61
Add : Additions during year	-	-
Closing balance (D)	**31.61**	**31.61**
(v) General reserve		
Opening balance	4.57	4.57
Add : Additions during year	-	-
Closing Balance (E)	**4.57**	**4.57**
(vi) Capital redemption reserve		
Opening balance	0.01	0.01
Add : Additions during year	-	-
Closing Balance (F)	**0.01**	**0.01**
Total (A+B+C+D+E+F)	**(332.80)**	**(276.14)**

Nature and purpose of reserves :

i. **Retained earnings**: Retained earnings are the losses that the Company has incurred till date, less any dividends or other distributions paid to shareholders.

ii. **Other comprehensive income:** This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

iii. **Contribution from Holding Company consist of:**

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

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

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

iv. **Capital Reserve:** On May 28, 2025, the Company completed merger of Iluminar Media Limited (formerly known as Iluminar Media Private Limited), a wholly owned subsidiary of the Company.The difference between carrying value of net assets (excluding securities premium) acquired and investment made is accounted as capital reserve (refer note 50).

v. **General reserve:** This represents reserves created out of stock option outstanding transfer to general reserve at the time of acquisition by the Holding Company.

vi. **Capital Redemption Reserve:** This represents erstwhile reserves created on account of buyback of shares by Iluminar Media Limited (formerly known as Iluminar Media Private Limited).

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Note 20
Borrowings (non-current)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured at amortised cost		
Loan from related parties (refer note 42)	286.37	269.00
Total	**286.37**	**269.00**

Terms of loan:
1) Loan from related parties carries an interest rate referenced to the government security rate close to the tenure of the loan and mutually agreed spread. The above loan is for a period of 3 years and interest rate being charged is 8%-9% p.a. (March 31, 2025 : 9%).

Note 21
Lease liabilities (non-current)

Particulars	As at March 31, 2026	As at March 31, 2025
Payable for lease liabilities (refer note 40)	22.49	12.13
Total	**22.49**	**12.13**

Notes:
1) Refer note 50 for restatement

Note 22
Provisions (non-current)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for gratuity (refer note 41)	2.99	2.83
Total	**2.99**	**2.83**

Note 23
Borrowings (current)

Particulars	As at March 31, 2026	As at March 31, 2025
Measured at amortised cost		
Unsecured		
Loan from related parties {refer note (6) and note 42}	-	40.82
Working capital loan from Banks {refer note (2) to (5)}	-	24.39
Secured		
Working capital loan from Banks {refer note (1) to (5)}	10.00	34.00
Total	**10.00**	**99.21**

Term of Borrowings
1) 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.
2) Loan is payable on demand. Interest payable on working capital loan is 7.50% to 8.70% (p.a).
3) Bank loan contain certain financial covenants & there have been no breaches in the financial covenants of any interest-bearing loans and borrowing.
4) As at March 31, 2026, the Company had available limits of ₹ 81.00 Crore (March 31, 2025: ₹ 41.00 Crore) towards undrawn funded and non-funded
5) Quarterly statements of current assets filed by the Company with banks for FY 2025-26 are in agreement with the books of accounts.
6)Loan from related parties carries an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread. It is repayable on demand. The interest rate being charged is 6.00% to 7.00% p.a (March 31, 2025: 7.00% to 7.50%).

Note 24
Lease liabilities (current)

Particulars	As at March 31, 2026	As at March 31, 2025
Payable for lease liabilities (refer note 40)	20.37	13.60
Total	**20.37**	**13.60**

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Note 25
Trade payables

Particulars	As at March 31, 2026	As at March 31, 2025
Total outstanding dues of micro enterprises and small enterprises	6.77	1.68
Total outstanding dues of trade payables other than micro enterprises and small enterprises	30.98	54.53
Total	**37.75**	**56.21**

Notes:
1) Refer note 42 for payables to related parties.
2) Trade payables are generally non interest bearing.

Trade payables ageing schedule:
As at March 31, 2026

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and smalll enterprises	2.52	3.36	0.40	0.44	0.05	6.77
Total outstanding dues of creditors other than micro enterprises and smalll enterprises	21.32	6.79	1.17	1.18	0.52	30.98
Total	**23.84**	**10.15**	**1.57**	**1.62**	**0.57**	**37.75**

As at March 31, 2025

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and smalll enterprises	0.13	1.06	0.44	0.05	-	1.68
Total outstanding dues of creditors other than micro enterprises and smalll enterprises	-	50.85	2.15	0.89	0.64	54.53
Total	**0.13**	**51.91**	**2.59**	**0.94**	**0.64**	**56.21**

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006
The identification of Micro and Small 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, 2026	As at March 31, 2025
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	6.77	1.68
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.33	0.31
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Note 26
Other financial liabilities (current)

Particulars	As at March 31, 2026	As at March 31, 2025
Measured at amortised cost		
Employee related liabilities	10.81	9.81
Accrued expenses	82.18	40.54
Creditors for capital goods	1.20	0.39
Market-place vendors	40.43	29.91
Interest accrued but not due on borrowings	1.60	2.39
Total	**136.22**	**83.04**

Notes:
1) Refer note 42 for payables to related parties.
2) Refer note 50 for restatement.

Movement in interest accrued but not due on borrowings:

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	2.39	2.61
Interest and finance charge accrued during the year (excluding amortisation impact)	24.47	25.60
Payment of interest and finance charge during the year	(25.26)	(25.82)
Closing balance	**1.60**	**2.39**

Note 27
Provisions (current)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for gratuity (refer note 38 and 41)	1.31	0.53
Provision for compensated absences (refer note 38)	1.55	1.03
Total	**2.86**	**1.56**

Notes:
1) Refer note 50 for restatement.

