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 loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal financial controls 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 system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If

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

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

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

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

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 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 Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive loss, the Statement of Cash Flows 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 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 March 31, 2024 taken on record by the Board of Directors, none of the directors 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 B"**, 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 Company does not have any pending litigations which would impact its financial position in its 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, other than as disclosed in the note 35 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 35 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 36 to the financial statements.

Also, with respect to third-party operated software applications, in the absence of Service Organisation Controls report on audit trail, as described in Note 36 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

A. N. Shah
Partner
Membership No.: 042649
UDIN:24042649BKBGES3747
Place: Mumbai
Date: May 18, 2024

ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Report on Other Legal and Regulatory Requirements of our Report of even date)

(i)(a)

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment. The Company is in the process of updation of quantitative details and description details of additions during the year.

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

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment by which all the assets are verified in a phased manner over a period of three years. In our opinion, periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified during the year. According to the information and explanations provided to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations provided to us, as the Company does not own any immovable properties. Hence, reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year. Hence, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.

(e) As represented by the Management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Hence, reporting under clause (i)(e) of paragraph 3 of the Order is not applicable.

(ii) (a) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. Discrepancies if any, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of accounts.

(b) The company has not been sanctioned working capital limits in excess of rupees five crore in aggregate during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting under clause (ii) (b) of paragraph 3 of the Order is not applicable.

(iii) (a) According to the information and explanations provided to us, the Company has made investments in subsidiary companies, provided loans to subsidiary companies, the details of loans as required are as under:

(A) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans to subsidiaries is Rs 27.40 mn and Rs. 67.75 mn respectively.

(B) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to other parties, joint ventures and associates is NIL.

(b) According to the information and explanations provided to us, the Company has made investment in Companies and provided loans and advances to companies and terms and conditions of such loans and advances are not prejudicial to the company's interest. During the year the Company has not provided any guarantee or given any security. Hence, reporting on Clause (iii) (b) of paragraph 3 of the order is not applicable.

(c) According to the information and explanations provided to us in case of loans given to subsidiary companies, Repayment of principal and interest is not stipulated. Hence reporting on clause (iii)(c) of paragraph 3 of the Order is not applicable.

(d) According to the information and explanations provided to us repayment of loans is not stipulated, hence no amount is overdue. Hence reporting on clause (iii)(d) of paragraph 3 of the Order is not applicable.

(e) According to the information and explanations provided to us no loan has fallen due nor has been renewed nor extended nor fresh loan is given to settle the overdue hence reporting on clause (iii)(e) of paragraph 3 of the Order is not applicable.

(f) Loans have been provided to subsidiaries without any terms of repayment, further no loan is made to promoters of the company. The details of the loans provided to subsidiaries is as under:

	Aggregate Amount	**% of Total Loans granted**
FSN Global FZE	12.79mn	46.68%
Nykaa International UK Limited	14.61mn	53.32%

(iv) In our opinion and according to the information and explanations provided to us, the Company has not given any loan to directors . Hence, the requirements under Section 185 of the Act are not applicable. The Company has made investments in a Company and it has complied with the requirements of section 186.

(v) According to the information given to us and based on the audit procedures performed by us, the Company has not accepted any deposit or amounts which are deemed to be deposits, as

per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder. Hence, reporting under clause (v) of paragraph 3 of the Order is not applicable.

(vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.

(vii) According to the information and explanations provided to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations provided to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, clause (viii) of paragraph 3 of the Order is not applicable.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Hence, reporting under clause (ix)(a) of paragraph 3 of the Order is not applicable.

(c) The Company has not been declared willful defaulter by any bank or financial institution or any other lender.

(d) According to the information given to us and based on the audit procedures performed by us, there is a term loan outstanding at the year end and the same was applied for the purpose for which the loan was obtained.

(e) According to the information given to us and based on the audit procedures performed by us no funds raised on short term basis have been used for long term purposes by the company.

(f) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Hence, reporting under clause (ix) (e) of paragraph 3 of the Order is not applicable.

(g) The Company has not raised loans during the year on the pledge of securities held in its subsidiary companies. Hence, reporting under clause (ix) (f) of paragraph 3 of the Order is not applicable.

