Responsibilities of Management for Consolidated Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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Report on Other Legal and Regulatory Requirements

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

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

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books except for the matters stated in the paragraph (i)(viii) below on reporting under Rule 11(g);

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

e. On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**, to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2024;

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, in our opinion and to the best of our information and according to the explanations provided to us:

    i. The Group does not have any pending litigations which would impact its consolidated financial position in its financial statements.

    ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

iv. a. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 36 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

b. The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the note 36 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year. So compliance with respect to section 123 of the Act is not applicable.

vi. Based on our examination which included test checks, the Company has used various accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software except that audit trail feature is not enabled at the

- database level and master fields as it relates to accounting software used for maintaining general ledger and
- in respect of supporting softwares, where audit trail feature is not enabled at database level

as described in Note 37 to the financial statements.

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- Also, with respect to third-party operated software applications, in the absence of Service Organisation Controls report on audit trail, as described in Note 37 to the financial statements, we are unable to comment on whether the audit trail feature with respect to third-party operated software applications was enabled and operated throughout the year for all relevant transactions recorded in these software applications or whether there were any instances of the audit trail feature being tampered with.

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

ANShah

A. N. Shah
Partner
Membership No.: 042649
UDIN: 24042649BKBGET6180
Place: Mumbai
Date: May 18, 2024

Annexure 'A' to the Independent Auditor's Report of even date on the consolidated financial statements of FSN International Limited (Formerly known as FSN International Private Limited)

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of FSN International Limited (Formerly known as FSN International Private Limited) on the Ind AS financial statements for the year ended March 31, 2024)

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

We have audited the internal financial controls over financial reporting of **FSN International Limited** (Formerly known as FSN International Private Limited) hereinafter referred to as the "Holding Company") as of March 31, 2024 in conjunction with our audit of the Ind AS financial statements of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as the "Group"), which are companies incorporated in India, as of that date.

Opinion

In our opinion, the Holding Company and its subsidiaries have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

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

A. N. Shah
Partner
Membership No.: 042649
UDIN: 24042649BKBGET6180
Place: Mumbai
Date: May 18, 2024

Note 19
Other financial liabilities (Current)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost		
Employee related liabilities	9.53	2.91
Accrued expenses	32.05	11.80
Creditors for Capital Goods	-	0.54
Payable to market-place vendors	16.95	1.01
Interest accrued but not due on borrowings	0.49	0.43
Total	**59.02**	**16.69**

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	0.43	-
Interest and Finance charge accrued during the year (excluding amortisation impact)	5.05	2.66
Payment of interest and Finance charge during the year	(4.99)	(2.23)
Closing balance	**0.49**	**0.43**

Note 20
Other current liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues	1.75	1.63
Total	**1.75**	**1.63**

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FSN INTERNATIONAL LIMITED

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FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the consolidated financial statements for the year ended March 31, 2024
(All amounts are in ₹ millions, unless stated otherwise)

Note 21
Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Sale of products	37.67	38.72
B. Sale of services		
Income from marketplace services	27.28	10.97
Marketing support revenue	4.37	6.30
C. Other Operating Revenue		
Logistics service income (shipping and delivery charges)	4.61	3.40
Export incentive	0.03	0.33
Total	**73.96**	**59.72**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	0.03	5.15
Outside India	73.93	54.57
	73.96	**59.72**

(A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and commission on sale of products on selected platform.

(B) Contract Balances

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables	21.29	33.02
Contract Price	73.96	59.72
Revenue from operations	**73.96**	**59.72**

Note 22
Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income on IT Refund	0.01	-
Interest Income on Fixed deposit	2.89	0.34
Miscellaneous income	1.35	-
Foreign exchange gain /(loss)	6.73	-
Total	**10.98**	**0.34**

Note 23
Purchase of traded goods

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchases of traded goods	103.04	24.36
Total	**103.04**	**24.36**

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Notes to the consolidated financial statements for the year ended March 31, 2024
(All amounts are in ₹ millions, unless stated otherwise)

Note 24
Changes in inventories of traded goods

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Traded goods		
Opening balance	3.92	2.42
Closing balance	80.13	3.92
Total	**(76.21)**	**(1.50)**

Note 25
Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages and Bonus	90.10	35.92
Contribution to provident fund	0.11	-
Gratuity expenses	2.16	-
Compensated expenses	5.22	-
Staff welfare expenses	0.40	0.02
Total	**97.99**	**35.94**