Note 28
Contract liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Advance from customers	0.39	3.89
Total	**0.39**	**3.89**

Notes:
1) Refer note 50 for restatement.

Note 29
Other current liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory dues	5.51	5.09
Total	**5.51**	**5.09**

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Note 30
Revenue from operations

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A. Sale of products (apparels & non apparels)	177.77	156.77
B. Sale of service		
Income from marketplace service	324.23	257.53
Banner advertisement income	188.78	162.69
Logistics services	86.04	60.13
C. Other operating revenue	**3.53**	**1.79**
Total	**780.35**	**638.91**

Revenue from geographical market	For the year ended March 31, 2026	For the year ended March 31, 2025
Within India	780.18	638.91
Outside India	0.17	-
Total	**780.35**	**638.91**

Refer note 50 for restatement.

(A) Disaggregation of revenue from contracts with customers
The Company primarily is engaged in marketplace services under which third party sellers sell products on the Company's platform (Nykaa Fashion) to customers. The Company is also engaged in sale of products and providing advertisement and content creation services. In the above table, revenue from contracts with customers is disaggregated by categories of business operations.

(B) Contract balances

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trade receivables (refer note 13)	4.90	42.38
Contract liabilities (refer note 28)	0.39	3.89

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

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Contract price	**776.85**	**641.70**
Revenue recognised in the year from:		
Revenue recognised in the current year from contract liability:		
Advance from customer	3.89	1.10
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from customer	(0.39)	(3.89)
Revenue from operations	**780.35**	**638.91**





Nykaa Fashion Limited
Notes to Financial Statements as at and for the year ended March 31, 2026
(Amounts in ₹ crore, unless stated otherwise)

Note 31
Other income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Interest Income:		
Security deposit	0.60	0.42
Bank deposit	0.59	0.34
Interest Income - Income-tax refund	-	1.01
(b) Others:		
Rental income	1.27	3.24
Gain on cancellation of lease	0.74	0.17
Miscellaneous income	0.90	0.89
Foreign exchange gain (net)	-	0.21
Gain on sale of fixed assets	0.00*	-
Total	**4.10**	**6.28**

Refer note 50 for restatement.
*Less than 0.01 crore

Note 32
Purchase of traded goods

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Purchases of traded goods	79.48	199.28
Total	**79.48**	**199.28**

Note 33
Changes in inventories of traded goods

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Finished goods		
Opening stock	-	34.01
Less: Closing stock	-	-
Change in finished goods	**-**	**34.01**
Stock in trade		
Opening stock	124.24	30.52
Less: Closing stock	79.39	124.24
Less: Changes in inventories on account of discontinued operations	-	24.28
Change in stock in trade	**44.83**	**(118.00)**
Total	**44.83**	**(83.99)**

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Notes to Financial Statements as at and for the year ended March 31, 2026
(Amounts in ₹ crore, unless stated otherwise)

Note 34
Employee benefits expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	90.64	94.43
Contribution to provident fund	1.93	2.06
Gratuity expenses (refer note 41)	1.08	0.34
Compensated expenses	0.33	0.22
Share based payment expenses (refer note 19 and note 48)	1.09	2.55
Staff welfare expenses	0.89	0.72
Total	**95.96**	**100.32**

Refer note 50 for restatement.

Finance costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expenses on:		
-borrowings	3.92	4.63
-lease liabilities	3.30	2.99
-inter-company borrowings (refer note 42)	20.40	23.67
Other interest charges	0.02	0.03
Commission on financial guarantee (refer note 42)	0.98	1.15
Other finance charge	0.12	0.14
Total	**28.74**	**32.61**

Refer note 50 for restatement.

Note 36
Depreciation and amortisation expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of property, plant and equipment (refer note 4)	7.15	6.74
Depreciation of right-of-use assets (refer note 6)	20.58	18.10
Amortisation of intangible assets (refer note 5)	4.69	4.57
Total	**32.42**	**29.41**

Refer note 50 for restatement.

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Notes to Financial Statements as at and for the year ended March 31, 2026

(Amounts in ₹ crore, unless stated otherwise)

Note 37

Other expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Marketing and advertisement expenses	345.84	314.80
Legal and professional fees	6.35	5.63
Web and technology expenses	22.25	20.79
Freight expenses	128.07	83.59
Payment gateway charges	9.12	6.88
Commission expenses	6.86	6.43
Outsourced warehouse manpower expenses	8.46	5.41
Selling expenses	6.85	5.04
Warehouse operation management expenses	1.33	0.60
Recruitment expenses	1.17	0.67
Packing material expense	9.43	5.21
Travelling and conveyance expenses	2.52	2.73
Expected credit loss/credit impaired	(0.66)	6.26
Bad Debts Written off	1.43	-
Communication expenses	1.21	1.04
Rates and taxes	0.60	0.33
Insurance expenses	0.67	0.61
Rent and maintenance expenses	2.23	1.51
Brand usage fees	7.41	5.57
Director sitting fees and commission	0.03	0.08
Repairs and maintenance - others	0.63	0.98
Electricity charges	2.50	2.22
Bank charges	0.01	0.11
Auditor's remuneration :		
- Audit fees	0.26	0.49
- Taxation matters	-	0.05
- Other matters	-	0.03
- Out of pocket expenses	0.02	0.04
Foreign exchange loss (net)	0.15	-
Miscellaneous expenses	3.21	4.10
Total	**567.95**	**481.20**

Refer note 50 for restatement.