(x) (a) The Company has not raised any money by way of initial public offer / further public offer /debt instruments. Hence, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

(b) The Company has made preferential allotment or private placement of shares during the year and the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

(xi) (a) To the best of our knowledge and according to the information and explanations provided to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Hence, reporting under clause (xi)(a) of paragraph 3 of the Order is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) Establishment of vigil mechanism is not mandated for the Company as required under section 177 of the Act. As represented to us by the management, there are no whistle-blower complaints received by the Company during the year under the vigil mechanism established by the parent company for the Group.

(xii) The Company is not a Nidhi Company. Hence, reporting under clause (xii)(a), (b) and (c) of paragraph 3 of the Order is not applicable.

(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 (xiii) of paragraph 3 of the Order in so far as it relates to section 177 of the Act is not applicable to the Company.

(xiv) In our opinion and according to the information and explanation provided to us, internal audit is not applicable to the Company as per section 138 of the Act. Hence, clause (xiv) (a) and (b) of paragraph 3 of the Order is not applicable.

(xv) In our opinion and according to the information and explanations provided to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.

(xvi) (a) In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, clause (xvi) (a) to (c) of paragraph 3 of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and hence reporting under clause (xvi)(d) of paragraph 3 of the Order is not applicable.

(xvii) In our opinion, according to the information and explanation given to us, the Company has incurred cash losses aggregating to Rs. 12.96 Mn during the current financial year and Rs. 24.40 Mn during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause (xviii) of paragraph 3 of the order is not applicable.

(xix) On the basis of the financial ratios disclosed in note 37, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Based on the verification of the details provided, the criteria specified under section 135 of the Act are not fulfilled and hence the requirement of spending on Corporate Social Responsibility is not applicable to the Company. Accordingly, reporting under clause 3(xx) (a) and (b) of the Order is not applicable.

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

A. N. Shah
Partner
Membership No.: 042649
UDIN: 24042649BKBGES3747
Place: Mumbai
Date: May 18, 2024

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section of Section 14 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) ('the Company') as of March 31, 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company has, 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 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 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 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 Company's internal financial controls system over financial reporting.

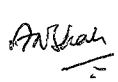
Meaning of Internal Financial Controls Over Financial Reporting

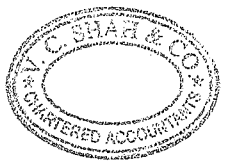
A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's 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

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: 24042649BKBGES3747
Place: Mumbai
Date: May 18, 2024

FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the Financial Statements
(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	26.28	38.72
B. Sale of services		
Marketing support revenue	4.37	4.72
Income from marketplace services	26.70	2.94
C. Other Operating Revenue		
Export incentive	0.03	0.33
Total	**57.38**	**46.71**

Geography	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	0.03	7.99
Outside India	57.35	38.72
	57.38	**46.71**

(A) Disaggregation of revenue from contracts with customers
The Company derives its major revenue from sale of products and sale of products by selected platforms, which is a single line of business.

(B) Contract Balances

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables	16.24	36.74

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

Particulars	As at March 31, 2024	As at March 31, 2023
Contract Price	**57.38**	**46.71**
Revenue recognized in the current year from contract liability:		
Advance from Customer	-	-
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	-	-
Revenue from operations	**57.38**	**46.71**

Refer accounting policy 2(d) for satisfaction of performance obligation and when the revenue is recognised

Note 22
Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income on:		
Loan given to subsidiaries	3.68	2.08
Fixed deposit	-	0.34
Foreign exchange gain /(loss)	4.68	-
Total	**8.36**	**2.42**

C. SHAH & CO. V. 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 23
Purchase of traded goods

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchases of traded goods	18.83	24.36
Total	**18.83**	**24.36**

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	2.81	3.92
Total	**1.11**	**(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	10.88	12.98
Contribution to provident fund	0.02	-
Compensated expenses	0.10	-
Staff welfare expenses	0.04	-
Total	**11.04**	**12.98**

Note 26
Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on inter company loan	5.05	3.25
Total	**5.05**	**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)	0.27	0.08
Amortisation of Intangible assets (refer note 4)	0.06	0.02
Total	**0.33**	**0.10**