Note 26
Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on lease liabilities	0.44	-
Interest expenses on inter company loan	5.05	3.25
Total	**5.49**	**3.25**

Note 27
Depreciation and amortisation expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (refer note 3)	2.45	0.08
Depreciation of Right-of-use assets (refer note 5)	4.01	-
Amortisation of Intangible assets (refer note 4)	0.06	0.02
Total	**6.52**	**0.10**

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FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the consolidated financial statements for the year ended March 31, 2024
(All amounts are in ₹ millions, unless stated otherwise)

Note 28
Other expenses

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
Marketing & Advertisement Expense	30.65	6.99
Legal and Professional Fees	25.93	19.43
Web & Technology Expenses	3.81	0.92
Payment Gateway Charges	2.55	0.09
Freight outward	20.13	28.14
Travelling & Conveyance Expenses	3.03	2.14
Printing & Stationery	0.56	-
Communication Expenses	1.60	-
Commission on sales	1.24	0.38
Rates & Taxes	2.83	-
Warehouse Operation Management Expense	3.04	-
Insurance Expenses	0.76	0.35
Rent and Maintenance Expenses	8.05	1.89
Director Sitting Fees	0.13	0.10
Bank charges	0.54	0.55
Auditors remuneration :		
- Audit fees	1.02	0.40
- Taxation Matters	0.10	0.10
Allowance for Expected Credit Loss	19.38	0.06
Foreign exchange loss (net)	-	0.76
Miscellaneous Expenses	1.53	2.27
Total	**126.88**	**64.57**

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FSN INTERNATIONAL LIMITED

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Note 29
Basic & diluted earnings per share

Particulars	For the period ended March 31, 2024	For the year ended March 31, 2023
Nominal value of per equity share	10/-	10/-
Profit after tax (A)	(170.33)	(60.81)
Profit attributable to equity shareholders	(170.33)	(60.81)
Total number of shares outstanding during the year	2,50,78,000	51,00,000
Weighted average number of equity shares outstanding during the year (B)	1,17,97,519	51,00,000
Basic earnings per share (A/B)	**(14.44)**	**(11.92)**
Weighted average number of diluted equity shares (C)	1,17,97,519	51,00,000
Diluted earnings per share (A/C)	**(14.44)**	**(11.92)**

Note 30
Leases
The Company as lessee
The Company has lease contracts for premises obtained for stores etc. Leases of premises generally have lease terms of 2 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 5 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	As at March 31, 2024	As at March 31, 2023
Opening balance	-	-
Addition	25.27	-
Accretion of interest	0.44	-
Deletion due to closure	-	-
Rent waiver	-	-
Payments	(4.19)	-
Closing balance	**21.53**	**-**
Current	11.83	-
Non-current	9.70	-
Total	**21.53**	**-**

The effective interest rate for lease liabilities as at March 31, 2024 is 6% (March 31, 2023:Nil)
The maturity analysis of lease liability is disclosed in note 35
The following are the amounts recognized in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expenses of right of use assets	4.01	-
Interest expenses on lease liabilities	0.44	-
Expenses relating to short term leases		-
Expenses relating to low value leases		-
Variable and short term lease payments*	8.05	-
Total amount recognised in statement of profit and loss	**12.50**	**-**

* Includes maintainence charges

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FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the consolidated financial statements for the year ended March 31, 2024
(All amounts are in ₹ millions, unless stated otherwise)

Note 31
Related party transactions

A. Names of the related parties

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

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

Directors and Key Management Personnel (KMP)

Mr Sanjay Nayar	Director
Mr Seshashayee Sridhara	Director
Mr Shreekant Sawant	Company Secretary (till February 8, 2023)
Mr Arun Sharma	Company Secretary (appointed w.e.f. February 1, 2024)
Mr Vikas Gupta	Director (till March 31, 2023)
Mr Nihir Parikh	Director (appointed w.e.f. October 6, 2022) (till March 31, 2023)
Mr Sujeet Jain	Director (appointed w.e.f. March 30, 2023)
Mr P Ganesh	Director (appointed w.e.f. February 1, 2024)