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Note 38

A) Exceptional Item

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Receipt of arbitration award (refer note i)	9.34	-
Labour Code Impact (refer note ii)	(1.51)	-
Total	**7.83**	**-**

(i) It represents income of ₹ 9.34 crore (net of expenses) representing receipt of arbitration award dated August 5, 2025. This is for a legal dispute initiated by the Company for breach of employment contract obligations of confidentiality and non-solicitation.

(ii) On November 21, 2025, the Government of India notified four Labour Codes—the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020; and the Occupational Safety, Health and Working Conditions Code, 2020—thereby consolidating 29 existing labour laws. The Ministry of Labour & Employment subsequently issued draft Central Rules and FAQs to facilitate assessment of the financial impact arising from the regulatory changes.
The Company has evaluated and disclosed the impact of these changes based on the best information available, in line with the guidance issued by the Institute of Chartered Accountants of India. Considering the materiality and the regulatory-driven non-recurring nature of the impact, the Company has presented the impact of ₹ 1.51 crore as "Statutory impact of new Labour Codes" under "Exceptional Items".
The Company continues to monitor the finalization of Central and State Rules, as well as further clarifications from the Government, and will recognize appropriate accounting effects based on such developments, as and when required.

B) Gain on Sale of Business

(a)Transaction during the previous year ended March 31, 2025

During the year ended March 31, 2025, the Board of Directors of the Company, at their meeting held on May 22, 2024, approved the sale of Western Wear business, to FSN E-Commerce Ventures Limited (Holding Company) as a going concern on slump sale basis for an aggregate consideration of approximately ₹ 137.14 Crore, respectively.The transaction has been consummated on June 28, 2024, post compliance of conditions precedent, being the closing date of transfer of business. Consequently, Profit before tax and tax expenses relating to the Western Wear business have been disclosed separately as Discontinued operations. The previous periods have been represented in the financial statements to give effect to the presentation requirements of Ind AS 105: "Non-current Assets Held for Sale

(b) Analysis of profit/(loss) from discontinued operations :

Particulars	For the period of April 1, 2024 to June 28, 2024	For the year ended March 31, 2024
Revenue from operations	10.80	54.56
Other income	-	0.04
Total Income	**10.80**	**54.60**
Expenses		
Cost of material consumed	2.58	8.80
Purchase of traded goods	2.21	12.72
Changes in inventories of finished goods and traded goods	(0.20)	3.22
Employee benefits expense	3.28	11.82
Depreciation and amortisation expense	0.25	0.99
Other expenses	2.51	13.14
Total expenses	**10.63**	**50.69**
Profit before tax	**0.17**	**3.91**
Tax expense	-	-
Profit from discontinued operations after tax	**0.17**	**3.91**

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(c) Cashflow from discontinued operations :

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Net cash generated from operating activities	(8.08)	2.19
Net cash (used in) / generated from investing activities	-	-
Net cash (used in) / generated from financing activities	-	-
Net cash generated from discontinued operations	**(8.08)**	**2.19**

(d) Effect of disposal on the financial position of the Company :

Particulars	For the year ended March 31, 2025
Intangible assets	2.23
Inventories	28.77
Trade receivables	13.30
Other current assets	0.96
Trade payables	(5.07)
Other financial liabilities	(1.62)
Contract liabilities	(0.08)
Provisions	(0.43)
Net Assets	**38.06**
Consideration received	**137.14**
Net cash inflow	**99.08**

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Note 39
Earnings per share

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Nominal value of per equity share(₹)	10.00	10.00
Loss after tax attributable to equity shareholders from continuing operations (A)	(57.10)	(19.56)
Profit after tax attributable to equity shareholders from discontinued operations (B)	-	0.17
Weighted average number of equity shares outstanding during the year (C)	17,50,10,000	17,50,10,000
Weighted average number of diluted equity shares (D)	17,50,10,000	17,50,10,000
Basic earnings per share		
From continuing operations (A/C)	(3.26)	(1.12)
From discontinued operations (B/C)	-	0.01
From continuing and discontinued operations [(A+B)/C]	(3.26)	(1.11)
Diluted earnings per share (A/C)		
From continuing operations (A/D)	(3.26)	(1.12)
From discontinued operations (B/D)	-	0.01
From continuing and discontinued operations [(A+B)/D]	(3.26)	(1.11)

Note 40
Leases
The Company as lessee
The Company has lease contracts for premises obtained for offices, warehouses, stores etc. Leases of premises generally have lease terms between 1.5 to 6 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 amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	**25.73**	**32.16**
Addition	42.87	13.13
Accretion of interest	3.30	2.99
Deletion due to closure	(6.08)	(1.55)
Payments	(22.96)	(21.00)
Closing balance	**42.86**	**25.73**
Non-current	22.49	12.13
Current	20.37	13.60

The maturity analysis of lease liabilities is disclosed in note 46.

The effective interest rate for lease liabilities as at March 31, 2026 ranges between 9.36% to10.65% (March 31, 2025: ranges between 9.5% to 10.65%).

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

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation expenses of right of use assets	20.58	18.10
Interest expenses on lease liabilities	3.30	2.99
Variable and short-term lease payments*	2.23	1.51
Total amount recognised in Statement of Profit and Loss	**26.11**	**22.60**

*Includes common area maintenance charges

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Note 41

Defined benefit plan and other long term employee benefit plan:

I) Defined contribution plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 1.57 Crore (March 31,2025: ₹ 2.06 Crore) and the same has been recognized as an expense in the Statement of Profit and Loss.