FSN INTERNATIONAL LIMITED

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the Financial Statements
(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	4.66	6.44
Legal and Professional Fees	7.32	12.99
Web & Technology Expenses	0.87	0.92
Payment Gateway Charges	2.55	0.09
Freight outward	21.94	10.41
Travelling & Conveyance Expenses	-	0.04
Rates & Taxes	3.17	0.38
Insurance Expenses	0.11	0.05
Rent and Maintenance Expenses	0.28	0.27
Director Sitting Fees	0.13	0.10
Bank charges	0.11	0.22
- Audit fees	0.67	0.40
- Taxation Matters	0.10	0.10
Allowance for Expected Credit Loss	19.38	0.06
Foreign exchange loss (net)	-	0.16
Miscellaneous Expenses	0.76	2.02
Total	**62.05**	**34.65**

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FSN INTERNATIONAL LIMITED

J. C. SHAH & CO. CHARTERED ACCOUNTANTS

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

Note 29
Basic & diluted earnings per share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value of per equity share	10/-	10/-
Loss after tax (A)	(24.23)	(18.86)
Loss attributable to equity shareholders	(24.23)	(18.86)
Total number of shares outstanding during the year	2,50,78,000	51,00,000
Weighted average number of equity shares outstanding during the period (B)	1,17,97,519	51,00,000
Basic earnings per share = A/B	**(2.05)**	**(3.70)**
Weighted average number of diluted equity shares (C)	1,17,97,519	51,00,000
Diluted earnings per share = A/C	**(2.05)**	**(3.70)**

FSN INTERNATIONAL LIMITED

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V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Note 30
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 E Retail Limited (formerly known as Nykaa E-Retail Limited)	Fellow subsidiary*
FSN Distribution Limited (formerly known as FSN Distribution Private Limited)	Fellow subsidiary*
Dot & Key Wellness Private Limited	Fellow subsidiary*
Nykaa Foundation	Fellow subsidiary (w.e.f.June 8,2022)*
FSN Global FZE	Subsidiary
Nykaa International UK Limited	Subsidiary
Nessa International Holdings Limited	Subsidiary (w.e.f. Mar 2, 2023)
Nyssa Beauty LLC	Step down subsidiary(w.e.f. Oct 3, 2023)

*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 Guarantee	-	-	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 Pvt Ltd	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
FSN Global FZE	Recovery of Expenses	(26.87)	(24.07)	(16.91)	(27.77)
	Loan Given (Net)	12.79	31.43	(10.47)	18.65
	Interest income	(1.72)	-	(0.92)	-
	Investment in subsidiary	-	7.15	4.11	7.15
Nykaa International UK Limited	Loan Given (Net)	14.61	36.31	(11.06)	21.70
	Interest income	(1.96)	2.66	(1.16)	-
	Investment in subsidiary	-	14.75	13.72	14.75
Nykaa Distribution Private Limited	Reimbursement of Expenses	-	-	1.56	-
Dot & Key Wellness Private Limited	Purchases	0.20	-	-	-
Nessa International Holdings Limited	Investment	130.87	131.33	0.46	0.46
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.

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

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FSN INTERNATIONAL LIMITED

FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the Financial Statements
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Note 31
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		
Investments	153.23	22.36
Loans	67.74	40.35
Trade receivables	21.60	36.74
Cash and cash equivalents	34.81	5.99
Other financial assets	0.43	6.41
	277.81	**111.85**
Financial Liabilities:		
Amortised cost		
Borrowings	79.74	80.04
Trade payables	28.26	28.93
Other financial liabilities	13.72	5.96
	121.72	**114.93**

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 32
Segment information

The Company has identified Board of directors and CEO as Chief Operating Decision Maker ('CODM') who reviews and allocates resources based on Omni business and Omni channel strategy, which in terms of Ind AS 108 on "Operating Segments" constitutes a single reporting segment.
The 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	7.99
Outside India	57.35	38.72
	57.38	**46.71**

(b) Non-current operating assets
Non-current operating assets of Rs. 2.44 Mn are located outside India. All other non-current operating assets are located in India.