B. Transactions with Related party

Particulars	Nature of transactions	Transactions during the year ended March 31, 2024	Outstanding balances as on March 31, 2024	Transactions during the year ended March 31, 2023	Outstanding balances as on March 31, 2023
Holding company					
FSN E-Commerce Ventures Limited	Interest Expenses	5.05	-	2.66	-
	Purchases	5.57	-	13.81	(1.21)
	Reimbursement of Expenses	10.95	(2.64)	11.41	-
	Discount income	(0.73)	-	(1.41)	-
	Marketing Income	(1.46)	-	(2.82)	-
	Notional interest expense	-	-	0.59	-
	Commission on Financial	-	-	0.38	-
	Other Equity Contribution	-	-	-	(1.77)
	Equity Contribution	(199.78)	(250.78)	-	(51.00)
	Loan taken (net)	(0.26)	(80.30)	63.18	(80.04)
Nykaa E Retail Limited (formerly known as Nykaa E Retail Private Limited)	Listing fees	1.24	-	0.38	-
	Reimbursement(Recovery) of Expenses	(5.20)	6.54	0.41	(0.03)
	Rent Expenses	0.28	-	0.27	-
FSN Brands Marketing Private Limited	Purchases	2.43	-	3.83	-
	Discount income	(0.21)	-	(0.62)	-
	Reimbursement of Expenses	0.01	-		
	Marketing Income	(0.43)	0.46	(1.25)	2.36
Nykaa KK Beauty Private Limited	Purchases	7.25	-	4.00	-
	Discount income	(1.24)	-	(0.38)	-
	Marketing Income	(2.48)	0.87	(0.75)	0.16
Dot & Key Wellness Private Limited	Purchases	0.20	-	-	-
Nykaa Distribution Private Limited	Reimbursement of Expenses	-	-	1.56	-
Nykaa Foundation	Investment#	-	-	0.00	0.00
Key Management Personnel (KMP)					
Mr. Seshashayee Sridhara	Sitting Fees	0.13	-	0.13	-

#Numbers are below one million under the rounding off convention adopted by the company.
Figures in brackets indicates payables

Terms and conditions of transactions with related parties

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

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

V. C. SHAH & CO. * CHARTERED ACCOUNTANTS *

FSN INTERNATIONAL LIMITED

FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the Financial Statements
(All amounts are in ₹ millions, unless stated otherwise)

Note 32
Fair value measurement hierarchy

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

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

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

Particulars	Carrying value as of	
	March 31, 2024	March 31, 2023
Financial Assets:		
Amortised cost		
Trade receivables	21.29	33.02
Cash and cash equivalents	169.02	19.20
Other financial assets	0.07	0.07
Total	**190.38**	**52.29**
Financial Liabilities:		
Amortised cost		
Borrowings	80.30	80.04
Trade payables	142.82	16.18
Other financial liabilities	59.02	16.69
Total	**282.14**	**112.91**

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

Note 33
Segment information

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

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

(a) Revenue from operations

Revenue from geographical market

Geography	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	0.03	5.15
Outside India	73.93	54.57
	73.96	**59.72**

(b) Non-current operating assets
Non-current operating assets of Rs. 45.51 Mn are located outside India. All other non-current operating assets are located in India.

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

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FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the Financial Statements
(All amounts are in ₹ millions, unless stated otherwise)

Note 34
Capital Management

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

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

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

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

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
Gross debt	80.30	80.04
Less: Cash and cash equivalents	(169.02)	(19.20)
Net debt (A)	**(88.72)**	**60.84**
Equity	103.37	(31.49)
Preference share capital	-	-
Total Equity (B)	**103.37**	**(31.49)**
Net gearing ratio* (A)/(B)	**(0.86)**	**(1.93)**

Note 35
Financial Instruments:

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

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

Market risk

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2024.

a) Interest rate risk

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

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2024	+50	(0.32)
	-50	0.32
March 31, 2023	+50	(0.32)
	-50	0.32