II) Defined benefit plan

The Company operates a defined benefit gratuity plan for its employees including contractual 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 funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2026 and March 31, 2025:

i. Amount to be recognised in the Balance Sheet

Particulars	As at March 31, 2026	As at March 31, 2025
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	4.30	3.36
Less : Fair value of plan assets	-	-
Funded status – deficit	4.30	3.36
Net liability recognised in balance sheet	**4.30**	**3.36**
Non current	2.99	2.83
Current	1.31	0.53

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	3.36	2.07
Transfer in/out on account of transfer/discontinued operations	-	0.21
Current service cost	1.00	0.53
Past service cost	1.05	-
Interest cost	0.17	0.13
Actuarial (gain) / loss in obligation for year ended due to changes in financial assumptions	(0.00)*	0.05
Actuarial (gain) / loss in obligation for year ended due to changes in demographic assumptions	(0.18)	0.26
Actuarial (gain) / loss in obligation for year ended due to changes in experience adjustments	(0.25)	0.60
Benefit paid	(0.39)	(0.49)
Liability assumed / settled#	(0.46)	-
Closing defined benefit obligations	**4.30**	**3.36**

On account of intra group transfer

iii. Amount for the year ended March 31, 2026 and March 31, 2025 recognised in the Statement of Profit and Loss under employee benefit expenses, outsource warehouse manpower expense, exceptional item and other comprehensive income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	1.00	0.53
Past service cost	1.05	-
Interest expense	0.17	0.13
Less: Expenses pertaining to discontinued operations	-	(0.32)
Amount recognised in Statement of Profit and Loss	**2.22**	**0.34**
Actuarial (gain) / loss in obligation for year ended due to changes in financial assumptions	(0.00)*	0.05
Actuarial (gain) / loss in obligation for year ended due to changes in demographic assumptions	(0.18)	0.26
Actuarial (gain) / loss in obligation for year ended due to changes in experience adjustments	(0.25)	0.60
Amount recognised in Other Comprehensive Income (OCI)	**(0.43)**	**0.91**

*Less than 0.01 crore

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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, 2026	For the year ended March 31, 2025
Mortality table	IALM (2012-14)	IALM (2012-14)
Discount rate (% p.a.):	6.55%	6.65%
Future salary increases (% p.a.)	5.00%-7.00%	7.00%-10.00%
Withdrawal rates (% p.a.)	26.57% - 38.67% for onroll employees and 63% for contractual employees	15.00% - 30.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

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

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

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

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

Particulars	As at March 31, 2026	As at March 31, 2025
Within the next 12 months (next annual reporting period)	1.30	0.53
Between 2 and 5 years	2.79	2.12
Between 6 and 9 years	0.83	1.76
10 yeays & above following years	0.35	0.52
Total expected payments	**5.27**	**4.93**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3.40 years and 1.46 years for onroll and contractual employees respectively (March 31, 2025: 4.31 years - 6.45 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, 2026	As at March 31, 2025
Discount rate (-/+ 1%)		
Decrease by 100 basis points	0.14	0.14
Increase by 100 basis points	(0.12)	(0.14)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(0.12)	(0.14)
Increase by 100 basis points	0.12	0.14

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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Nykaa Fashion Limited
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(Amounts in ₹ crore, unless stated otherwise)

Note 42

Related party transactions

A. Names of the related parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

Relationship	Name of entity
Holding Company	FSN E-Commerce Ventures Limited
Fellow subsidiaries*	Nykaa E-Retail Limited FSN International Limited FSN Brands Marketing Private Limited FSN Distribution Limited Nykaa Foundation
Directors and Key Management Personnel (KMP)	Ms. Adwaita Nayar -- Managing Director and CEO Mr. Nihir Parikh -- Director w.e.f February 9, 2024 Mr. P Ganesh -- Director# Mr. Tanuj Dhingra -- Chief Financial Officer w.e.f. August 8, 2025 Mr. Aayush Bansal -- Chief Financial Officer till August 5, 2025# Mr.Rushi Sathe - Company Secretary w.e.f. May 19, 2026# Mr. Milan Bhagwandas Khakhar -- Director Mr. Nitish Kapoor -- Director till January 27, 2026 Ms. Mrunal Brahmabhatt -- Company Secretary w.e.f. August 7, 2025# Mr. Raghav Mulay -- Company Secretary w.e.f August 9, 2024 till April 15, 2025#

*where there are transactions or balances during the current or previous year.
#no transactions in the current or previous year.