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

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Note 33
Capital Management

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

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

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company 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 Company may issue new shares.

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

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	79.74	80.04
Less: Cash and cash equivalents	(34.81)	(5.99)
Net debt (A)	**44.93**	**74.05**
Equity	201.17	25.63
Total Equity (B)	**201.17**	**25.63**
Net gearing ratio* (A)/(B)	**0.22**	**2.89**

Note 34
Financial Instruments:

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

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 and March 31, 2023.

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. 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, 2024	+50	(0.31)
	-50	0.31
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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables and advances paid to vendors. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies. When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

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
	GBP	0.03	2.97	0.03	2.88

c) Product price risk

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

Credit risk

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

a) Trade receivables

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

Liquidity risk

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

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2024					
Borrowings	79.74	62.83	16.91	-	79.74
Trade payables	28.26	28.26	-	-	28.26
Other financial liabilities	13.72	13.72	-	-	13.72
Lease liabilities	-	-	-	-	-
Total	**121.72**	**104.81**	**16.91**	**-**	**121.72**
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 35
Other Statutory Information

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

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

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

d) 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.

e) 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.

f) Other than the details mentioned below, no funds have been received by the Company from any person(s) or entity(is), 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.

Details of date and amount of fund received by the Company during the year ending March 31, 2024 is as follows:

Name of Company	Address of the Company	Relationship with the Company	Date of Investment	Amount of Investment
FSN E-commerce Limited	104,Vasan Udyog Bhavan,Sun Mill Compound Tulsi Pipe Road, Lower Parel (West), MUMBAI, Maharashtra, India, 400013	Holding Company	November 30,2023	130.87

Details of date and amount of fund further invested in intermediary during the year ending March 31, 2024 is as follows:

Name of Intermediary	Address of the Intermediary	Relationship with the Intermediary	Date of Investment	Amount of Investment
Nessa International Holdings Limited	Office DD-14-124-027, Floor 14, Al Khatem Tower, Abu Dhabi Global Market Square,Abu Dhabi, United Arab Emirates	Subsidiary	December 01,2023	130.87

Details of date and amount of fund further invested by intermediary to ultimate beneficiary during the year ending March 31, 2024 is as follows:

Name of the Ultimate benefeciary	Address of the Intermediary	Relationship with the Intermediary	Date of Investment	Amount of Investment
Nysaa Beauty LLC	Unit B030, City Center - 1st floor Sheikh Mohammed Bin Zayed Rd - Mirdif – Dubai	Subsidiary	March 05, 2024	130.87

The provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

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

Note 36
Audit Trail

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

The Company 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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FSN INTERNATIONAL LIMITED

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Notes to the Financial Statements
(All amounts are in ₹ millions, unless stated otherwise)

Note 37
Ratios

SN.	Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% change	Reasons for more than 25%
1	Current ratio	Current assets	Current liabilities	1.38	1.09	26%	Increase is on account of increase in current assets during the year.
2	Debt equity ratio	Total debt	Shareholder's equity	0.40	3.12	-87%	Decrease is on account of increase in shareholder's equity.
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ finance cost	Debt service = Interest & Lease Payments + Principal Repayments	-0.69	(6.85)	-90%	Decrease is on account of increase in earnings for debt service during the year.
4	Return on equity ratio	Net Profits/(loss) after taxes	Average Shareholder's Equity	-25%	-54%	28%	Increase is on account of shareholder's equity increased during the year.
5	Inventory turnover ratio	Cost of goods sold (COGS)	Average Inventory	5.93	7.21	-18%	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	2.17	1.77	23%	
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	0.66	1.07	-39%	Decrease is on account of decrease in purchases during current year.
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	1.43	5.10	-72%	Decrease is on account of increase in sales and working capital during the year.
9	Net profit ratio	Net Profit/(Loss)	Net sales = Total sales - sales return	-49%	-40%	-9%	
10	Return on capital employed	Earnings before interest and taxes (EBIT)	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	-13%	-22%	9%	

Note 38

During the year ended March 31, 2024, the Company reassessed recognition of deferred tax assets on carry forward losses. The Company 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 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 39

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

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

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

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