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b) Foreign currency risk

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

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

Particulars	Currency	As at March 31, 2024		As at March 31, 2023	
		Foreign Currency	₹	Foreign Currency	₹
Payables:					
Trade payables	USD	0.02	1.69	0.02	1.34
Advances:					
Advance to vendors against	GBP	0.03	2.97	0.03	2.88

c) Product price risk

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

Credit risk

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

I. Trade receivables

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

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	0.06	-
Provision made during the year	19.38	0.06
Provision written off during the year	-	-
Closing balance	**19.44**	**0.06**

b) Other financial instruments and cash deposits

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

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Liquidity risk

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

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

Particulars		Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2024						
Borrowings		80.30	63.39	16.91	-	80.30
Trade payables		142.82	143.07	-	-	143.07
Other financial liabilities		59.02	59.02	-	-	59.02
Lease liabilities		21.53	12.72	9.89	-	22.61
Total		**303.67**	**278.20**	**26.80**	**-**	**305.00**
As at March 31, 2023						
Borrowings		80.04	63.13	16.91	-	80.04
Trade payables		28.93	28.93	-	-	28.93
Other financial liabilities		5.96	5.96	-	-	5.96
Lease liabilities		-	-	-	-	-
Total		**114.93**	**98.02**	**16.91**	**-**	**114.93**

Note 36
Other Statutory Information

a) The Group does not have any transactions with companies struck off.

b) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

c) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

d) The Group did not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

e) No funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

f) No funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

g) The Company is not declared wilful defaulter by any Bank, financial institution or other lender.

Note 37
Audit Trail

The Group has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled at the database level and master fields as it relates to accounting software. The said feature was enabled at master data level from January 31, 2024.

The Group also uses software for processing payroll. Management has obtained the report of Service Organisation Controls (SOC) auditors engaged by such third party which does not mention whether 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.

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Note 38
Statement of net assets and profit or loss attributable to owners and non-controlling Interest

Name of the entity	Principal place of operation / country of incorporation	% of shareholding as at March 31, 2024	March 31, 2024							
			Net Assets ('N A'), i.e. total assets minus total liabilities		Share in profit of loss ('P&L')		Share in other comprehensive income ('OCI')		Share in total comprehensive income ('TCI')	
			Amount	As a % of consolidated N A	Amount	As a % of consolidated P&L	Amount	As a % of consolidated OCI	Amount	As a % of consolidated TCI
Parent										
FSN International Private Limited	India	100%	(213.42)	-206.46%	(316.46)	185.79%	-	-	(316.46)	183.99%
Subsidiaries										
FSN Global FZE	Dubai	100%	(27.84)	-26.93%	8.03	-4.71%	0.48	28.89%	8.51	-4.95%
Nykaa International UK Limited	UK	100%	(46.39)	-44.88%	26.97	-15.83%	0.75	44.83%	27.72	-16.11%
Nessa International Holdings Limited	Dubai	55%	125.71	121.61%	111.23	-65.30%	(1.85)	-110.79%	109.38	-63.59%
Minority Interest in subsidiaries			56.49	54.65%	-	0.00%	-		-	0.00%
Adjustments on consolidation			208.82	202.02%	(0.09)	0.05%	(1.05)	-62.89%	(1.14)	0.67%
TOTAL			**103.37**	**100%**	**(170.33)**	**100%**	**(1.67)**	**-100%**	**(172.00)**	**100%**

Note 39
Share Subscription Agreement
On October 6, 2022 the Company had entered into share subscription agreement with Apparel Group, UAE and formed an entity Nessa International Holdings Limited in Abu Dhabi Global Market and has acquired 55% stake for Rs. 0.46 Mn (USD 5,500) on March 2, 2023. In current year, the Company has further invested Rs. 130.87 mn in Nessa International Holdings Limited.

Note 40
During the year ended March 31, 2024, the Group reassessed recognition of deferred tax assets on carry forward losses. The Group recognised net deferred tax assets in respect of carry forward losses of Rs. 16.81 Mn as at March 31, 2024 (March 31, 2023: Rs. 8.37 Mn). In assessing the realisability of its deferred tax assets, the management of these entities has considered business projection for foreseeable future period and believes that such projections are reliable and represent convincing evidence which provides reasonable certainty that sufficient taxable profit will be available against which the carry forward losses and unabsorbed depreciation can be utilised.

Note 41

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

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

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

A. N. Shah
Partner
Membership No: 042649
Place: Mumbai
Date: May 18, 2024

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

P Ganesh
Director
DIN No. 07202923
Place: Mumbai
Date: May 18, 2024

Sujeet Jain
Director
DIN No. 03440936
Place: Mumbai
Date: May 18, 2024

FSN INTERNATIONAL LIMITED