B. Transactions with related parties

Particulars	Nature of transactions	Transactions during FY 2025-26	Balance as at March 31, 2026	Transactions during FY 2024-25	Balance as at March 31, 2025
FSN E-Commerce Ventures Limited	Net loan repaid / (taken)	(66.31)	(202.07)	79.69	(135.76)
	Reimbursement of expenses	2.69	-	4.67	
	Purchases (net of discounts)	1.72	21.65	152.58	17.96
	Interest expense	11.04	(1.23)	11.31	(1.01)
	Notional interest expense - Loan	-	-	2.88	-
	Share based payment expense	1.09	-	2.55	-
	Capital contribution	-	(22.37)	-	(22.37)
	Equity contribution	-	(175.01)	-	(175.01)
	Royalty charges	6.84	-	5.46	-
	Rental income	(0.95)	-	(3.24)	
	Rent expense	1.82	-	2.04	-
	Proceeds from sale of business through slump sale (refer note 49)	-	-	(137.14)	-
	Consideration on account of Investment made (note 50)	-	-	29.28	-
	Commission on financial guarantee	0.98	-	1.15	-
	Marketing Investment Income	(10.41)	10.41	(16.55)	16.55
Fellow subsidiaries					
Nykaa E-Retail Limited	Reimbursement of expenses	(2.81)	-	4.17	-
	Purchases of service-Market support revenue	-	-	34.37	-
	Net loan repaid / (taken)	89.76	(84.30)	(174.06)	(174.06)
	Purchases (net of discounts)	0.17	-	-	-
	Sales (net of discounts)	(0.01)	-	-	-
	Interest expense	9.36	(0.35)	9.48	(1.33)
	Rent expenses	9.46	-	8.30	-
	Listing fees	6.41	-	4.53	-
	Wellness market place commission	47.41	(10.02)	34.20	-
	Marketing Investment Income	(81.51)	-	(69.62)	20.57
	Marketing Expense	-	-	10.62	-
	Purchase of Fixed Assets	(0.55)	-	0.01	-
FSN International Limited	Reimbursement of expenses	(0.13)	(0.05)	(0.06)	0.06
FSN Brands Marketing Private Limited	Reimbursement of expenses	-	-	0.07	(0.01)
	Sale of Fixed Assets	(0.23)	-	(0.01)	
FSN Distribution Limited	Rent expense	-	-	0.50	(0.93)
Nykaa Foundation	Investment	-	0.00*	-	0.00*
Key Management Personnel (KMP)					
Ms. Adwaita Nayar**	Remuneration#	3.93	-	2.54	-
Mr. Tanuj Dhingra	Remuneration#	0.36	-	-	-
Mr. Nihir Parikh	Remuneration##	-	-	12.74	-
Mr. Nihir Parikh	Sitting fees	0.01	-	0.00*	-
Mr. Nitish Kapoor	Sitting fees	0.01	-	0.02	-
Mr. Nitish Kapoor	Commission	-	-	0.05	(0.05)
Mr. Milan Bhagwandas Khakhar	Sitting fees	0.01	-	0.02	-

Figures in brackets indicates payables and income
*Less than ₹ 0.01 crore.

Terms and conditions of transactions with related parties

i.The sales to and purchases from related parties are made on terms, equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

**The aggregate managerial remuneration, as approved, amounting to ₹ 7.84 Crore for Ms. Adwaita Nayar is paid in the ratio, as determined by the Nomination and Remuneration Committee, between the Holding Company and its subsidiaries. The amount disclosed above is the share of the Company, as determined, in accordance with such ratio.

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.

Amount paid to KMP include long term benefits paid NIL (March 31, 2025: ₹ 5.02 Crore). Remuneration includes amount of perquisities value towards ESOP.

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Note 43
Commitments and Contingent Liabilities

A. Commitments
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 1.55 Crore as at March 31, 2026 (March 31, 2025 – Nil).

B. Contingent liabilities (not provided for)
The Company have contingent liabilities amounting to Nil as at March 31, 2026 (March 31, 2025 – Nil).

Note 44
Segment information
The Company is engaged in the business of selling and distribution of fashion garments and fashion accessories through online channels i.e., its online platforms or websites, other online applications, retail outlets, general trade, modern trade and providing content creation services. The Company's business activity falls within a single primary business segment, i.e. Fashion. Accordingly, disclosures as required under IND AS 108, Operating Segments, has not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.

i) The Company operates in a single geographical environment i.e.in India.
ii) No single external customer contributed 10% or more to Company's revenue.
iii) All non-current assets of the Company are located in India.
The Company has identified Board of Directors and CEO as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on abovementioned "Business Segments".

Note 45
A. Financial Instruments by category and fair value hierarchy
Fair value of financial assets and financial liabilities
Below, is a comparison by class of the carrying amounts of the Company's financial instruments that are reasonable approximations of fair values.

Particulars	Level	Carrying value as of	
		March 31, 2026	March 31, 2025
Financial assets:			
Amortised cost			
Trade receivables		4.90	42.38
Cash and cash equivalents		6.46	34.02
Bank balance other than cash and cash equivalents		0.13	0.11
Other financial assets		62.14	47.64
Derivative financial assets	2	0.00*	0.03
Total		**73.63**	**124.18**
Financial liabilities:			
Amortised cost			
Borrowings		296.37	368.21
Lease liabilities		42.86	25.73
Trade payables		37.75	56.21
Other financial liabilities		136.22	83.04
Total		**513.20**	**533.19**

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

Valuation methodology
The fair values of assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The valuation techniques used to determine the fair values of financial assets and financial liabilities classified as level 2 include use of quoted market prices or dealer quotes for similar instruments and generally accepted pricing models based on a discounted cash flow analysis using rates currently available for debt on similar terms, credit risk and remaining maturities.

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

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Note 46

Financial risk management objectives and policies

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

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

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, 2026 and March 31, 2025.

a) Interest rate risk

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans 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, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2026	+50	(1.48)
	-50	1.48
March 31, 2025	+50	(1.84)
	-50	1.84

b) Foreign currency risk

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

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

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

Particulars of transactions	Currency	As at March 31, 2026		As at March 31, 2025	
		Foreign currency	Rs.*	Foreign currency	Rs.*
Forward contracts to Purchases - Trade Payable	USD	0.02	1.94	0.01	0.88
Forward contracts to Purchases - Trade Payable	GBP	0.00*	0.06	0.00*	0.01
Forward contracts to Purchases - Trade Payable	Euro	-	-	0.00*	0.18

*Represents conversion at hedge rate.

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

Particulars	Currency	As at March 31, 2026		As at March 31, 2025	
		Foreign Currency	Rs.	Foreign Currency	Rs.
Payables:					
Trade payables	USD	0.00*	0.56	0.00*	0.21
	GBP	-	-	0.00*	0.03
	Euro	-	-	0.00*	0.11
	THB	0.06	0.18	-	-
Advances:					
Advance to vendors against purchases / expense	USD	0.00*	0.00*	0.02	1.64
	GBP	0.00*	0.01	0.00*	0.00*
	AUD	0.00*	0.00*	-	-
	Euro	0.00*	0.02	0.00*	0.01

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

*Less than ₹ 0.01 crore.

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

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

a) Trade receivables
The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company's experience of delinquencies and customer disputes have been minimal. Also the Company has a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is covered by the company. (Refer accounting policy 2(B)(h) for expected credit loss on trade receivable).Trade receivables are non- interest bearing and are generally on payment terms of 0-90 days.

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	1.01	1.34
Provision made during the year	-	4.18
Provision written off during the year	(0.98)	-
Less:Provision transferred to FSN E-Commerce Ventures Limited on transfer of Western Wear Business(refer note 50)	-	(4.51)
Closing balance	**0.03**	**1.01**

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

c) Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors. 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, 2026					
Borrowings	296.37	10.00	286.37	-	296.37
Trade payables	37.75	37.75	-	-	37.75
Lease liabilities	42.86	24.91	25.56	-	50.47
Other financial liabilities	136.22	136.22	-	-	136.22
Total	**513.20**	**208.88**	**311.93**	**-**	**520.81**
As at March 31, 2025					
Borrowings	368.21	99.21	269.00	-	368.21
Trade payables	56.21	56.21	-	-	56.21
Lease liabilities	25.73	15.26	13.12	0.67	29.05
Other financial liabilities	83.04	83.04	-	-	83.04
Total	**533.19**	**253.72**	**282.12**	**0.67**	**536.51**

Note 47
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, 2026	As at March 31, 2025
Gross debt	296.37	368.21
Less: Cash and cash equivalents	(6.46)	(34.02)
Net debt (A)	**289.91**	**334.19**
Equity	(157.79)	(101.13)
Total Equity (B)	**(157.79)**	**(101.13)**
Net gearing ratio (A)/(B)	(1.84)	(3.30)

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2026 and March 31, 2025

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Note 48
Employee Share Based Payment
(A) Employee stock options- equity settled

Under the Employees Stock Option Scheme – 2017 ("2017 Scheme) and 2022 ("2022 Scheme), the stock options of the holding company were granted to certain employees of the Company. In most cases, the exercise price of the share options is equal to the market price of the underlying shares on the date of grant. Vesting period of options are 3 to 4 years and options are vested equally over the vesting period. Vested options are exercisable as per the terms of the option plan, provided the employee is in employment of the Company on the date of the vesting of the stock options and should not be serving his notice period. The fair value of the share options is estimated at the grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of Rs. 1.09 Crore (March 31, 2025: Rs. 2.55 Crore) arising from equity settled share based payment transactions for employee services received during the year.

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

Options granted under ESOS 2017	**March 31, 2026**	**March 31, 2025**
Options outstanding at the beginning of the year	23,81,299	20,50,599
Transfer in/(out)	(4,08,100)	7,16,450
Options granted during the year	2,25,000	10,90,000
Options forfeited during the year	(2,16,225)	(9,98,650)
Options expired/lapsed during the year	(34,825)	(37,950)
Options exercised during the year	(3,38,049)	(4,39,150)
Options outstanding at the end of the year	**16,09,100**	**23,81,299**
For options outstanding at the end of the year:		
Exercise price range	₹ 33.66 - 252.85	₹ 33.66 - 226.33
Weighted average remaining contractual life (in years)	5.16	5.20

Options granted under ESOS 2022	**March 31, 2026**	**March 31, 2025**
Options outstanding at the beginning of the year	70,000	1,30,000
Transfer in/(out)	45,000	15,000
Options granted during the year	-	-
Options forfeited during the year	-	(50,000)
Options expired/lapsed during the year	-	-
Options exercised during the year	-	(25,000)
Options outstanding at the end of the year -	**1,15,000**	**70,000**
For options outstanding at the end of the year:		
Exercise price range	₹133.35- 190.26	₹ 133.35
Weighted average remaining contractual life (in years)	5.6	4.36

Options granted under RSU	**March 31, 2026**	**March 31, 2025**
Options outstanding at the beginning of the year	-	-
Transfer in	-	1,40,000
Options granted during the year	-	-
Options forfeited during the year	-	(80,000)
Options expired/lapsed during the year	-	-
Options exercised during the year	-	(60,000)
Options outstanding at the end of the year	-	-
For options outstanding at the end of the year:		
Exercise price range	-	-
Weighted average remaining contractual life (in years)	-	-

(B)Fair value of options granted

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

Particulars	**ESOS 2017**				
	Tranche I	**Tranche II**	**Tranche III**	**Tranche IV**	**Tranche V**
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected life (years)	1.99-2.02	2.79-2.82	3.48-3.56	4.14-4.16	5.13-5.13
Risk free interest rate (%)	5.8% to 5.9%	5.8% to 5.9%	6.00% to 6.10%	6.00% to 6.2%	6.59% to 6.59%
Volatility (%)	30% - 35%	30% - 35%	35%-40%	35%-40%	45.00%
Market price on date of grant			194.46-280.14		
Fair Value	44.43-75.99	59.26-89.03	72.66-107.60	79.46-116.20	83.41-83.41

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

(C) 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, 2026**	**For the year ended March 31, 2025**
Stock based compensation expense determined under fair value method recognised in Statement of Profit and Loss	1.09	2.55

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Nykaa Fashion Limited
Notes to Financial Statements as at and for the year ended March 31, 2026
(Amounts in ₹ crore, unless stated otherwise)

Note 49
Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2026	March 31, 2025	% Change	Reason for changes
1	Current ratio	Current assets	Current liabilities	0.95	1.18	-20%	
2	Debt equity ratio	Long term debt	Shareholder's equity	(1.81)	(2.66)	-32%	On account of increase in Loss during the current year.
3	Debt service coverage ratio	Net profit after taxes + Non-cash operating expenses+ Finance cost	Interest & Lease Payments + Principal Repayments	0.01	0.30	-98%	On account of increase in principal repayments.
4	Return on equity ratio	Net Profits/ (Loss) after taxes	Average Shareholder's Equity	44.11%	21%	23%	On account of increase in Loss during the current year.
5	Inventory turnover ratio	Cost of goods sold (COGS)	Average Inventory	1.22	1.19	2%	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	33.01	15.84	108%	On account of efficient working capital management.
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	1.69	4.00	-58%	On account of decrease in purchases.
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	-69.95	13.56	-616%	On account of repayment of current borrowings during the year.
9	Net profit ratio	Net Profit[1]	Net sales = Total sales - sales return[2]	(7%)	(17%)	10%	On account of decrease in losses.
10	Return on capital employed	Earnings before interest and taxes (EBIT)[1]	Capital Employed = Tangible Net Worth + Total Debt	(20%)	(31%)	11%	On account of decrease in losses.
11	Return on Investment	Interest Income on FD	Average investment in FD	65%	2%	63%	On account of significant rise in interest income from maturing investments despite a sharp reduction in total investment base

Notes:

[1] excluding exceptional items

[2] including discontinued operations

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Note 50
Business combination under Common Control

The Board of Directors at their meeting held on October 10, 2024 had approved the merger of Iluminar Media Limited (formerly known as Iluminar Media Private Limited) ("Transferor Company"), a wholly owned subsidiary of the Company. The merger scheme was approved by Hon'ble National Company Law Tribunal (Mumbai Bench) on May 27, 2025 with appointed date of April 01, 2024. The scheme was filed with Registrar of Companies on May 28, 2025 and accordingly the impact of the same has been given in the financial statements.

The aforementioned merger had been accounted in accordance with Ind AS 103 'Business Combination' read with Appendix C to Ind AS 103 specified under Section 133 of the Act (Pooling of Interest method), read with the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the accounting treatment has been given as follows:

(i)The assets and liabilities of the abovementioned business had been incorporated in the financial statements at their respective carrying values.

(ii)The identity of the reserves of the Transferor Company had been preserved and are appearing in the financial statements of the Company in the same form and manner, in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective.

(iii)The value of investment held by the Company in the Transferor Company had been cancelled.

(iv)All intercompany transactions between Transferor Company and the Company had been eliminated.

(v)The surplus arising after taking effect of the point (i) to (iv) above had been transferred to capital reserve in the financial statements of the Company and had been presented separately from other capital reserves with disclosure of its nature and purpose in the notes. (Refer table 1 below)

(vi)The financial information in the financial statements in respect of prior periods i.e. for the year ended March 31, 2024 and for the year ended March 31, 2025 were restated as if the business combination had occurred from the beginning of the preceding period in the financial statements irrespective of the actual date of amalgamation in accordance with Ind AS 103,as detailed in table 2, 3 and 4 below.

Table 1: Capital Reserve

Particulars	Amount
Payable towards Investments he	(29.28)
Securities premium	60.85
Equity share capital of Transfero	0.04
Total	**31.61**

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Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)
Notes to Financial Statements as at and for the year ended March 31, 2026
(Amounts in ₹ crore, unless stated otherwise)

Table 2: Restatements - Balance Sheet

Particulars	As at March 31, 2024 Reported	As at March 31, 2024 Restated
Assets		
Non-current assets		
Property, plant and equipment	25.94	26.19
Intangible assets	12.65	12.64
Right of use assets	27.90	29.30
Intangible assets under development	0.08	0.08
Financial assets		
Investments	-	0.49
Other financial assets	2.34	2.53
Deferred tax assets (net)	77.18	77.18
Non current tax assets (net)	15.95	16.51
Other non current asset	0.17	0.18
Total non-current assets (A)	**162.21**	**165.10**
Current assets		
Inventories	69.13	69.14
Financial assets		
Trade receivable	35.00	38.30
Cash and cash equivalents	-	2.20
Bank balance other than cash and cash equivalents	33.83	33.83
Other financial assets	28.11	36.06
Other current assets	79.00	79.17
Total current assets (B)	**245.07**	**258.70**
Total assets (A+B)	**407.28**	**423.80**
Equity and liabilities		
Equity		
Equity share capital	175.01	175.01
Other equity	(229.68)	(255.84)
Total equity (A)	**(54.67)**	**(80.83)**
Liabilities		
Non-current liabilities:		
Financial liabilities		
Lease liabilities	14.62	15.46
Provisions	1.01	1.62
Total non-current liabilities (B)	**15.63**	**17.08**
Current liabilities:		
Financial liabilities		
Borrowings	305.86	313.34
Lease liabilities	16.15	16.70
Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	1.13	1.13
-Total outstanding dues of creditors other than micro enterprises and small enterprises	42.61	43.52
Other financial liabilities	71.40	102.78
Provisions	0.87	1.31
Contract liabilities	0.95	1.10
Other current liabilities	7.35	7.67
Total current liabilities (C)	**446.32**	**487.55**
Total liabilities (B+C)	**461.95**	**504.63**
Total equity and liabilities (A+B+C)	**407.28**	**423.80**

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Table 3 :Restatements - Statement of Profit and Loss

Particulars	For the year ended March 31, 2024 Reported	For the year ended March 31, 2024 Restated
Income		
Revenue from operations	435.59	411.81
Other income	1.51	1.84
Total Income (A)	**437.10**	**413.65**
Expenses		
Cost of material consumed	59.35	50.54
Purchase of traded goods	29.48	16.75
Changes in inventories of finished goods and traded goods	(6.58)	(9.80)
Employee benefits expense	84.86	84.55
Finance costs	47.00	47.63
Depreciation and amortisation expense	29.32	28.95
Other expenses	383.64	383.67
Total expenses (B)	**627.07**	**602.29**
(Loss) before exceptional items and tax (C=A-B)	(189.97)	**(188.64)**
Add: Exceptional items (D)		
Gain on account of sale of business (slump sale - note 49)	165.72	165.72
(Loss) before tax from continuing operations (E=C+D)	**(24.25)**	**(22.92)**
Tax expense of continuing operations:		
Current tax	-	0.06
Deferred tax	-	-
Total tax (benefits) (F)	-	**0.06**
(Loss) after tax from continuing operations (G=E-F)	**(24.25)**	**(22.98)**
Discontinued operations		
Profit from discontinued operations	7.12	11.03
Profit from discontinued operations (H)	**7.12**	**11.03**
(Loss) for the year (G+H)	**(17.13)**	**(11.95)**
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Remeasurement gain/(loss) of defined benefit liability	0.01	0.01
Income tax effect on above	-	-
Other Comprehensive Income for the year, net of tax	0.01	**0.01**
Total Comprehensive (Loss) for the year	**(17.12)**	**(11.94)**
Earnings per share of face value Rs. 10/- each		
From continuing operations		
Basic	(5.54)	(5.25)
Diluted	(5.54)	(5.25)
From discontinued operations		
Basic	1.63	2.52
Diluted	1.63	2.52
From continuing and discontinued operations		
Basic	(3.91)	(2.73)
Diluted	(3.91)	(2.73)

Note: Includes impact of discontued business(western wear) as well (refer note 49B).

Table 4: Restatements - Statement of Cashflows

Particulars	For the year ended March 31, 2024 Reported	For the year ended March 31, 2024 Restated
Net cash flows (used in) operating activities (A)	(190.39)	(191.69)
Net cash flows from investing activities (B)	210.76	214.23
Net cash flows (used in) financing activities (C)	(20.37)	(23.88)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	-	**(1.34)**
Cash and cash equivalents at the beginning of the year	-	3.54
Cash and cash equivalents at the year end (refer note 14)	-	**2.20**

Note: Includes impact of discontued business(western wear) as well (refer note 49B).

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NYKAA FASHION LIMITED ★

Note 51
Audit Trail

1. During the year, the Company migrated from its existing ERP system ("legacy accounting software") to a new ERP system ("new accounting software") with effect from January 1, 2026.

a. In respect of the legacy accounting software, the audit trail facility was enabled for relevant transactions recorded in the software, except that the audit trail feature is not enabled at the database level and certain users have access to make direct changes that were not logged at the application layer.

b. In respect of the new accounting software implemented from January 1, 2026:

i. The audit trail facility was enabled at the application layer for relevant transactions recorded in the software; however, certain users have access to make direct changes that were not logged.

ii. For the database layer, the Company has obtained the Service Organisation Controls ("SOC") report covering the period up to December 31, 2025, along with a bridge letter for the balance period during the year. However, this SOC report, issued by the ERP service provider to all its users, does not explicitly mention if the audit trail controls were enabled or not at the database layer.

2. Further, the Company uses certain other peripheral applications that support the recording of revenue, inventory and procurement (hereinafter referred to as 'supporting software'), wherein:

a. In the case of one application related to procurement (which was implemented w.e.f. January 01, 2026), wherein the audit trail (edit log) facility was not enabled throughout the period,

b. In the case of other applications, the audit trail (edit log) facility:

i. was enabled at the database layer from October 1, 2025, for all relevant transactions recorded in the software; and

ii. was not enabled accurately for certain applications at the application layer.

3. Also, the Company used third-party operated software for Processing payroll and procurement: Management obtained the report of Service Organisation Controls (SOC) auditors engaged by such third party for the year 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 Company has preserved the audit trail records in accordance with the statutory requirements for record retention, to the extent such audit trails were available in the respective systems.

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NYKAA FASHION LIMITED

Note 52
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 is not declared wilful defaulter by any Bank, financial institution or other lender.

As per our report of even date
The accompanying notes are an integral part of the Financial Statements
As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
Registration No: 101049W/E300004

Govind Ahuja
Partner
Membership No: 048966
Place: Mumbai
Date: May 19, 2026

For and on behalf of Board of Directors of
Nykaa Fashion Limited

Adwaita Nayar
Managing Director and CEO
DIN : 07931382

P Ganesh
Director
DIN : 07202923

Tanuj Dhingra
Chief Financial Officer

Place: Mumbai
Date: May 19, 2026

Rushi Sathe
Company Secretary
Membership No: A40200